



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

SUPREME COURT OF THE PHILIPPINES  
PUBLIC INFORMATION OFFICE

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SM INVESTMENTS  
CORPORATION,  
Petitioner,

G.R. Nos. 224131-32

- versus -

MAC GRAPHICS<sup>1</sup> CARRANZ  
INTERNATIONAL CORP.,  
Respondent.

X-----X

PRIME METROESTATE, INC.,  
Petitioner,

G.R. Nos. 224337-38

Present:

CARPIO, J., Chairperson,  
PERALTA,  
PERLAS-BERNABE,  
CAGUIOA, and  
REYES, JR., JJ.

- versus -

MAC GRAPHICS CARRANZ  
INTERNATIONAL CORP.,  
Respondent.

Promulgated:

25 JUN 2018

M. Cabalag Perfecto

X-----X

DECISION

CAGUIOA, J.:

Before the Court are petitions<sup>2</sup> for review on *certiorari* (Petitions) under Rule 45 of the Rules of Court assailing the Decision<sup>3</sup> of the Court of Appeals<sup>4</sup> (CA) dated December 22, 2015 in CA-G.R. SP Nos. 132392 and

<sup>1</sup> Also referred to as "MacGraphics" in other parts of the *rollo*.

<sup>2</sup> *Rollo* (G.R. Nos. 224131-32), Vol. I, pp. 3-30, excluding Annexes; *rollo* (G.R. Nos. 224337-38), pp. 8-39, excluding Annexes.

<sup>3</sup> Id. at 32-52; id. at 40-61. Penned by Associate Justice Carmelita Salandanan Manahan, with Associate Justices Japar B. Dimaampao and Franchito N. Diamante concurring.

<sup>4</sup> Eighth (8<sup>th</sup>) Division.

132412 and the Resolution<sup>5</sup> dated March 31, 2016. The CA Decision denied the petitions for *certiorari* under Rule 65 filed by petitioner SM Investments Corporation (SMIC) and petitioner Prime Metroestate, Inc. (PMI) before the CA while the CA Resolution denied their motions for reconsideration.

### *Facts and Antecedent Proceedings*

On November 24, 2006, respondent Mac Graphics Carranz International Corp. (Mac Graphics), which is engaged in advertising and operation of billboards and other outdoor advertising media, entered into a Contract of Lease<sup>6</sup> (lease contract) with Pilipinas Makro, Inc. (Makro) for exclusive use of the latter's billboard sites located at Makro EDSA Cubao, Quezon City (Makro-Cubao) and Makro Makati City (Makro-Makati) for a period of 20 years.<sup>7</sup>

Among the provisions of the lease contract are:

2. **Term.** This Contract shall be for a period of Twenty (20) years which may be renewed upon the terms and conditions mutually acceptable to both parties. x x x The lease term shall commence, as follows:
  - a. For Lot 1 (EDSA Cubao) the contract shall commence on 15 January 2007 and end on midnight of 14 January 2027 x x x.
  - b. For Lot 2 (Makati City) the contract shall commence on 15 January 2007 and end on midnight of 14 January 2027 x x x.

x x x x

Should LESSEE fail to obtain the necessary permits and licenses to legally conduct its business in the leased premises on the commencement dates mentioned above, the LESSOR may pre-terminate this Contract immediately, and the security deposits shall be forfeited in favor of LESSOR. x x x

x x x x

5. **Licenses and Permits.** Licenses and permits shall be secured by the LESSEE, cost and fees required in the processing shall be shouldered by the LESSEE. The LESSOR shall however assist the LESSEE in securing the following licenses and permits for the operation of the latter's business in the **LEASED PREMISES**:
  - a. Barangay Permit
  - b. Business Permit
  - c. Building Permit/Sign Permit

Payment of the afore-cited licenses and/or permits shall be borne by the LESSEE.

x x x x

<sup>5</sup> *Rollo* (G.R. Nos. 224131-32), Vol. I, pp. 54-57; *rollo* (G. R. Nos. 224337-38), pp. 62-65.

<sup>6</sup> *Id.* at 58-67; *id.* at 68-77.

<sup>7</sup> *Id.* at 35; *id.* at 43.

### 11. Warranties of the LESSEE.

x x x x

- b. That it shall strictly comply with and perform all the terms and conditions of the lease.

x x x x

- e. Before the actual start of construction of its structures, that it has covered all the improvements built on the Lot with sufficient "All-Risk" property insurance cover in an amount not lower than Php 15,000,000 for Sucat site, Php 2,000,000 for Cubao site, and 1,000,000 for Makati including third party liability cover in an amount not lower than Php 10,000,000 for each site or per location during the construction phase of said improvements, and subsequently during the entire term of this Contract including the time of actual and total vacation of the leased premises by **LESSEE**. The insurance policies shall only be obtained from reputable insurance companies acceptable to the **LESSOR**. x x x

12. **Rescission.** In the event of default, breach or falsity in any of the warranties, representations and undertakings of the parties and/or in case of any violation of the provisions hereof, the non-defaulting party shall have the option to rescind, terminate, or cancel this lease upon written notice to that effect, or to demand specific performance hereof against the other, with the right to claim for consequent damages in any case.

x x x x

14. Pretermination of Lease. This Contract may be pre-terminated:

x x x x

- c. by either party, if the other party fails to comply with any of its obligations under this Contract (other than as specified in Section 3 [**Rental fee**]) and such breach is not remediable, or if remediable, shall is (sic) unremedied for a period of ninety (90) days after written notice thereof shall have been given by the terminating party to the other party[.]<sup>8</sup>

Makro is one of the companies where SMIC, as an incorporator, has substantial interest and such interest existed at the time when Mac Graphics and Makro entered into the lease contract.<sup>9</sup> SMIC owns 10% of the capital stock of Makro while Rappel Holdings, Inc., which is owned by SMIC, owns 50%.<sup>10</sup>

SMIC alleges that it is a publicly-listed holding company of the SM Group of Companies and while it is not engaged in the business of shopping mall development and management, retail merchandising, financial services, real estate development, and tourism, it has interests in the respective companies belonging to the SM Group of Companies that are engaged

<sup>8</sup> Id. at 59-64; id. at 69-74.

<sup>9</sup> *Rollo* (G.R. Nos. 224337-38), p. 49.

<sup>10</sup> *Rollo* (G.R. Nos. 224131-32) Vol. I, p. 5.

therein.<sup>11</sup> It also alleges that it has never operated the properties which Makro used to operate and it does not operate SM Hypermart,<sup>12</sup> which is being operated by an independent corporation.<sup>13</sup>

Makro, which operated the Makro retail stores in the country, was originally a partnership among the SM Group of Companies, SHV Holdings N.V. of the Netherlands, and the Ayala Group of Companies.<sup>14</sup> SMIC was not a party to the lease contract and contended that Makro operated independently and its management was left to its own corporate officers.<sup>15</sup>

Mac Graphics offered the leased billboards for advertising to the public and contracted with Asiawide Refreshments Corp. and Aboveboard Multimedia Services for the use of the billboard sites.<sup>16</sup> Mac Graphics also caused the necessary repair, retrofitting and improvement of the billboard sites to suit the design of its outdoor advertising media.<sup>17</sup>

Mac Graphics and Makro implemented the lease contract at Makro-Cubao and Makro-Makati for almost two years from its effectivity on January 15, 2007.<sup>18</sup> Sometime in 2007, the majority shareholders of Makro, which included SMIC, increased their ownership of Makro to 60%.<sup>19</sup>

Makro sent a letter<sup>20</sup> dated October 6, 2008 to Mac Graphics terminating the lease contract effective immediately because of the latter's alleged failure to obtain the relevant Metro Manila Development Authority (MMDA) and local government permits and to obtain a comprehensive all-risk property insurance for the sites.<sup>21</sup> Makro averred that the 90 days "remedy period" of the lease contract does not apply because Mac Graphics' violation was not remediable.<sup>22</sup> At any rate, there was no compliance within such 90-day period because the insurance policies were not comprehensive and did not cover the stipulated third party liability, and the third party liability policies were issued in April 2009 or beyond the 90-day period.<sup>23</sup>

Mac Graphics objected to the termination in its letter dated October 22, 2008.<sup>24</sup> SMIC's counsel sent a letter on January 15, 2009 reiterating the termination of the lease contract.<sup>25</sup> Mac Graphics answered in a letter dated January 23, 2009, stating its compliance with the provisions of the lease

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<sup>11</sup> Id.

<sup>12</sup> Also referred to as Hypermarket in some instances.

<sup>13</sup> *Rollo* (G.R. Nos. 224131-32), Vol. I, p. 5.

<sup>14</sup> Id.

<sup>15</sup> Id. at 5, 8.

<sup>16</sup> *Rollo* (G.R. Nos. 224337-38), p. 43.

<sup>17</sup> Id.

<sup>18</sup> Id.

<sup>19</sup> Id. at 49.

<sup>20</sup> Id. at 78.

<sup>21</sup> Id. at 44.

<sup>22</sup> Id. at 50.

<sup>23</sup> Id. at 50-51.

<sup>24</sup> Id. at 44.

<sup>25</sup> Id.

contract.<sup>26</sup> A meeting among representatives of Mac Graphics, Makro and SMIC was subsequently held.<sup>27</sup>

Makro and SMIC then removed Mac Graphics' billboards and other advertising media installed at Makro-Cubao and Makro-Makati.<sup>28</sup> They also prevented Mac Graphics from entering the leased premises.<sup>29</sup> Mac Graphics sent a letter dated July 31, 2009 to Makro and SMIC expressing its objection to the unilateral removal or dismantling of the billboards and other advertising media and its demand for Makro to cease and desist from further infringing upon its rights under the lease contract.<sup>30</sup> Mac Graphics' demand went unheeded.<sup>31</sup>

In 2009, a plan was implemented to convert Makro outlets to SM Hypermart outlets.<sup>32</sup>

On November 12, 2009, Mac Graphics filed before the Regional Trial Court, Branch 204<sup>33</sup> (RTC), Muntinlupa City, a Complaint<sup>34</sup> for "Permanent Injunction and Declaration of Subsistence of Contract; Damages with Application for Temporary Restraining Order and/or Writ of Preliminary Injunction" against Makro and SMIC docketed as Civil Case No. 09-124.<sup>35</sup>

SMIC filed its Answer (with Compulsory Counterclaim)<sup>36</sup> and reiterated that since it is not privy or party, successor-in-interest, or assign of the lease contract, then Mac Graphics has no cause of action against it.<sup>37</sup>

Makro filed its Answer with Compulsory Counterclaims<sup>38</sup> dated March 14, 2011. Makro insisted that Mac Graphics has no cause of action against it and the termination of the lease contract was legal.<sup>39</sup>

### *The RTC Ruling*

After presentation of evidence, the RTC issued an Order<sup>40</sup> dated April 22, 2013 granting the application for a Writ of Preliminary Mandatory Injunction (WPMI), upon the filing of a ₱5 million bond. The RTC ruled that the evidence presented by Mac Graphics initially showed that there was

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<sup>26</sup> Id.

<sup>27</sup> Id.

<sup>28</sup> Id.

<sup>29</sup> Id.

<sup>30</sup> Id. at 44-45.

<sup>31</sup> Id. at 45.

<sup>32</sup> Id. at 49.

<sup>33</sup> Id. at 41, 207.

<sup>34</sup> Id. at 79-97, excluding Annexes.

<sup>35</sup> Id. at 45.

<sup>36</sup> Id. at 47.

<sup>37</sup> Id. at 49.

<sup>38</sup> Id. at 207-225.

<sup>39</sup> Id. at 51.

<sup>40</sup> Id. at 347-357. Penned by Presiding Judge Juanita T. Guerrero.



a breach of the lease contract with respect to the period of its existence,<sup>41</sup> and that the lease contract was pre-terminated by Makro without giving Mac Graphics a chance to remedy any violation that Makro alleged to have been committed by Mac Graphics.<sup>42</sup>

Regarding SMIC's contention that it is not privy to the lease contract, the RTC stated that SMIC, being majority owner of Makro, could influence any major decision of the latter and SMIC even re-named Makro-Cubao and Makro-Makati as SM Hypermart.<sup>43</sup> The RTC ruled that SMIC, although not a party to the lease contract, had received benefits by the decision of Makro to terminate the same, *i.e.*, by the dismantling of the structures/advertisements already placed by Mac Graphics in Makro-Cubao and Makro-Makati, and subsequently substituting them with advertisements of SMIC.<sup>44</sup>

As to damages, the RTC ruled that apart from the profits that Mac Graphics could have realized from its existing and future contracts, the good will or reputation that it had built in the realm of advertisements had been soiled.<sup>45</sup> As such, to the mind of the RTC, the injuries which Mac Graphics might have sustained and would sustain as a result of the act of Makro and SMIC are irreparable and could not be remedied by a simple computation of damages before the main issue of the case could be finally heard.<sup>46</sup>

The dispositive portion of the said Order states:

WHEREFORE, premises considered, the Application for a Writ of Preliminary Mandatory Injunction filed by plaintiff MACGRAPHICS CARRANZ INTERNATIONAL CORP. (MACGRAPHICS) is hereby GRANTED. Let a Writ of Preliminary Mandatory Injunction be issued against the defendants MAKRO and SMIC, upon filing of bond by MACGRAPHICS in the amount of FIVE MILLION PESOS (Php 5,000,000.00) conditioned upon the payment of damages which defendants may incur as a result of the issuance hereof, should the Writ be adjudged later on as improper.

Accordingly, upon approval of the bond, Defendants PILIPINAS MAKRO INC. (MAKRO) and SM INVESTMENTS CORPORATION (SMIC) and all persons/entities claiming rights under them are hereby directed:

1. To restore plaintiff to the possession of the billboard structures in MAKRO Cubao and MAKRO Makati for its use in accordance with the Contract of Lease dated November 24, 2006 entered into between MAKRO and MACGRAPHICS;
2. To allow plaintiff the unrestrained use of the Billboard structures in MAKRO Cubao and MAKRO Makati referred to in the Contract of Lease of November 24, 2006 subject to the

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<sup>41</sup> Id. at 354.

<sup>42</sup> Id. at 355.

<sup>43</sup> Id. at 354-355.

<sup>44</sup> Id. at 355.

<sup>45</sup> Id.

<sup>46</sup> Id.



monthly rental payments agreed upon in the said contract. Said rental payments shall become due upon the defendants' turn-over of possession of said structures to the plaintiff; and

3. To cease and desist from doing any act of dispossession of said billboard structures against the plaintiff in MAKRO Cubao and MAKRO Makati; until further orders from this court.

The Sheriff of this court is directed to personally furnish the parties herein named, a copy of this Order at the expense of the plaintiff.

IT IS SO ORDERED.<sup>47</sup>

SMIC filed a motion for reconsideration while Makro filed a motion for reconsideration with motion for substitution of PMI in lieu of Makro, by reason of Makro's change of name.<sup>48</sup> As of December 14, 2012, Makro amended its corporate name to "Prime MetroEstate, Inc."<sup>49</sup>

The RTC, in its Order<sup>50</sup> dated August 14, 2013, granted the motion for substitution but denied the motions for reconsideration. The dispositive portion of the said Order states:

WHEREFORE, premises considered, the Motion for Reconsideration of the Order dated 22 April 2013 is hereby DENIED. Prime Metroestate, Inc. (Formerly: Pilipinas Makro, Inc.), is hereby substituted to MAKRO in view of the amendment of the latter's Articles of Incorporation. Let copies of the orders, decision, and other processes of this court addressed to MAKRO be sent instead to Prime Metroestate, Inc. (Formerly: Pilipinas Makro, Inc.).

SO ORDERED.<sup>51</sup>

SMIC and PMI filed their respective Rule 65 Petitions for *Certiorari*<sup>52</sup> with the CA (CA Petitions) alleging grave abuse of discretion. The CA Petitions were later consolidated.

### *The CA Ruling*

The CA denied the CA Petitions and affirmed the RTC Orders<sup>53</sup> granting the WPMI (RTC Orders). The CA stated that the rule is well-entrenched that the issuance of a WPMI rests upon the sound discretion of the trial court.<sup>54</sup> Generous latitude is given to the trial court for the reason that conflicting claims in an application for a provisional writ involves a factual determination, which is not a function of the appellate court.<sup>55</sup> The CA found

<sup>47</sup> Id. at 356-357.

<sup>48</sup> See id. at 52.

<sup>49</sup> Omnibus Motion for Substitution of Defendant Filipinas Makro and for Reconsideration of the Order dated 22 April 2013, id. at 358-376, including Annexes.

<sup>50</sup> *Rollo* (G.R. Nos. 224337-38), p. 377.

<sup>51</sup> Id.

<sup>52</sup> *Rollo* (G.R. Nos. 224131-32), Vol. I, pp. 513-538; *rollo* (G.R. Nos. 224337-38), pp. 378-400.

<sup>53</sup> Order granting the WPMI and Order denying the Motion for Reconsideration of the WPMI Order.

<sup>54</sup> *Rollo* (G.R. Nos. 224337-38), p. 57.

<sup>55</sup> Id. at 57-58.

no grave abuse of discretion on the part of the RTC<sup>56</sup> after it concurred with the RTC that based on the evidence presented by Mac Graphics, all the requisites for the issuance of a WPMI have been complied with.<sup>57</sup>

The CA upheld the RTC's finding that Makro pre-terminated its 20-year lease contract with Mac Graphics without giving the latter a chance to rectify or remedy any alleged violation thereof, with the lease contract existing for only about two years.<sup>58</sup> As a result, other clients also terminated their contract with Mac Graphics and apart from losing profits, its goodwill or reputation was soiled.<sup>59</sup> The CA also agreed with the RTC that the injuries which Mac Graphics might have sustained and would sustain could not be remedied by a simple computation of damages before the main issues of the cases could be finally heard; and Mac Graphics would continue to suffer irreparable injury if it would not be restored to the same position it had before the termination of the lease contract by Makro.<sup>60</sup>

The dispositive portion of the CA Decision states:

**WHEREFORE**, the Petitions are **DENIED**. The April 22, 2013 and August 14, 2013 Orders of the Regional Trial Court, Branch 204, Muntinlupa City are hereby **AFFIRMED**.

**SO ORDERED.**<sup>61</sup>

SMIC and PMI (formerly Makro) filed their respective motions for reconsideration, which the CA denied in its Resolution dated March 31, 2016, the dispositive portion of which states:

**WHEREFORE**, the Motions for Reconsideration are **DENIED**.

**SO ORDERED.**<sup>62</sup>

Hence, the Petitions of SMIC and PMI. Mac Graphics filed its Comment/Opposition (Re: Petitioner SMI's Petition for Certiorari dated 04 May 2016)<sup>63</sup> and Comment/Opposition (Re: Petitioner PMI's Petition for Review on Certiorari dated 10 June 2016).<sup>64</sup> SMIC filed a Reply<sup>65</sup> to the Comment/ Opposition of Mac Graphics.

### Issues

The PMI Petition essentially raises the following issues:

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<sup>56</sup> Id. at 58, 60.

<sup>57</sup> Id. at 59.

<sup>58</sup> Id.

<sup>59</sup> Id.

<sup>60</sup> Id.

<sup>61</sup> Id. at 60.

<sup>62</sup> Id. at 64.

<sup>63</sup> *Rollo* (G.R. Nos. 224131-32), Vol. II, pp. 723-740, including Annex.

<sup>64</sup> *Rollo* (G.R. Nos. 224337-38), pp. 557-581, excluding Annexes.

<sup>65</sup> *Rollo* (G.R. Nos. 224131-32), Vol. II, pp. 765-778.





1. Whether the CA erred in affirming the RTC Orders on the ground that the factual determination of conflicting claims in an application for a provisional writ is not the function of appellate courts.

2. Whether the CA erred in granting the injunctive relief despite absence of: (a) a right *in esse* of Mac Graphics that warranted protection; (b) proof of material and substantial violation of Mac Graphics' right; and (c) grave and irreparable damage that Mac Graphics would sustain if no such injunctive writ was issued.

3. Whether the CA erred in granting the injunctive relief despite it being clear that it has become impossible to compel PMI to do the acts subject of the mandatory injunctive writ because the leased properties were sold by PMI to Super Shopping Market, Inc. prior to the rendition of the RTC Order granting the WPMI.<sup>66</sup>

On the other hand, the SMIC Petition raises the following issues:

1. Whether the CA, by making general conclusions in the challenged Decision without addressing the issues and arguments raised by SMIC, has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of the power of supervision.

2. Whether the CA decided a question of substance in a way not in accord with law or with the applicable decisions of the Court in upholding the RTC's grave abuse of discretion when it issued a mandatory injunction against SMIC despite the following:

a) SMIC's shareholdings in Makro do not justify treating these corporations as one and against whom injunctive relief may be issued jointly.

b) SMIC does not operate SM Hypermart.

c) Mac Graphics has not established any clear and positive right to any injunctive relief against SMIC.<sup>67</sup>

### **The Court's Ruling**

Once more the Court is tasked to determine the propriety of the issuance of a WPMI. The crux of these consolidated Petitions is the propriety of the WPMI issued by the RTC and upheld by the CA.

<sup>66</sup> *Rollo* (G.R. Nos. 224337-38), pp. 17-18, 34.

<sup>67</sup> *Rollo* (G.R. Nos. 224131-32), Vol. I, pp. 12-13.

As defined by Section 1, Rule 58 of the Rules of Court, a preliminary injunction is an order granted at any stage of an action or proceeding prior to judgment or final order, requiring a party or a court, agency or a person to refrain from a particular act or acts or require the performance of a particular act or acts, in which case it shall be known as a preliminary mandatory injunction.

As to the grounds for its issuance, a preliminary injunction may be granted when it is established that:

(a) the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts, either for a limited period or perpetually;

(b) the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or

(c) a party, court, agency or a person is doing, threatening, or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.<sup>68</sup>

The Court enumerated the requisites to justify the issuance of a WPMI in *Heirs of Melencio Yu v. Court of Appeals*<sup>69</sup> and explained the ramifications of its issuance, to wit:

x x x To justify the issuance of a writ of preliminary mandatory injunction, it must be shown that: (1) the complainant has a clear legal right; (2) such right has been violated and the invasion by the other party is material and substantial; and (3) there is an urgent and permanent necessity for the writ to prevent serious damage.<sup>70</sup> An injunction will not issue to protect a right not *in esse*, or a right which is merely contingent and may never arise since, to be protected by injunction, the alleged right must be clearly founded on or granted by law or is enforceable as a matter of law.<sup>71</sup> As this Court opined in [*Sps.*] *Dela Rosa v. Heirs of Juan Valdez*:<sup>72</sup>

A preliminary mandatory injunction is more cautiously regarded than a mere prohibitive injunction since, more than its function of preserving the *status quo* between

<sup>68</sup> RULES OF COURT, Rule 58, Sec. 3.

<sup>69</sup> 717 Phil. 284 (2013).

<sup>70</sup> Id. at 295, citing *Pelejo v. Court of Appeals*, 203 Phil. 29, 33 (1982) as cited in *Semirara Coal Corporation v. HGL Development Corporation*, 539 Phil. 532, 545 (2006); *Pablo-Gualberto v. Gualberto V*, 500 Phil. 226, 253 (2005); *De la Cruz v. Department of Education, Culture and Sports-Cordillera Administrative Region*, 464 Phil. 1033, 1052 (2004); and *Gateway Electronics Corporation v. Land Bank of the Philippines*, 455 Phil. 196, 210 (2003).

<sup>71</sup> Id. at 295-296, citing *Sps. Delos Santos v. Metropolitan Bank and Trust Company*, 698 Phil. 1, 18 (2012) and *Nerwin Industries Corporation v. PNOC-Energy Development Corporation*, 685 Phil. 412, 426 (2012).

<sup>72</sup> 670 Phil. 97 (2011).

the parties, it also commands the performance of an act. Accordingly, the issuance of a writ of preliminary mandatory injunction is justified only in a clear case, free from doubt or dispute. When the complainant's right is doubtful or disputed, he does not have a clear legal right and, therefore, the issuance of a writ of preliminary mandatory injunction is improper. While it is not required that the right claimed by applicant, as basis for seeking injunctive relief, be conclusively established, it is still necessary to show, at least tentatively, that the right exists and is not vitiated by any substantial challenge or contradiction.<sup>73</sup>

The Court in *Power Sites and Signs, Inc. v. United Neon (a Division of Ever Corporation)*<sup>74</sup> stated that before a court grants injunctive relief, the complainant must demonstrate that: he is entitled to the relief sought, the actual or threatened violation of complainant's rights, the probability of irreparable injury, and the inadequacy of pecuniary compensation as relief.<sup>75</sup> The Court explained:

A preliminary injunction may be granted only where the plaintiff appears to be clearly entitled to the relief sought<sup>76</sup> and has substantial interest in the right sought to be defended.<sup>77</sup> While the existence of the right need not be conclusively established, it must be clear.<sup>78</sup> The standard is even higher in the case of a preliminary mandatory injunction, which should only be granted—

x x x in cases of extreme urgency; where the right is very clear; where considerations of relative inconvenience bear strongly in complainant's favor; where there is willful and unlawful invasion of plaintiff's right against his protest and remonstrance, the injury being a continuing one; and where the effect of the mandatory injunction is rather to reestablish and maintain a preexisting continuing relation between the parties, recently and arbitrarily interrupted by the defendant, than to establish a new relation x x x.<sup>79</sup>

x x x x

It is settled that a writ of preliminary injunction should be issued only to prevent grave and irreparable injury, that is, injury that is actual, substantial, and demonstrable. Here, there is no "irreparable injury" as understood in law. Rather, the damages alleged by the petitioner, namely, "immense loss in profit and possible damage claims from clients" and the cost of the billboard which is "a considerable amount of money"<sup>80</sup> is easily

<sup>73</sup> *Heirs of Melencio Yu v. Court of Appeals*, supra note 69, at 296, citing *Sps. Dela Rosa v. Heirs of Juan Valdez*, id. at 110.

<sup>74</sup> 620 Phil. 205 (2009).

<sup>75</sup> Id. at 207, citing *Golding v. Balatbat*, 36 Phil. 941 (1917).

<sup>76</sup> Id. at 217, citing RULES OF COURT, Rule 58, Sec. 3; *Buayan Cattle Co., Inc. v. Quintillan*, 213 Phil. 244, 254 (1984) and *Toyota Motor Philippines Corporation v. Court of Appeals*, 290 Phil. 662, 681-682 (1992).

<sup>77</sup> Id., citing *Angela Estate, Inc. v. Court of First Instance of Negros Occidental*, 133 Phil. 561, 572 (1968).

<sup>78</sup> Id., citing *Developers Group of Companies, Inc. v. Court of Appeals*, 292 Phil. 723, 729 (1993).

<sup>79</sup> Id., citing *Manila Electric Railroad and Light Company v. Del Rosario*, 22 Phil. 433, 437 (1912).

<sup>80</sup> Id. at 219; citation omitted.

quantifiable, and certainly does not fall within the concept of irreparable damage or injury as described in *Social Security Commission v. Bayona*:<sup>81</sup>

Damages are irreparable within the meaning of the rule relative to the issuance of injunction where **there is no standard by which their amount can be measured with reasonable accuracy.** “An irreparable injury which a court of equity will enjoin includes that degree of wrong of a repeated and continuing kind which **produce hurt, inconvenience, or damage that can be estimated only by conjecture, and not by any accurate standard of measurement.**” An irreparable injury to authorize an injunction consists of a serious charge of, or is destructive to, the property it affects, either physically or in the character in which it has been held and enjoined, or when the property has some peculiar quality or use, so that **its pecuniary value will not fairly recompense the owner of the loss thereof.** (Emphasis supplied)

Here, any damage petitioner may suffer is easily subject to mathematical computation and, if proven, is fully compensable by damages.<sup>82</sup> Thus, a preliminary injunction is not warranted. As previously held in *Golding v. Balatbat*,<sup>83</sup> the writ of injunction—

should *never* issue when an action for damages would adequately compensate the injuries caused. The very foundation of the jurisdiction to issue the writ rests in the probability of irreparable injury, the inadequacy of pecuniary compensation, and the prevention of the multiplicity of suits, and where facts are not shown to bring the case within these conditions, the relief of injunction should be refused.<sup>84</sup>

In the recent case of *AMA Land, Inc. v. Wack Wack Residents' Association, Inc.*,<sup>85</sup> the Court further observed:

Thus, to be entitled to the injunctive writ, the petitioner must show that: (1) there exists a clear and unmistakable right to be protected; (2) this right is directly threatened by the act sought to be enjoined; (3) the invasion of the right is material and substantial; and (4) there is an urgent and paramount necessity for the writ to prevent serious and irreparable damage.<sup>86</sup>

The grant or denial of the injunctive relief rests on the sound discretion of the court taking cognizance of the case, since the assessment and evaluation of evidence towards that end involves findings of fact left to the conclusive determination by such court; and the exercise of judicial

<sup>81</sup> 115 Phil. 106, 110-111 (1962).

<sup>82</sup> *Power Sites and Signs, Inc. v. United Neon (a Division of Ever Corporation)*, supra note 74, at 219, citing *Ollendorff v. Abrahamson*, 38 Phil. 585 (1918).

<sup>83</sup> Supra note 75, at 946.

<sup>84</sup> *Power Sites and Signs, Inc. v. United Neon (a Division of Ever Corporation)*, supra note 74, at 219-220.

<sup>85</sup> G.R. No. 202342, July 19, 2017.

<sup>86</sup> Id. at 5, citing *Australian Professional Realty, Inc. v. Municipality of Padre Garcia, Batangas*, 684 Phil. 283, 292 (2012).

discretion by such court will not be interfered with, except upon a finding of grave abuse of discretion.<sup>87</sup>

In the issuance of the injunctive writ, grave abuse of discretion implies a capricious and whimsical exercise of judgment equivalent to lack of jurisdiction; or the exercise of power 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.<sup>88</sup>

x x x

The Court reiterated in *Searth Commodities Corp. v. Court of Appeals*<sup>89</sup> that:

The prevailing rule is that courts should avoid issuing a writ of preliminary injunction which would in effect dispose of the main case without trial. x x x There would in effect be a prejudgment of the main case and a reversal of the rule on the burden of proof since it would assume the proposition which the petitioners are inceptively bound to prove.<sup>90</sup>

In determining the propriety of the issuance of the WPMI in the instant case and whether the courts below acted with grave abuse of discretion, an inquiry must be made on whether Mac Graphics was able to demonstrate *prima facie* a right *in esse* or one that is clear and unmistakable that the Court must protect via a WPMI.

From the Complaint<sup>91</sup> and the Answer<sup>92</sup> of Makro, the controversy arose as a result of the October 6, 2008 termination letter of Makro based on the following alleged “major violations of the Contract of Lease”<sup>93</sup>:

x x x operating the billboards without the relevant MMDA and local government permits, in violation of the Contract and MMDA regulations [and] x x x MCIC [Mac Graphics] has not secured a comprehensive all-risk property insurance, including third party liability cover for the billboard sites as required under the Contract. x x x<sup>94</sup>

Mac Graphics responded to the termination letter to the effect that while the lease contract provides that Makro is duty bound to assist Mac Graphics in securing barangay permit, business permit and building permit/sign permit, it was Makro’s sole responsibility to obtain the same

<sup>87</sup> Id. at 5-6, citing *Australian Professional Realty, Inc. v. Municipality of Padre Garcia, Batangas*, id. at 292-293.

<sup>88</sup> Id. at 6, citing *Australian Professional Realty, Inc. v. Municipality of Padre Garcia, Batangas*, id. at 293.

<sup>89</sup> G.R. No. 64220, March 31, 1992, 207 SCRA 622.

<sup>90</sup> *AMA Land, Inc. v. Wack Wack Residents' Association, Inc.*, supra note 85, at 11, citing *Searth Commodities Corp. v. Court of Appeals*, id. at 629-630.

<sup>91</sup> *Rollo* (G.R. Nos. 224337-38), pp. 79-97.

<sup>92</sup> Id. at 207-225.

<sup>93</sup> Id. at 123.

<sup>94</sup> Id.

since the billboard towers are already existing at the stores of Makro.<sup>95</sup> After those permits are obtained, there would be no more need to secure any permit from MMDA nor the local government unit concerned since the billboard structures are standing on private land, which is owned by Makro, the lessor, and not on a public property where MMDA clearance is required.<sup>96</sup> Mac Graphics also stated that if there would be any permit that would be required after the said permits, it would only come from the Department of Public Works and Highways (DPWH) and Makro failed to assist Mac Graphics in securing the DPWH permit which was not one of those stipulated in the lease contract.<sup>97</sup> As to the issue of the comprehensive insurance, Mac Graphics interposed that “the country was plagued with a devastating typhoon *Milenyo*, that caused the destruction of several billboards in the metropolis hence would explain why no insurance company at such time would want to secure such type of property.”<sup>98</sup>

Mac Graphics took the position that “such inability to comply to such requirements of the contract [w]as not without justifiable reasons, hence cannot be considered as valid grounds for the pre-termination” of the lease contract, and a period of 90 days after written notice is provided therein to remedy such alleged breach.<sup>99</sup> Thus, Mac Graphics undertook “to secure the necessary permit from DPWH as well as ensure that the necessary comprehensive insurance for [the] leased premises has been obtained” within 90 days from Mac Graphics’ receipt of Makro’s October 6, 2008 letter.<sup>100</sup>

Mac Graphics reiterated its position in its Complaint and invoked Articles 1266<sup>101</sup> and 1267<sup>102</sup> of the Civil Code to excuse itself from securing the stipulated insurance for the billboards and other outdoor advertising materials since the circumstances brought about by typhoon *Milenyo* had “not only rendered the obligation **so difficult as to be manifestly beyond the contemplation of the parties**, but in fact made it **legally and physically impossible under the circumstances** then prevailing.”<sup>103</sup> Mac Graphics likewise invoked the 90-day curing period under the lease contract.<sup>104</sup>

In its Answer, Makro controverted Mac Graphics’ allegations and averred that as Mac Graphics itself admitted, none of the stipulated licenses/permits and all-risk insurance coverage was secured prior to, or even on, January 15, 2007,<sup>105</sup> which was imperative for Mac Graphics to

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<sup>95</sup> Annex “I” of the Complaint, which is a letter dated October 22, 2008 addressed to Makro and signed by Mac Graphics’ counsel; *rollo* (G.R. Nos. 224337-38), pp. 124-125.

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at 125.

<sup>99</sup> *Id.* Referring to item 14(c) of the Contract of Lease.

<sup>100</sup> *Id.*

<sup>101</sup> ART. 1266. The debtor in obligations to do shall also be released when the prestation becomes legally or physically impossible without the fault of the obligor.

<sup>102</sup> ART. 1267. When the service has become so difficult as to be manifestly beyond the contemplation of the parties, the obligor may also be released therefrom, in whole or in part.

<sup>103</sup> Complaint, par. 1.14, *rollo* (G.R. Nos. 224337-38), p. 83.

<sup>104</sup> See *id.*

<sup>105</sup> Makro’s Answer, par. 36, *id.* at 216-217.

secure the same prior to the commencement of the lease, and Makro merely enforced its option under the lease contract to rescind and terminate the lease by reason thereof.<sup>106</sup> Thus, Makro notified Mac Graphics of the termination of the lease contract and returned to the latter the checks representing the lease payments for the year 2009.<sup>107</sup>

On the 90-day “remedy period” under Section 14(c) of the lease contract, Makro argued that the licenses/permits and insurance stipulations are by their nature not remediable since Mac Graphics did not have them prior to the commencement of the lease.<sup>108</sup> Makro further stated that at any rate, Mac Graphics did not even comply within the 90-day period, and the insurance policies (Annexes “K” to “N” to the Complaint), while issued in October 2008, were not comprehensive and did not cover the stipulated third party liability while the third party policies (Annexes “O” to “R” to the Complaint) were all issued in April 2009 or way beyond the 90-day period.<sup>109</sup>

Makro concluded that Mac Graphics has no cause of action against it and the Complaint should be dismissed in its entirety.<sup>110</sup> As additional defense, it invoked Article 1191<sup>111</sup> of the Civil Code as its legal justification in resolving the lease contract.<sup>112</sup>

On the supposed compliance with the licenses/permits and insurance stipulations, SMIC points out that Mac Graphics secured after the commencement of the lease on January 15, 2007, a purported “DPWH Clearance” dated June 10, 2008 (Exh. “M-1”) and a purported insurance policy dated October 23, 2008 to cover the period October 23, 2008 to October 23, 2009 (Exh. “M-6-PI”), which was only for the Makro-Cubao leased property and did not cover the Makati-based property.<sup>113</sup>

Given the respective positions of the parties as enunciated above, both the CA Decision and RTC Orders, while both did not make a categorical finding that Mac Graphics has demonstrated *prima facie* its right to continue enforcing the lease contract despite its pre-termination by PMI, which is clear and unmistakable or *in esse*, they effectively made such a finding with the following pronouncements:

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<sup>106</sup> Id., par. 37, id. at 217.

<sup>107</sup> Id.

<sup>108</sup> Id., par. 40, id. at 218.

<sup>109</sup> Id., par. 41, id.

<sup>110</sup> Id., par. 54, id. at 221.

<sup>111</sup> ART. 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

The court shall decree the rescission claimed, unless there be just cause authorizing the fixing of a period.

This is understood to be without prejudice to the rights of third persons who have acquired the thing, in accordance with Articles 1385 and 1388 and the Mortgage Law.

<sup>112</sup> Makro’s Answer, par. 55, *rollo* (G.R. Nos. 224337-38), p. 221.

<sup>113</sup> *Rollo* (G.R. Nos. 224131-32), Vol. I, p. 7.





From the CA Decision:

Here, based on the evidence presented by x x x Mac Graphics, the trial court found that all the requisites for the issuance of a WPMI were present. The trial court found that Makro pre-terminated its twenty (20) year Lease Contract with x x x Mac Graphics without giving the latter a chance to rectify or remedy any alleged violations of such contract. The Lease Contract existed for only about two (2) years. x x x<sup>114</sup>

From the RTC Order dated April 22, 2013:

A careful evaluation of the evidence presented by the plaintiff [Mac Graphics] initially shows with respect to the period of its existence, a breach in the Contract of Lease executed by MAKRO and MACGRAPHICS. The contract's term of lease was for twenty (20) years which was cut short by the unilateral and immediate termination by MAKRO. x x x

x x x x

MACGRAPHICS had shown that the contract of lease was pre-terminated by MAKRO without giving it a chance to rectify or remedy any violations that MAKRO alleged to have been committed by MACGRAPHICS. The contract is shown to have been in existence for a little less than two (2) years of the 20 year term, when MACGRAPHICS pre-terminated it. x x x<sup>115</sup>

In fine, both the RTC and the CA initially determined that the pre-termination by PMI without according Mac Graphics the 90-day "remedy period" to correct the alleged violations by the latter is not justified and, in a way, invalid.

To the Court, a finding of the existence of a clear and unmistakable right in favor of Mac Graphics necessarily presupposes that PMI's pre-termination of the lease contract is not valid. Conversely, a finding that PMI's pre-termination is valid and justified necessarily renders naught whatever rights emanating from the lease contract that Mac Graphics may have.

Indeed, the resolution of whether Mac Graphics has any right arising from the lease contract after its pre-termination by PMI hinges on the validity of such pre-termination. The issue on the existence of right in favor of Mac Graphics is the mirror image, so to speak, of the issue on the validity of PMI's pre-termination of the lease contract, and *vice versa*.

The parties are relentless in their contrary positions on these issues. Mac Graphics admits its non-compliance with the licenses/permits and insurance stipulations in the lease contract, but justifies such breach by invoking the presence of circumstances that rendered it legally and physically impossible to comply therewith and PMI's disregard of the 90-

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<sup>114</sup> *Rollo* (G.R. Nos. 224337-38), p. 59.

<sup>115</sup> *Id.* at 354-355.



day “remedy period.” On PMI’s part, the outright pre-termination of the lease contract is justified because Mac Graphics failed to obtain the stipulated licenses/permits and insurance on the commencement date of the lease contract, which is January 15, 2007. Also, the insurance obtained was not compliant and obtained beyond the 90-day “remedy period.”

Clearly, PMI has presented a substantial challenge against or contradiction of Mac Graphic’s position. A genuine doubt, which is more legal than factual, exists on the validity of PMI’s act of pre-termination and the tenability of Mac Graphics’ excuse from its non-compliance with the stipulations of the lease contract.

Being more of a legal than factual determination, the lower courts should have been more circumspect before making an “initial” resolution thereof. While the pre-termination of the lease contract and the non-observance of the 90-day “remedy period” are established and undisputed facts, which the lower courts took in consideration in issuing the WPMI, the non-compliance of the licenses/permits and insurance stipulations by Mac Graphics is likewise undisputed, Mac Graphics having duly acknowledged the same in the latter’s Complaint and response letter to the termination notice. Yet, the lower courts did not seem to have factored such non-compliance in their determination of whether or not Mac Graphics had a clear and unmistakable right in its favor that would entitle it to a WPMI.

The following pronouncement of the Court in *Sps. Dela Rosa v. Heirs of Juan Valdez*<sup>116</sup> cited in *Heirs of Melencio Yu v. Court of Appeals*,<sup>117</sup> is relevant:

x x x Accordingly, the issuance of a writ of preliminary mandatory injunction is justified only in a clear case, free from doubt or dispute. When the complainant’s right is doubtful or disputed, he does not have a clear legal right and, therefore, the issuance of a writ of preliminary mandatory injunction is improper. While it is not required that the right claimed by applicant, as basis for seeking injunctive relief, be conclusively established, it is still necessary to show, at least tentatively, that the right exists and is not vitiated by any substantial challenge or contradiction.<sup>118</sup> (Emphasis and underscoring supplied)

Inasmuch as the right being claimed by Mac Graphics is substantially challenged or contradicted by PMI, a doubt exists whether Mac Graphics is entitled to the final relief sought by it in its Complaint, which is “[to direct and require] Makro and SMI to x x x honor and faithfully comply with the subsisting Contract [of Lease] until its final termination on 14 January 2027 [and] restore [its] lawful possession, use and enjoyment of the leased premises under the Contract [of Lease] x x x.”<sup>119</sup>

<sup>116</sup> Supra note 72.

<sup>117</sup> Supra note 69.

<sup>118</sup> Id. at 296, citing *Sps. Dela Rosa v. Heirs of Juan Valdez*, supra note 72, at 110.

<sup>119</sup> *Rollo* (G.R. Nos. 224337-38), p. 94.

Given the foregoing, the Court is of the opinion, and so holds, that Mac Graphics has failed to establish *prima facie* a right *in esse* or a clear and unmistakable right, rendering the issuance of the WPMI improper. Given the legal complexity of Mac Graphic's cause of action *vis-à-vis* PMI's defenses, it is unclear at this point whether Mac Graphics can enforce the pre-terminated lease contract as a matter of law. There are simply too many legal and factual sub-issues that need to be threshed out before the pre-termination may be declared valid or invalid.

Also, a finding in favor of the existence of a clear and unmistakable right in favor of Mac Graphics, which the lower courts effectively made, is tantamount to a prejudgment of the legality of PMI's pre-termination of the lease contract. PMI's pre-termination has in effect been declared invalid. The existence of Mac Graphics' right consequently negates the validity of the pre-termination by PMI. How can PMI now convince the RTC that the 90-day "remedy period" is not applicable — the breach by Mac Graphics being non-remediable — given the RTC finding that "MACGRAPHICS had shown that the contract of lease was pre-terminated by MAKRO without giving it a chance to rectify or remedy any violations that MAKRO alleged to have been committed by MACGRAPHICS?"<sup>120</sup> This is precisely the absurd situation that would result if there is a prejudgment of the main case as contemplated in *Searth Commodities Corp. v. Court of Appeals*,<sup>121</sup> where there would be a reversal of the rule on the burden of proof since the proposition which Mac Graphics is inceptively bound to prove is already assumed.

Going to the grave and irreparable requirement for the issuance of a WPMI, both the CA and RTC found that the injuries which Mac Graphics might have sustained or would sustain as a result of the act of PMI are irreparable and cannot be remedied by a simple computation of damages. The RTC noted:

x x x Some clients of the plaintiff have also terminated their contract with MACGRAPHICS. Apart from the profits that MACGRAPHICS could have realized from their existing and future contracts, it had soiled the goodwill or reputation that plaintiff had built in the realm of advertisements. x x x<sup>122</sup>

The CA echoed the words of the RTC, to wit:

x x x As a result, private respondent's other clients also terminated their contract with the former. Apart from losing profits, private respondent's goodwill or reputation was soiled. x x x<sup>123</sup>

During the hearing on its application for a WPMI, Mac Graphics presented two witnesses, namely: Mastroianni Alcalá (Alcalá), the Executive Assistant of Mac Graphics, and Lea Bon Ceraos (Ceraos), the purchasing

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<sup>120</sup> Id. at 355.

<sup>121</sup> Supra note 89.

<sup>122</sup> *Rollo* (G.R. Nos. 224337-38), p. 355.

<sup>123</sup> Id. at 59.



and production officer of Mac Graphics.<sup>124</sup> On the damages that Mac Graphics allegedly suffered, Alcalá's testimony is summarized in the RTC Order dated April 22, 2013, as follows:

x x x MAC GRAPHICS incurred tremendous losses in earnings under its advertising contracts with its clients, including lost business opportunities. The most severe is that the company continuously to suffer gross and irreparable damage to its established business reputation which it has been protecting since 1984.<sup>125</sup> Said loss was evidenced by a report dated 15 August 2009 which [Alcalá] prepared and noted by Cecilia Edora.

Relative to this case, [Alcalá] prepared the Revenue Opportunity for the Remaining Contract Period dated August 15, 2009. Such document represents the revenue opportunities that MAC GRAPHICS was supposed to get from the sites upon marketing to their clients based on the market rate on the ongoing rates of other billboard sites in the same region. It represents actually the market rate, the rental rate that MAC GRAPHICS would charge to its clients for each site. Aside from the prevailing rates in the same area as basis, they also considered the existing contracts with clients. At present, they have existing contracts with Asiawide and Above World Multimedia Services. He described the MAKRO sites in Cubao and Makati as very marketable due to high traffic count and because of the visibility range that upon marketing the sites the value is based on the number of traffic coming along the area.

MAC GRAPHICS['] yearly revenue has reduced greatly as they have around seven (7) billboards in Metro Manila site and two (2) of them were lost, relative to this case. A great percentage of their revenue was lost considering that they invested in improving the two MAKRO structures but they failed to use them for considerable number of years in accordance with their contract. The problem likewise affected their marketing efforts as some of their clients seemed to begin questioning their credibility.<sup>126</sup>

Ceraos, according to the aforesaid RTC Order, testified as follows:

MAC GRAPHICS spent more or less five (5) million pesos covering the labor and materials used in the MAKRO structures. With respect to labor, MAC GRAPHICS had contracts with labor contractor and the designer. For the materials, she had receipts, purchase orders (POs) and vouchers. x x x

MAC GRAPHICS presented two sets of documents in possession of [Ceraos]. One document was for MAKRO Cubao and the other one for MAKRO Makati. In the folder for MAKRO Cubao was a check voucher number 25745 in the amount of P360,000.00 payable to Aromin Sy and Associates respecting the payment made for the designs for MAKRO Cubao and Makati. x x x Attached to the voucher were four (4) official receipt[s] x x x bearing the letterhead of Aromin Sy and Associates representing their payment. x x x

<sup>124</sup> RTC Order dated April 22, 2013, id. at 349-354.

<sup>125</sup> Mac Graphics was incorporated on June 2, 1994. Securities and Exchange Commission Certificate of Incorporation and Articles of Incorporation of Mac Graphics Carranz International Corporation; *rollo* (G.R. Nos. 224337-38), pp. 98-109.

<sup>126</sup> RTC Order dated April 22, 2013, id. at 352.

[Ceraos] presented a summary for the MAKRO Makati where vouchers, receipts and labor contract were attached thereto. MAC GRAPHICS hired EC Daughson Incorporated to drill the ground x x x.<sup>127</sup>

In its Complaint, Mac Graphics claims from PMI and SMIC actual damages in the amount of at least ₱1,000,000.00 because PMI and SMIC “wrongfully prevented [Mac Graphics] from executing its advertising contracts with its various clients, needlessly forcing [it] to provide alternative advertising space for some, at greater expense, while losing the business of others entirely[; and] [w]orse, x x x Makro and [SMIC] have irreversibly tarnished [its] established reputation as a reliable, competent and innovative outdoor advertising and comprehensive media company that it has jealously guarded and maintained since its inception in 1984 x x x.”<sup>128</sup>

In the Comment/Opposition<sup>129</sup> of Mac Graphics, it cites *Republic v. Principalia Management and Personnel Consultants, Inc.*<sup>130</sup> (*Principalia*) as authority to support its claim that it has suffered irreparable injury. *Principalia*, however, is not comparable to the instant case because what the Court considered therein as not easily quantifiable nor susceptible of simple mathematical computation is the suspension of the license of the respondent therein, the end result of which would even be the closure of its business and the tarnishing of its reputation, which would make it difficult, if not impossible, for it to regain its existing clientele if the immediate implementation of the suspension of its license continued.<sup>131</sup> Besides, the Court found in *Principalia* that until the appeal with the Secretary of the Department of Labor and Employment was resolved with finality, the respondent therein has a clear and convincing right to operate as a recruitment agency.<sup>132</sup>

The other case cited by Mac Graphics is *Semirara Coal Corporation v. HGL Development Corporation*<sup>133</sup> (*Semirara*) wherein the Court upheld the issuance of a WPMI in favor of the respondent therein. In *Semirara*, as holder of a pasture lease agreement, the respondent therein had a clear and unmistakable right to the possession of the property for a period of 25 years. The petitioner therein even sought permission from the respondent therein to use the subject property therein in 1999. The Court ruled that the damage to the business standing of the respondent therein was irreparable because no fair and reasonable redress could be had by the respondent therein insofar as the damage to its good will and business reputation is concerned because its failure to operate its cattle-grazing business would be perceived as inability on its part to comply with the demands of its customers and sow doubt in its capacity to continue doing business.<sup>134</sup>

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<sup>127</sup> Id. at 353-354.

<sup>128</sup> Id. at 88.

<sup>129</sup> Id. at 557-581, excluding Annexes.

<sup>130</sup> 521 Phil. 718 (2006).

<sup>131</sup> Id. at 730.

<sup>132</sup> Id.

<sup>133</sup> Supra note 70.

<sup>134</sup> Id. at 545-546.


Unlike in *Principalia* and *Semirara*, where the businesses of the respondents therein were threatened with suspension of operation or even closure, the impact of the pre-termination of the lease contract under consideration to Mac Graphics is basically the reduction of its revenues. As testified by Alcala, Mac Graphics has around seven billboards in Metro Manila and two of them (those involved in this case) have been lost, resulting in the great reduction of its yearly revenue.<sup>135</sup> Thus, Mac Graphics' injury, if any, is mainly loss of revenues and as such, the same can be measured with reasonable accuracy, easily quantifiable or susceptible of simple mathematical computation. The pecuniary value of such loss will fairly recompense Mac Graphics for which Mac Graphics has put its initial value at ₱1 million in its Complaint. Also, the presentation of the Revenue Opportunity for the Remaining Contract Period dated August 15, 2009, which represents the alleged revenue opportunities that Mac Graphics was supposed to get from the sites in dispute upon marketing to its clients based on the ongoing market rates of other billboard sites in the same region, bolsters the finding that the damage, if any, that Mac Graphics stood to suffer is reparable.

Consequently, the CA committed grave error for upholding the grant of the WPMI by the RTC in favor of Mac Graphics given the patent absence of a clear and unmistakable right of Mac Graphics and its injury, if any, that is easily quantifiable and reparable. The CA Decision is based on a misapprehension of the facts and the legal ramifications of the pre-termination by PMI based on the alleged non-compliance by Mac Graphics of the licenses/permits and insurance stipulations of the lease contract *vis-à-vis* the defenses interposed by Mac Graphics.

In light of the foregoing, the Court finds that the resolution of the third issue in the PMI Petition and the issues raised in the SMIC Petition that do not deal with the requisites for the issuance of a WPMI is, as it would be, superfluous.

**WHEREFORE**, the Petitions are hereby **GRANTED**. The Court of Appeals Decision dated December 22, 2015 and, consequently, Resolution dated March 31, 2016 in CA-G.R. SP Nos. 132392 and 132412 are hereby **REVERSED** and **SET ASIDE**. The Regional Trial Court of Muntinlupa City, Branch 204 is **DIRECTED** to hear and decide the case on the merits with dispatch.

**SO ORDERED.**

  
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice


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<sup>135</sup> RTC Order dated April 22, 2013, *rollo* (G.R. Nos. 224337-38), p. 352.


WE CONCUR:



**ANTONIO T. CARPIO**  
Senior Associate Justice  
Chairperson



**DIOSDADO M. PERALTA**  
Associate Justice



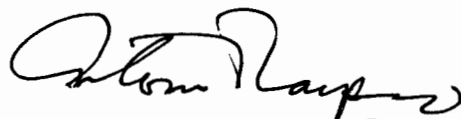
**ESTELA M. PERLAS-BERNABE**  
Associate Justice



**ANDRES B. REYES, JR.**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ANTONIO T. CARPIO**  
Senior Associate Justice  
(Per Section 12, R.A. 296, The Judiciary  
Act of 1948, as amended)

