

FIRST DIVISION

[G.R. No. 124130, June 29, 1998]

GOVERNOR PABLO P. GARCIA, THE PROVINCE OF CEBU; TOMAS R. OSMEÑA; MAYOR ALVIN B. GARCIA, THE CITY OF CEBU; ALLAN C. GAVIOLA, CITY ADMINISTRATOR; JOSE A. GUIADIO, CITY PLANNING AND DEVELOPMENT OFFICER; METRO CEBU DEVELOPMENT PROJECT OFFICE; BASHIR D. RASUMAN, REGIONAL DIRECTOR, DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH), REGION VII; ROMEO C. ESCANDOR, REGIONAL DIRECTOR, NATIONAL ECONOMIC AND DEVELOPMENT BOARD (NEDA), REGION VII; AND LANDBANK OF THE PHILIPPINES, PETITIONERS, VS. HON. JOSE P. BURGOS IN HIS CAPACITY AS PRESIDING JUDGE OF THE REGIONAL TRIAL COURT, BRANCH 17, CEBU CITY; AND MALAYAN INTEGRATED INDUSTRIES CORPORATION, RESPONDENTS.

D E C I S I O N

PANGANIBAN, J.:

Presidential Decree 1818 prohibits courts from issuing an injunction against any infrastructure project, such as the Cebu South Reclamation Project, "in order not to disrupt or hamper the pursuit of essential government projects" or frustrate "the economic development effort of the nation." This Court will not tolerate a violation of this prohibition.

Statement of the Case

Petitioners, through Rule 65 of the Rules of Court, assail the validity of three Orders of Judge Jose P. Burgos of the Regional Trial Court of Cebu.^[1] The first assailed Order, dated February 22, 1996, denied herein Petitioner Tomas R. Osmeña's Omnibus Motion with Opposition to the Application for Writ of Preliminary Injunction, which prayed that said application be cancelled or its hearing deferred, and that the temporary restraining order already issued in favor of herein private respondent be lifted.^[2]

The respondent judge's previous voluntary inhibition was set aside by the second assailed Order dated March 12, 1996, which reads as follows:

"WHEREFORE, premises considered, the motion for reconsideration is granted and accordingly, the order of the Presiding Judge in voluntarily inhibiting himself from further sitting in the case dated February 26, 1996 is reconsidered and set aside.

Set this case for another hearing on the application for preliminary injunction on March 15, 1996 at 10 o'clock in the morning whereby

defendants are ordered to show cause if any they have why the injunction should not be granted.

SO ORDERED.”^[3]

Meanwhile, the preliminary injunction sought by herein private respondent was granted by respondent judge who, in his third assailed Order dated March 18, 1996, ruled in this wise:

“WHEREFORE, premises considered, and in order to preserve the status quo, upon the filing of an injunction bond with this Court in the amount of Two Million (P2,000,000.00) Pesos, let a writ of preliminary injunction be issued, hereby enjoining all the defendants, their assigns, agents and representatives or anyone acting for any or all of them or in their behalf from implementing the memorandum of agreement dated September 11, 1995, attached and marked as Annex ‘V’ in the original complaint dated January 18, 1996, except the construction of the Cebu South Coastal Road, and all other agreements/contracts of defendants concerning the Cebu South Reclamation Project tending to deprive plaintiff of its prior contractual rights in the said Cebu South Reclamation Project until further orders from this Court.

The amount of the required bond shall answer for all damages that the defendants may sustain by reason of the injunction should the Court finally decide that plaintiff was not entitled thereto.

SO ORDERED.”^[4]

The Facts

In their pleadings, the parties tried their best to give detailed accounts of the factual antecedents of this case. In fairness to them, the Court hereby reproduces in toto their respective narrations.

Petitioners’ Version

“A. The Project

1. The Cebu South Reclamation Project (hereinafter referred to as the “PROJECT”) is a FOUR BILLION PESO (P4,000,000,000.00) project of the Government of the Republic of the Philippines (hereinafter referred to as the “GOVERNMENT”), funded out of a loan taken out by the government from the Government of Japan, through its international financing institution, the Overseas Economic Cooperation Fund (hereinafter referred to as the “OECF”).

2. The loan was made possible by virtue of an Exchange of Notes between the Governments of the Republic of the Philippines and Japan, whereby the latter extended a total loan package of ONE HUNDRED BILLION NINE HUNDRED SIXTY-FOUR MILLION YEN (Y101,964,000,000.00) [sic] to finance certain specified and listed projects of the former. Among these projects to be financed by the loan is the Cebu South Reclamation Project. (Refer to Annex “E”- Petition)

3. The project is an integral part of the Third Phase of the Metro Cebu Development Projects (hereinafter referred to as "MCDP III"), which has been favorably endorsed and approved by the President of the Republic of the Philippines, Fidel V. Ramos, as "one of the projects of the national government." (Refer to Annex "F"- Petition)

4. The project has likewise been approved by the National Economic and Development Board (the "NEDA"), of which the President is the Chairman, as an ICC Project, by virtue of NEDA Resolution No. 1, Series of 1995. (Refer to Annex "G"- Petition)

5. The project is further certified as a project of the Government of the Republic of the Philippines, by the Department of Foreign [Affairs], through its Secretary, Domingo E. Siazon. (Refer to Annex "H"- Petition)

6. In due course, loan agreements in implementation of the Exchange of Notes between the two governments were executed between the OECF and [P]etitioner Land Bank of the Philippines (the "LANDBANK"). Under these agreements, the City of Cebu was designated as the project's implementing agency. (Refer to Annex "I"- Petition)

7. In accordance with the Constitution, the loan package to finance, among others, the Cebu South Reclamation Project, was granted final approval by the Monetary Board, by virtue of Resolution No. 1260 issued on 07 November 1995. (Refer to Annex "J"- Petition)

8. The loan arrangements having been entered into, and the funds ready for release to the City of Cebu, the implementing agency of the project, the City of Cebu, the Department of Public Works and Highways (the "DPWH") and the Metro Cebu Development Project Office (the "MCDPO") executed, on 11 September 1995, the "Implementing Arrangement for Metro Cebu Development Project Phase III (MCDP III)" (Refer to Annex "K" - Petition), under which agreement is outlined the procedure for implementation of the project as well as the rights and obligations of the parties thereto.

B. The Suit Filed Below by Private Respondent

9. On 19 January 1996, [P]rivate [R]espondent Malayan Integrated Industries Corporation (hereinafter referred to as "MALAYAN"), filed a case for "Specific Performance, Declaration of Nullity, Damages and Injunction, with Writ of Preliminary Injunction and Temporary Restraining Order" against herein petitioners, docketed as Civil Case No. CEB-18292, before the Regional Trial Court of Cebu City. (Refer to Annex "L" - Petition) The case was raffled to Branch 17 of the said court.

10. Pursuant to Supreme Court Administrative Circular No. 20-95, a summary hearing was conducted by respondent [j]udge to determine the propriety of issuing the temporary restraining order (TRO) prayed for by [R]espondent Malayan in its complaint.

11. During the summary hearing to determine whether the temporary restraining order (TRO) should issue, defendants questioned the

jurisdiction of the court to issue the same, citing Section 1 of Presidential Decree No. 1818, which provides:

"Section 1. No court in the Philippines shall have jurisdiction to issue any restraining order, preliminary injunction, or preliminary mandatory injunction in any case, dispute, or controversy involving an infrastructure project, or a mining, fishery, forest, or other natural resource development project of the government, or any public utility operated by the government, including among others public utilities for the transport of the goods or commodities, stevedoring and arrastre contracts, to prohibit any person or persons, entity or government officials from proceeding with, or continuing the execution or implementation of any such project, or the operation of such public utility, or pursuing any lawful activity necessary for such execution, implementation or operation." (Sec. 1, P.D. 1818; emphasis supplied)

12. It was also pointed out to herein respondent [j]udge that the Supreme Court, in Administrative Circular 13-93, pursuant to P.D. 1818, and in implementation of the policy behind the law, prohibited all judges of all courts from issuing TRO's and/or writs of preliminary injunction against the implementation of government infrastructure projects.

13. It was further manifested that the Supreme Court, observing non-compliance with the above-cited Circular by judges of trial courts was compelled to reiterate its earlier prohibition, with a warning against further violation, **for their "strict compliance"**, under Administrative Circular No. 68-94, issued on 3 November 1994, which states:

"There have been reports that despite Circular 13-93, dated March 5, 1993, **some courts are still issuing temporary restraining orders and/or preliminary injunctions even in cases, disputes, or controversies involving government infrastructure projects** in violation of Section 1 of P.D. 1818 x x x

"xxx xxx xxx "

In order to obviate complaints against the indiscriminate issuance of restraining orders and court injunctions against government public utilities and infrastructure projects in gross violation of the aforesaid Presidential Decree, the provision of **Circular No. 13-93 issued on March 5, 1993 is hereby reiterated for your strict compliance.**

"xxx xxx xxx" (Supreme Court Administrative Circular No. 68-94; emphasis supplied)

14. In gross violation of the law and the circulars of the Honorable Supreme Court, however, respondent [j]udge issued a temporary restraining order on 5 February 1996, the dispositive portion of which reads as follows:

"The verified complaint being sufficient in form and substance and in order to preserve the status quo, all the defendants and their agents, employees, workers and all persons acting in their behalf are temporarily **restrained from implementing the alleged memorandum of agreement dated September 11, 1995, and any and all such other agreements/contracts entered into by any and all of the defendants, covering the Cebu South Reclamation Project consisting of 330 hectares more or less**" (Refer to Annex "M" - Petition)

15. The hearing on [R]espondent Malayan's application for the writ of preliminary injunction was set for 14 February 1996. During the said hearing, [P]etitioner Tomas R. Osmeña filed an Omnibus Motion for: (a) the immediate lifting of the Temporary Restraining Order; (b) the cancellation of the hearing on the application for the writ of preliminary injunction; and (c) the outright dismissal of the complaint. The Omnibus Motion was subsequently adopted by the defendants below. (Refer to Annex "N" - Petition)

16. The thrust of the Omnibus Motion was that the court below had, under P.D. 1818, no jurisdiction and no compelling reason to issue any TRO and/or writ of preliminary injunction against the implementation of a government infrastructure project. Since it had no jurisdiction to issue such TRO and/or writ of preliminary injunction, much less does it have the jurisdiction to entertain any application for the injunctive writ.

17. The Omnibus Motion likewise refuted respondent [j]udge's arguments in its Order dated 5 February 1996 granting the TRO, wherein he attempted to remove the case from the ambit of P.D. 1818 thus:

(a) the ruling in Genaro R. Reyes Construction, Inc. v. Court of Appeals, 234 SCRA 116 applies to the case at bar;

(b) "plaintiff is not asking for enjoining the infrastructure project x x x [but] the enjoining of the contract to be awarded to another entity";

(c) "inclusion of reclamation of submerged lands as being covered under the term 'infrastructure project' [is a] classification [that] has yet to be determined in the light of existing Presidential Proclamations, Orders and/or Executive Memorandums."

18. Respondent Judge -- apparently to verify whether the project was an infrastructure project of the national government -- required defendants below, petitioners herein, to show proof that the project had the approval of the President of the Republic of the Philippines.

19. In compliance with the order of respondent [j]udge, petitioners, during the continuation of the hearing on the Omnibus Motion, set on 16 February 1996, presented the documents mentioned above (Refer to Annexes "D" to "J" - Petition), proving that the project had the favorable recommendation and approval, not only of the President, but likewise of the NEDA, and certified as a project of the Government of the Republic of