

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**PLACIDO O. URBANES, JR.,
*Petitioner,***

-versus-

**G.R. No. 117964
March 28, 2001**

**COURT OF APPEALS, SOCIAL
SECURITY SYSTEM, HECTOR B.
INDUCTIVO, in his capacity as
Chairman of the Purchase and Bidding
Committee, GODOFREDO S. SISON,
ISABELO I. LISCANO, AURORA E.L.
ORTEGA, SUSANA K. INCIONG,
EDGAR B. SOLILAPSI and CECILIA C.
CANLAS, as Members,**

Respondents.

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DECISION

YNARES-SANTIAGO, J.:

This is a Petition for Review seeking to Annul and Set Aside the Decision of the Court of Appeals in CA-G.R. SP No. 34345, the dispositive portion of which reads:

WHEREFORE, in view of all the foregoing, the instant Petition for Certiorari is GRANTED.

The assailed Orders dated 13 May 1994 (Annex "A"), 31 May 1994 (Annex "B") and the Writ of Preliminary Injunction dated 01 June 1994 (Annex "C") are hereby declared NULL and VOID and SET ASIDE, and the complaint in Civil Case No. Q-94-20557 ordered DISMISSED.^[1]

The antecedent facts are as follows:

Petitioner Placido O. Urbanes, Jr. is the owner and operator of the Catalina Security Agency (hereinafter referred to as CATALINA), which was first awarded a contract to provide security services to the Social Security System (SSS) through a public bidding conducted way back in 1987, covering the period July 1, 1988 to June 30, 1989. Thereafter, the contract was extended on a month-to-month basis, until another public bidding was held on August 16, 1990 where CATALINA was one of the bidders. However, the contract was awarded to Bolinao Security and Investigation Services.

Claiming that the public bidding was attended by irregularities and anomalies, CATALINA filed an action, which was docketed as Civil Case No. Q-91-7798, before the Regional Trial Court of Quezon City, praying that the award of the security services contract in favor of Bolinao be enjoined. The trial court issued a writ of preliminary injunction restraining the SSS from awarding the contract for security services to Bolinao Security and Investigation Services.

Consequently, the SSS filed a petition for certiorari before the Court of Appeals, which was docketed as CA-G.R. SP No. 26633, seeking the annulment of the writ of preliminary injunction issued by the trial court. The petition was dismissed due to the failure of SSS to attach to the petition certified true copies of the assailed orders of the trial court as well as its failure to state certain material data. The SSS filed a motion for reconsideration, but the same was denied by the appellate court. Not satisfied, the SSS filed a second petition for certiorari for the nullification of the questioned orders of the trial court. This petition was likewise dismissed by the Court of Appeals in a decision dated October 30, 1992.

Meanwhile, a compromise agreement was forged between respondent Urbanes of CATALINA and the SSS. Consequently, the trial court rendered a decision approving the compromise agreement. The terms of the compromise agreement are as follows:

- 1) That each party mutually agrees to withdraw its claim for damages against the other party;
- 2) That SSS shall conduct a new public bidding, with CATALINA already considered a qualified participant; and
- 3) That in the meantime, CATALINA shall continue to provide security services to the SSS until such time that a new public bidding is actually conducted and a valid award is made.^[2]

Accordingly, the SSS conducted a new public bidding, with CATALINA as one of the qualified participants. The Social Security Commission awarded the contract to Jaguar Security and Investigation Services, Inc. (JAGUAR) and, on May 12, 1994, the contract for security services was executed between the Social Security Commission and JAGUAR. The following day, a formal notice was sent to CATALINA for it to turn over the security services to JAGUAR.

Convinced that there was fraud and arbitrariness in the evaluation of the bids, CATALINA filed an action for damages and injunction, with application for temporary restraining order, before the Regional Trial Court of Quezon City, praying for the issuance of a writ of preliminary injunction to: (1) prevent, restrain and enjoin the SSS from terminating CATALINA's services; and (2) to annul the award made in favor of JAGUAR. CATALINA further prayed for an award of penal and exemplary damages as well.

On May 13, 1994, the trial court issued an order granting the temporary restraining order. After due hearing, the trial court granted the preliminary injunction prayed for, directing as follows:

WHEREFORE, upon the posting of a bond in the sum of P100,000.00, let the Writ of Preliminary Prohibitory Injunction

issue, enjoining and restraining respondents Social Security System, the Chairman and Members of the Purchase and Bidding Committee, namely Hector B. Inductivo, as Chairman; Godofredo S. Sison, Isabelo I. Liscano, Aurora E.L. Ortega, Susana K. Inciong, Edgar B. Solilapsi and Cecilia C. Canlas, as Members, their agents, attorneys and/or representatives, from terminating the services of the plaintiff and from proceeding with the award of the security contract in favor of Jaguar or any other party until the matter of propriety of permanent injunction is appropriately determined.

SO ORDERED.^[3]

On June 1, 1994, the trial court issued the writ of preliminary injunction, enjoining the SSS and anyone acting on its behalf to cease and desist from terminating the services of CATALINA and from proceeding with the award of the contract to JAGUAR or any other party.

On June 14, 1994, the SSS and members of its Purchase and Bidding Committee, private respondents herein, filed a petition for certiorari before the Court of Appeals, docketed as CA-G.R. SP No. 34345, seeking the issuance of a writ of preliminary injunction and/or a temporary restraining order to enjoin the enforcement of the orders issued by the respondent trial court on May 13 and 31, 1994 as well as the writ of preliminary injunction dated June 1, 1994. Private respondents also prayed that petitioner be restrained from proceeding with Civil Case No. Q-94-20557.

Private respondents cited the following grounds in support of their petition:

- (1) Respondent judge totally ignored petitioners' evidence that the bidding conducted by the SSS was legal and fair and that the bid of Catalina was not advantageous to the SSS;
- (2) Respondent judge totally disregarded the legal presumption of regularity of the public bidding conducted by SSS;

- (3) Respondent judge disregarded the right of SSS to reject any or all bids;
- (4) Catalina has no existing clear legal right that is being threatened and that needs to be protected by an injunctive order;
- (5) There is no possible irreparable injury to Catalina that cannot be pecuniarily compensated in an action for damages, assuming it has a right thereto;
- (6) The order and writ would enjoin the award of the contract which has already become a fait accompli;
- (7) The order and writ practically disposed of the case on the merits on the basis of purely imagined facts;
- (8) The order for the issuance of the writ of injunction and the writ itself were issued under questionable circumstances.^[4]

On June 22, 1994, the Court of Appeals issued a temporary restraining order enjoining the trial court from enforcing the orders dated May 13 and 31, 1994, as well as the writ of preliminary injunction.

On July 22, 1994, the Court of Appeals rendered the assailed decision granting the petition for certiorari and nullifying the orders of the trial court. The appellate court also ordered the dismissal of Case No. Q-94-20557 pending before the trial court. CATALINA's subsequent motion for reconsideration was denied by the Court of Appeals in a Resolution dated November 11, 1994.^[5]

Hence, this petition for review based on the following grounds:

- (1) Respondent Court of Appeals exceeded its jurisdiction in ordering the dismissal of Civil Case No. Q-94-20557.
- (2) Respondent Court of Appeals exceeded its jurisdiction in reviewing the findings of the lower court. It should have limited its jurisdiction to determining whether the lower

court abused its discretion or exceeded its jurisdiction in issuing the questioned preliminary injunction.

- (3) Respondent Court of Appeals erred in not finding that at the hearing on the preliminary injunction before the lower court, plaintiff (the herein petitioner) had presented prima facie evidence of the irregularities in the bidding which justified issuance by the lower court of the questioned writ of preliminary injunction.

The primordial issue to be resolved in this petition is: Can the Court of Appeals, in certiorari proceedings assailing an interlocutory order, review the alleged errors of judgment of a trial court, reverse the trial court's factual findings, and dismiss the main action pending trial before the trial court?

Rule 58 of the Rules of Court provides for both preliminary and permanent injunction. A preliminary injunction is defined in Section 1 thereof as:

“(A)n order granted at any stage of an action prior to the judgment or final order, requiring a party or a court, agency or a person to refrain from a particular act or acts.”

On the other hand, Section 9 of the same rule defines a permanent injunction in this wise:

“If after the trial of the action it appears that the applicant is entitled to have the act or acts complained of permanently enjoined, the court shall grant a final injunction perpetually restraining the party or person enjoined from the commission or continuance of the act or acts or confirming the preliminary mandatory injunction.”

By their very definitions, the action for injunction is distinct from the ancillary remedy of preliminary injunction which cannot exist except only as part or an incident of an independent action or proceeding. As a matter of course, in an action for injunction, the auxiliary remedy of preliminary injunction, whether prohibitory or mandatory, may issue. Under the present state of the law, the main action of injunction seeks

a judgment embodying a final injunction which is distinct from, and should not be confused with the provisional remedy of preliminary injunction, the sole object of which is to preserve the status quo until the merits can be heard.^[6]

A writ of preliminary injunction is generally based solely on initial and incomplete evidence. The evidence submitted during the hearing on an application for a writ of preliminary injunction is not conclusive or complete for only a “sampling” is needed to give the trial court an idea of the justification for the preliminary injunction pending the decision of the case on the merits.^[7] As such, the findings of fact and opinion of a court when issuing the writ of preliminary injunction are interlocutory in nature and made even before the trial on the merits is commenced or terminated. There are vital facts that have yet to be presented during the trial which may not be obtained or presented during the hearing on the application for the injunctive writ. The trial court needs to conduct substantial proceedings in order to put the main controversy to rest.^[8] It does not necessarily proceed that when a writ of preliminary injunction is issued, a final injunction will follow.^[9]

In this case, however, the Court of Appeals dismissed the main action for damages and injunction after evaluating the incomplete and selective evidence presented during the hearing held for the ancillary remedy of preliminary injunction, notwithstanding that there still remained for the resolution of the trial court the issue of whether or not the petitioner is entitled to the damages prayed for as well as the final injunction.

In disposing of the petition for certiorari, the Court of Appeals did not limit itself to determining that the said writ of preliminary injunction was issued by the trial court with grave abuse of discretion amounting to a lack or excess of jurisdiction. It overstepped its boundaries when it dismissed the main action for damages and injunction. In fine, the judgment in a certiorari proceeding questioning an interlocutory matter was used to finally determine a main case which was still awaiting trial.

Furthermore, the Court of Appeals delved into the facts and merits of the main case despite the well-established rule that certiorari cannot

be raised to correct erroneous conclusions of fact or law.^[10] In justifying the dismissal of the main action pending before the trial court, the Court of Appeals necessarily ruled that the trial court made errors in judgment, but such errors are reviewable only by an appeal,^[11] since questions of fact are beyond the scope of a petition for certiorari.^[12]

In a corollary case where the Court of Appeals affirmed the trial court's judgment on the merits of a case, even when what was elevated before the said appellate court was only the propriety of the issuance of the writ of execution of the judgment of the trial court, the Supreme Court ruled that the Court of Appeals acted *ultra jurisdiction*. It was held that:

The authority of the respondent appellate court was confined only to ruling upon the issue of whether the Regional Trial Court committed grave abuse of discretion in issuing the order directing the issuance of a writ of execution against petitioner. Whether the trial court committed a mistake in deciding the case on the merits is an issue way beyond the competence of respondent appellate court to pass upon in a certiorari proceeding.^[13]

In like manner, we find that the Court of Appeals exceeded its jurisdiction when it decided the main case for damages and injunction even when what was elevated before it was the question of propriety of the issuance of the ancillary writ of preliminary injunction.

The trial court did not commit any act that was diametrically opposed to the time-honored legal principles. The issuance of the questioned writ of preliminary injunction was well-supported by sufficient evidence presented by the petitioner during the hearing held for that purpose. The trial court's evaluation of the evidence presented by both contending parties led the said court to hold that justice and equity would be better served if the status quo is preserved until a final determination of the merits of the pending case for damages and injunction is laid down. We find nothing whimsical, arbitrary, or capricious in the trial court's ruling.

In the exercise of its discretion, the trial court found all the requisites for the issuance of an injunctive writ to be attendant. First, the court-approved compromise agreement in Civil Case No. 7798 established that CATALINA will continue to provide security services to the SSS until such time that a new public bidding is actually conducted and a valid award is made, giving the petitioner a clear and unmistakable right. Second, the invasion of the petitioner's right was material and substantial in that the SSS has attempted to oust CATALINA from rendering such services within the SSS premises by awarding the contract to JAGUAR despite CATALINA's protests that the public bidding was fraught with anomalies. Third, and last, there was an urgent necessity for the writ to prevent serious damage to CATALINA while the main case was still pending. While private respondents may have presented evidence to rebut CATALINA's assertions, these will be better assessed and considered in the trial proper. Besides, the assailed injunctive writ was not a judgment on the merits of the case.

Apart from reversing the trial court's findings and conclusions of fact, the Court of Appeals also ruled that the trial court acted with grave abuse of discretion amounting to lack or excess of jurisdiction in issuing the writ of preliminary injunction. Grave abuse of discretion in the issuance of writs implies a capricious and whimsical exercise of judgment that is equivalent to lack of jurisdiction, or where the power is exercised in an arbitrary or despotic manner by reason of passion, prejudice or personal aversion amounting to an evasion of positive duty or to a virtual refusal to perform the duty enjoined, or to act at all in contemplation of law.^[14] Thus, for the extraordinary writ of certiorari to lie, there must be capricious, arbitrary and whimsical exercise of power.^[15]

Clearly, the Court of Appeals erred in interfering with the trial court's exercise of discretion when the former went over the preliminary evidence with a fine-toothed comb. The rule is well-entrenched that the issuance of the writ of preliminary injunction as an ancillary or preventive remedy to secure the right of a party in a pending case rests upon the sound discretion of the trial court. Rule 58, Section 7 of the Rules of Court gives generous latitude to the trial courts in this regard for the reason that conflicting claims in an application for a provisional writ more often than not involve a factual determination which is not the function of the appellate courts. Hence, the exercise

of sound judicial discretion by the trial court in injunctive matters must not be interfered with except when there is manifest abuse.^[16]

Significantly, the SSS and PBAC were given their day in court to oppose petitioner's application for the ancillary writ. In this connection, we have consistently held that there is no grave abuse of discretion in the issuance of a writ of preliminary injunction where a party was not deprived of its day in court, as it was heard and had exhaustively presented all its arguments and defenses.^[17] There is no denying that private respondents, along with herein petitioner, were given ample time and opportunity to present their respective evidence as well as arguments in support of their opposing positions. Consequently, the trial court committed no grave abuse of discretion in issuing the writ of preliminary injunction. It was the Court of Appeals that committed reversible error in concluding otherwise.^[18]

Finally, the Court of Appeals erred in dismissing the main case pending before the trial court. Even assuming for the moment that grave abuse of discretion attended the issuance of the writ of preliminary injunction, only the said writ could be nullified, and the respondent appellate court would still be overstepping the bounds of its jurisdiction and authority by dismissing the main case before the same could be heard by the trial court.

WHEREFORE, in view of all the foregoing, the instant petition is **GRANTED**. The Decision dated July 22, 1994 and the Resolution dated November 14, 1994 in CA-G.R. SP No. 34345 are **ANNULLED** and **SET ASIDE**. The case is **REMANDED** to the Regional Trial Court of Quezon City, Branch 220 for further proceedings.

No pronouncement as to costs.

SO ORDERED.

Kapunan and Pardo, JJ., concur.

Davide, Jr., C.J., took no part, a party was a former client.

Puno, J., on official leave.

[1] Rollo, pp. 52-53.

- [2] Ibid., pp. 74-75.
- [3] Id., p. 91.
- [4] Id., p. 105.
- [5] Id., p. 73.
- [6] Manila Banking Corporation vs. Court of Appeals, 187 SCRA 138 (1998).
- [7] Olalia vs. Hizon, 196 SCRA 665 (1991).
- [8] Sto. Tomas University Hospital vs. Surla, 294 SCRA 382 (1998).
- [9] La Vista Asso., Inc. vs. Court of Appeals, 278 SCRA 498 (1997).
- [10] BF Corp. vs. Court of Appeals, 288 SCRA 267 (1998); National Fed. of Labor vs. NLRC, 283 SCRA 275 (1997); Building Care Corp. vs. NLRC, 268 SCRA 666 (1997).
- [11] Fortich vs. Corona, 289 SCRA 624 (1998).
- [12] Philippine Tuberculosis Society, Inc. vs. National Labor Union, 294 SCRA 567 (1998); Premiere Development Bank vs. NLRC, 293 SCRA 49 (1998); Jamer vs. NLRC, 278 SCRA 632 (1997).
- [13] Chua vs. Court of Appeals, 271 SCRA 546 (1997).
- [14] Cuison vs. Court of Appeals, 289 SCRA 159 (1998); Esguerra vs. Court of Appeals, 267 SCRA 380 (1998).
- [15] Lalican vs. Vergara, 276 SCRA 518 (1997).
- [16] Saulog vs. Court of Appeals, 262 SCRA 51 (1996); Searth Commodities Corp. vs. Court of Appeals, 207 SCRA 622 (1992); S & A Gaisano, Inc. vs. Judge Hidalgo, 192 SCRA 224 (1990).
- [17] Santos vs. Court of Appeals, 214 SCRA 162 (1992).
- [18] Van Twest vs. Court of Appeals, 230 SCRA 42 (1994).