

EIGHTH DIVISION

[CA-G.R. SP NO. 129104, January 27, 2015]

PHILIPPINE CHARITY SWEEPSTAKES OFFICE, JOSE FERDINAND M. ROJAS II, AND PCSO CHIEF OFFICER FOR SORSOGON, PETITIONERS, VS. HON. JUDGE ADOLFO G. FAJARDO, IN HIS CAPACITY AS PRESIDING JUDGE OF REGIONAL TRIAL COURT, BRANCH 65, SORSOGON CITY, AND OCEANIA SUR GAMING CORPORATION, RESPONDENTS.

D E C I S I O N

ANTONIO-VALENZUELA, J.:

This is the Petition for Prohibition and Certiorari^[1] filed by the Philippine Charity Sweepstakes Office ("PCSO"), PCSO General Manager Jose Ferdinand M. Rojas II ("GM Rojas"), and the Chief Officer of the Sorsogon PCSO ("Chief Officer;" collectively, "petitioners") imputing grave abuse of discretion upon Judge Adolfo G. Fajardo ("Judge Fajardo"), Presiding Judge of the Regional Trial Court, Branch 65, Sorsogon City ("RTC"), for issuing the Order dated 28 June 2012^[2] ("assailed Order"), and the Resolution dated 03 January 2013^[3] ("assailed Resolution") in the civil case for injunction, docketed as Civil Case Number 12-463.

The facts are as follows: Oceania Sur Gaming Corporation ("respondent Oceania") filed the Complaint^[4] before the RTC against petitioners.

The Complaint alleged: on 28 December 2005, PCSO promulgated the "Rules and Regulations Governing the Conduct of the Actual Test Runs for the PCSO Small Town Lottery (STL) Project" ("2005 Rules"), for the regulation of the conduct of the actual test runs of various numbers games of the PCSO Small Town Lottery ("STL") Project; pursuant to the 2005 Rules, respondent Oceania applied for and was granted the Authority to Conduct an Actual Test Run for Small Town Lottery Project dated 29 March 2010 ("Authority"), effective for a period of one year from actual operations; respondent Oceania posted the Cash Bond Agreement in the amount of P10,000,000.00 in favor of PCSO, to ensure respondent Oceania's true and faithful compliance with the duties and responsibilities under the Authority; respondent Oceania religiously and faithfully complied with the duties and responsibilities under the Authority and the 2005 Rules; PCSO issued PCSO Board Of Directors ("BOD") Resolution 0093, Series of 2011, which renewed respondent Oceania's authority for a period of six months from 16 March 2011; on 03 February 2011, the PCSO BOD promulgated the "Implementing Rules and Regulations for the Philippine Charity Sweepstakes Office *Loterya ng Bayan*" ("2011 Rules"), for the regulation of the operations of STL previously authorized and referred to as the PCSO *Loterya ng Bayan* ("PLB"); pursuant to the 2011 Rules, respondent Oceania submitted the letter of intent dated 09 February 2011, signifying respondent Oceania's intention to convert the operations and comply with the mandatory requirements for PLB; on 12 July 2011, PCSO-BOD Resolution No. 227, Series of 2011, suspended the 2011

Rules pending the finalization of important details of the PLB and its IRR, and extended the authorities of the present STL operators until the full implementation of the PLB and the appointment of a regular PLB operator; thus, respondent Oceania's authority was extended until the full implementation of the PLB and the appointment of a regular PLB operator; in the letter dated 22 February 2012, GM Rojas informed respondent Oceania that the PCSO will no longer extend respondent Oceania's authority, which expired on 16 September 2011; respondent Oceania sought reconsideration of GM Rojas's directive in the letter dated 27 February 2012, but there was no action on the plea for reconsideration; GM Rojas must be enjoined from implementing or enforcing the directive (because it was unlawful and illegal, or at least highly irregular, considering the extension granted to all STL operators in PCSO-BOD Resolution No. 227, Series of 2011; being singled out among all STL operators was a violation of respondent Oceania's right to equal protection; the unilateral, arbitrary, capricious and whimsical revocation and nullification of respondent Oceania's authority was without legal or valid cause, was a violation of respondent Oceania's right to due process, and will cause grave and irreparable damage and injury through the loss of substantial income and substantial investments; the national government, local governments, and government agencies and instrumentalities will be gravely and irreparably deprived of their share and income in respondent Oceania's operations; respondent Oceania's employees and officers will suffer loss of employment and income, in violation of the 1987 Constitution); GM Rojas's directive took effect on 29 February 2012, and there was an urgent need to immediately enjoin and prohibit petitioners from enforcing or implementing the directive; respondent Oceania, its employees and officers, will suffer great and irreparable damage and injury from the enforcement or implementation of GM Rojas's directive; respondent Oceania had no other plain, speedy, or adequate remedy in the ordinary course of law.

The Complaint prayed that the RTC: issue a temporary restraining order ("TRO") enjoining petitioners from revoking and canceling respondent Oceania's Authority, or from implementing or enforcing GM Rojas's directive in the letter dated 22 February 2012, and directing any person acting under petitioners' order or under petitioners' employ or direction, to observe the *status quo ante* on the matter of STL operations; extend the TRO to 20 days after due notice and hearing; issue a writ of preliminary injunction ordering petitioners to cease and desist from committing the acts mentioned; after trial on the merits, issue a permanent injunction, or make the preliminary injunction permanent; declare as void, *ultra vires*, and unconstitutional, GM Rojas's letter dated 22 February 2012; order petitioners to pay respondent Oceania P1,000,00.00 as attorney's fees, costs of litigation, and other amounts proven in the course of the proceedings.

The RTC conducted a hearing on the TRO, granted the TRO, and issued the Order dated 07 March 2012^[5] (which extended the TRO).

Petitioners filed the Answer.^[6] The Answer alleged: the RTC did not have jurisdiction to issue the writ of preliminary injunction, because the acts sought to be enjoined or restrained were outside the RTC's territorial jurisdiction (i.e., PCSO's head office was in Pasay City); respondent Oceania did not have a cause of action against PCSO, because after the expiration of respondent Oceania's Deed of Authority, respondent Oceania no longer had any legal right that required the RTC's protection; respondent Oceania failed to allege any right that the PCSO violated, that would justify the

issuance of the injunctive relief asked for; respondent Oceania admitted that the Deed of Authority expired, and with the expiration of respondent Oceania's Deed of Authority, respondent Oceania lost any right to operate STL in the province of Sorsogon; respondent Oceania sought to enjoin a consummated act.

By way of counterclaim, petitioners prayed that the RTC: dismiss the Complaint; order respondent Oceania to pay petitioners P2,000,000.00 as attorney's fees and litigation expenses.

On 28 June 2012, the RTC issued the assailed Order. The dispositive portion of the assailed Order read:

*WHEREFORE, premises considered, let a **Writ of Preliminary Injunction issue enjoining PCSO's GM Jose Ferdinand M. Rojas, II and his cohorts to cease and desist** from implementing the **directive** contained in his **letter of 22 February 2012 revoking plaintiff's authority** to operate, and to observe the **status quo ante** pending the final disposition of the main action for **INJUNCTION**. Set the pre-trial conference of this case to **JULY 27, 2012** as previously agreed by both parties. Parties' pre-trial briefs must be filed with and received by the court a week before the scheduled pre-trial conference.*

SO ORDERED.^[7]

Petitioners moved for the reconsideration of the assailed Order. The RTC denied the Motion in the assailed Resolution.

Hence, this Petition for Prohibition and Certiorari, with the following assignment of errors:

- A. WHETHER OR NOT JUDGE FAJARDO GRAVELY ABUSED HIS DISCRETION WHEN HE ISSUED THE WPI DESPITE THE REVOCATION OF OCEANIA'S PRIVILEGE TO CONDUCT ACTUAL TEST RUS FOR THE STL;**
- B. WHETHER OR NOT THE SORSOGON CITY RTC HAS JURISDICTION TO RESTRAIN OR PROHIBIT PCSO FROM CARRYING OUT BOD RESOLUTION 309, SERIES OF 2011, ALLOWING THE EXPIRATION OF OCEANI'A AUTHORITY OR BOD RESOLUTION 412, SERIES OF 2011, REVOKING AND ENDING ALL AUTHORITIES TO OPERATE;**
- C. WHETHER OR NOT COURTS CAN COMPEL PCSO TO GRANT OR EXTEND THE AUTHORITY TO CONDUCT ACTUAL STL DRAWS. [sic]**
- D. WHETHER OR NOT THE GRANT OR EXTENSION OF AUTHORITY TO CONDUCT ACTUAL STL DRAWS IS A RIGHT.**^[8]