

THIRTEENTH DIVISION

[CA-G.R. SP NO. 129445, March 31, 2015]

**THE BOARD OF DIRECTORS AND PRESIDENT OF QUEDAN AND
RURAL CREDIT GUARANTEE CORPORATION, PETITIONERS, VS.
EMPLOYEES OF QUEDAN AND RURAL CREDIT GUARANTEE
CORPORATION AND QUEZON CITY REGIONAL TRIAL COURT,
BRANCH 96, RESPONDENTS.**

DECISION

CORALES, J.:

This is a Petition for *Certiorari*^[1] under Rule 65 of the Rules of Court with application for temporary restraining order (TRO) against the July 11, 2012 Order^[2] of the Regional Trial Court (RTC), Branch 217, Quezon City and the February 15, 2013 Resolution^[3] of the RTC, Branch 96, Quezon City both in Civil Case No. Q-10-66645. The assailed Order granted private respondents Employees of Quedan and Rural Credit Guarantee Corporation's (Employees of Quedancor) prayer for writ of preliminary injunction (WPI) while the challenged Resolution denied the subsequent motion for reconsideration of petitioners Board of Directors and President of Quedan and Rural Credit Guarantee Corporation (Quedancor).

The Antecedents

Quedancor is an attached agency of the Department of Agriculture. It was created under Republic Act (R.A.) No. 7393^[4] to provide a convenient credit-support mechanism and reliable guarantee system to workers and small enterprises in the countryside.

In 2010, Quedancor formulated a Rationalization Plan^[5] (2010 Rationalization Plan) pursuant to Executive Order (E.O.) No. 366^[6] authorizing the chief executive, through the department secretary, to direct changes in the organizational units or key positions in any department or agency of the executive branch to improve the efficiency of government services. The 2010 Rationalization Plan reduced the number of authorized plantilla positions within Quedancor from 451 to 191 permanent positions and abolished 502 contractual and 636 casual employees. It was approved by the Department of Budget and Management (DBM) on January 5, 2010 and to be implemented within two (2) months therefrom.^[7]

The 177 private respondents, who have been employed with Quedancor for 10 to 20 years either as contractual or casual, were among those affected by the organizational restructuring. Aggrieved, on May 4, 2010, they instituted a petition^[8] for "*Declaration of Quedancor Rationalization Plan As Illegal and Null and Void*" with prayer for issuance of WPI and/or TRO, raffled to RTC, Branch 217, Quezon City. They alleged that the 2010 Rationalization Plan is contrary to the principles declared

in Sections 2,^[9] 14(h)^[10] and 28^[11] of R.A. No. 7393, Section 2(b) of E.O. No. 366,^[12] and the security of tenure protected by the 1987 Constitution.^[13] In support of the application for WPI and TRO, the Employees of Quedancor argued on the impending implementation of the 2010 Rationalization Plan considering that the DBM mandated Quedancor to implement the same within two (2) months from approval. In fact, Quedancor President, Federico Espiritu (Espiritu), already started the reorganization which would result in the loss of employment of 658 out of the total 849 employees. The Employees of Quedancor added that with urgency brought by the foregoing circumstances, a TRO or a WPI is their only plain, speedy, and adequate legal remedy to prevent Espiritu from implementing the 2010 Rationalization Plan.

On March 25, 2010, the RTC issued a 20-day TRO against Quedancor.^[14]

During the hearing on the application for WPI, the parties agreed to maintain the *status quo* until the termination of the injunction proceedings. Accordingly, the RTC declared that Quedancor may continue with the rationalization program but it cannot terminate or transfer the employees who filed the petition. Quedancor was also proscribed from sending notice of its abolished positions to the employees.^[15]

However, on December 7, 2011, the Employees of Quedancor filed a Manifestation and Ex-Parte Motion for the resolution of their pending application for issuance of WPI because Quedancor adopted Board Resolution No. 481^[16] increasing the plantilla of personnel from 191 (per original Rationalization Plan) to 451, instead of retaining most of its present employees, and the new officer-in-charge of Quedancor, Atty. Armando R. Crobalde, Jr., is in the process of dismissing from service most of the employees.^[17] In their subsequent memorandum, they argued that the issue on the constitutionality of the 2010 Rationalization Plan is still pending with the RTC and some 600 employees of Quedancor will suffer irreparable injury in the form of removal from employment.

In opposition to the application for WPI, Quedancor contended that its 2010 Rationalization Plan is a pure exercise of business judgment and not in violation of the security of tenure because all salaries, benefits, and incentives will be given to the affected employees upon undergoing a rigid selection process by the Selection and Placement Committee.

The Rulings of the RTC

In its July 11, 2012 Order,^[18] the RTC granted the application for WPI ratiocinating that private respondents are bona fide employees of Quedancor who have a clear legal right to be protected from the urgent implementation of the 2010 Rationalization Plan on July 13, 2012 considering that the legality of its implementation is pending before the court. Otherwise, the affected employees will suffer serious damages and irreparable injuries by not receiving their salaries and benefits. The court *a quo* further stressed that Quedancor's Board Resolution No. 481 is still subject for review and approval of the Office of the President (OP), thus, its implementation covering most of the employees in Quedancor's different offices nationwide would be premature. It then disposed the case as follows:

Let, therefore, a writ of preliminary injunction be issued in favor of the petitioners/intervenors preventing and restraining all the respondents (Quedancor's President and CEO Federico Espiritu, Quedancor's Officer-in-Charge Atty. Armando R. Crobalde, Jr., its Board of Directors, Department of Budget and Management, Department of Agriculture and the Civil Service Commission) and all officials and persons acting in their behalves from implementing the subject Rationalization Plan for Quedancor pursuant to Executive Order No. 366.

Accordingly, the petitioners and intervenors are collectively ordered by the court to post an injunction surety bond of P200,000.00 executed to the party or to the person enjoined to be paid as damages which that party or person may sustain by reason of the issuance of the injunction if the court should finally decide that applicants-petitioners/intervenors are not entitled thereto.

The Sheriff of this court is ordered to personally serve copy of this Order to all counsels and/or parties in this petition.

SO ORDERED.

Quedancor sought reconsideration arguing that the July 11, 2012 Resolution was a prejudgment of the main case and the Employees of Quedancor failed to show their clear and unmistakable right to employments considering that their appointments had already expired and were not renewed.^[19]

The Presiding Judge of RTC, Branch 217 inhibited from further resolving the case, thus, the case was re-raffled to RTC, Branch 96 which issued the February 15, 2013 Resolution^[20] denying Quedancor's motion for reconsideration.

Undaunted, Quedancor is now before Us *via* the instant petition for *certiorari* anchored on this ground:^[21]

THE RTC GRAVELY ABUSED ITS DISCRETION WHEN IT ISSUED THE 11 JULY 2012 ORDER, THE CORRESPONDING WPI AND THE 15 FEBRUARY 2013 RESOLUTION.

Quedancor insists that the RTC prejudged the case in favor of the Employees of Quedancor when it ruled on substantial matters without hearing on the merits. It harps on the non-renewal of the contract of employment of private respondents and argues that the assailed July 11, 2012 Order and the February 15, 2013 Resolution of the RTC effectively extended their expired contracts.^[22]

Required to comment, the Employees of Quedancor claim that they fully satisfied the requirements for the issuance of a WPI. They maintain that the implementation of the 2010 Rationalization Plan is contrary to the provisions of R.A. No. 7393 as well as with E.O. No. 366 and its Implementing Rules and Regulations, and violates their constitutional right to security of tenure.^[23]

In Our May 17, 2013 Resolution,^[24] We already denied Quedancor's application for

TRO and WPI.

This Court's Ruling

The petition fails to persuade Us.

The appellate courts do not generally interfere with the RTC's exercise of sound judicial discretion in injunctive matters except in cases where there is grave abuse of that discretion. Grave abuse of discretion in the issuance of WPI 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.[25] The burden is on the part of the petitioner to prove not merely reversible error, but grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the public respondent issuing the impugned order. Mere abuse of discretion is not enough; it must be grave.[26]

In relation thereto, We have always been reminded that injunction is a preservative remedy aimed at no other purpose than to protect the complainant's substantive rights and interests during the pendency of the principal action. A preliminary injunction, as the term itself suggests, is merely temporary. It is to be resorted to only when there is a pressing necessity to avoid injurious consequences that cannot be remedied under any standard of compensation.[27] It is proper only when the plaintiff appears to be entitled to the relief demanded in the complaint. Thus, a WPI will be issued only upon showing that (1) the right to be protected exists *prima facie*, (2) the acts sought to be enjoined are violative of that right; and (3) the violation sought to be prevented would cause an irreparable injustice.[28]

Guided by the foregoing principles, this Court finds no reason to interfere with the order of the RTC. No grave abuse of discretion could be attributed to it in granting a WPI in favor of the Employees of Quedancor because all of the elements for its issuance are present.

Indeed, the Employees of Quedancor have been hired on a casual or contractual basis but they have been in the corporation for 10 to 20 years. They alleged that it was a corporate tradition to grant automatic renewal of contract. On the other hand, Quedancor argues that whether such corporate tradition exists or not is subject to judicial determination through a full-blown trial on the merits. The foregoing circumstances and arguments underscored private respondents' relevance to the company and their clear and unmistakable right to be protected. It bears stressing that while a clear showing of the right is necessary, its existence need not be conclusively established. In fact, the evidence required to justify the issuance of a WPI in the hearing thereon need not be conclusive or complete. The evidence need only be a "sampling" intended merely to give the court an idea of the justification for the WPI, pending the decision of the case on the merits.[29]

We also concur with the RTC's findings that the implementation of Board Resolution No. 481 approving the modified 451-complement Organizational Structure and Staffing Pattern (OSSP) is premature and must be enjoined by the WPI. Indisputably, at the time of the issuance of the WPI, the said Resolution is still being