



Republic of the Philippines
Supreme Court
 Manila

FIRST DIVISION

SUPREME COURT OF THE PHILIPPINES
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**PHILIPPINE PORTS
 AUTHORITY (PPA), represented
 by Oscar M. Sevilla, General
 Manager, Benjamin B. Cecilio,
 Assistant Manager for Operations,
 and Sisali B. Arap, Port Manager,
 Petitioner,**

G.R. No. 214864

Present:

SERENO, C.J., Chairperson,
 LEONARDO-DE CASTRO,
 DEL CASTILLO,
 PERLAS-BERNABE, and
 CAGUIOA, JJ.

- versus -

Promulgated:

MAR 22 2017

**NASIPIT INTEGRATED
 ARRASTRE AND
 STEVEDORING SERVICES, INC.
 (NIASSI), represented by Ramon
 Calo,**

Respondent.

X ----- X

DECISION

CAGUIOA, J.:

This is a Petition for Review on *Certiorari*¹ (Petition) filed under Rule 45 of the Rules of Court against the Amended Decision² dated September 15, 2014 (Amended Decision) in CA-G.R. SP No. 04828-MIN rendered by the Court of Appeals, Cagayan de Oro City, Special Former Twenty-Second Division (CA). The Amended Decision stems from an Amended Petition for Mandamus with Prayer for the Writ of Preliminary Mandatory Injunction and/or Temporary Restraining Order³ filed before the Regional Trial Court of Butuan City (RTC) by respondent Nasipit Integrated Arrastre and Stevedoring Services, Inc. (NIASSI) against petitioner Philippine Ports Authority (PPA),⁴ which sought to compel the latter to formally execute the 10-year cargo-handling contract awarded in NIASSI's favor.

¹ *Rollo*, pp. 18-38.

² *Id.* at 41-45. Penned by Associate Justice Henri Jean Paul B. Inting, with Associate Justices Edgardo A. Camello and Pablito A. Perez concurring.

³ *Id.* at 75-84.

⁴ Docketed as SP Civil Case No. 1242.

The Facts

PPA is a government agency created by virtue of Presidential Decree No. 505 (PD 505). Under PD 505, PPA is charged with the management and control of all ports in the Philippines.⁵ On the other hand, NIASSI is a duly organized Philippine corporation engaged in the business of cargo handling.⁶

Sometime in November 2000, PPA, through its Pre-qualification, Bids and Awards Committee (PBAC) accepted bids for a 10-year contract to operate as the sole cargo handler at the port of Nasipit, Agusan del Norte (Nasipit Port).⁷ Subsequently, PBAC issued Resolution No. 005-2000⁸ recommending that the 10-year cargo-handling contract be awarded to NIASSI as the winning bidder.⁹

On November 20, 2000, the second highest bidder, Concord Arrastre and Stevedoring Corporation (CASCOR) filed a protest with PPA's General Manager, Oscar M. Sevilla¹⁰ (Sevilla), alleging that two of NIASSI's stockholders on record are legislators who are constitutionally prohibited from having any direct or indirect financial interest in any contract with the government or any of its agencies during the term of their office.¹¹

Notwithstanding the protest, PPA issued a Notice of Award in favor of NIASSI on December 21, 2000.¹² The Notice of Award directed NIASSI to signify its concurrence thereto by signing the *conforme* portion and returning the same to PPA within 10 days from receipt.¹³ PPA received notice of NIASSI's conformity to the Notice of Award on January 3, 2001.¹⁴

However, instead of formally executing a written contract, NIASSI requested PPA to issue a Hold-Over Authority (HOA) in its favor, in view of CASCOR's pending protest. PPA granted NIASSI's request and issued a HOA dated August 1, 2001, effective until October 31, 2001, "or until [such time] a cargo[-]handling contract shall have been awarded, whichever comes first."¹⁵

Meanwhile, the Office of the Government Corporate Counsel (OGCC) issued Opinion No. 028, series of 2002 on February 7, 2002 (OGCC Opinion) which confirmed the authority of PPA to bid out the cargo-handling contract and affirmed the validity of the award in NIASSI's favor.¹⁶ Despite this, the

⁵ Id. at 86.

⁶ See id. at 181.

⁷ Id. at 86.

⁸ Id. at 46-48.

⁹ Id.

¹⁰ Id. at 86-87.

¹¹ Id. at 87.

¹² Id. at 49, 51.

¹³ Id. at 51.

¹⁴ See id. at 29.

¹⁵ Id. at 50.

¹⁶ Id. at 54-60.

HOA was subsequently extended several times upon NIASSI's request. While the exact number of extensions and their particulars cannot be ascertained from the records, the last extension of the HOA appears to have been issued on October 13, 2004, for a term of six months.¹⁷

However, barely two months after the last extension of the HOA, PPA, through its Assistant General Manager for Operations, Benjamin B. Cecilio (Cecilio), issued a letter dated December 6, 2004 revoking the extension.¹⁸ In said letter, Cecilio advised NIASSI that PPA received numerous complaints regarding the poor quality of its services due to the use of inadequately maintained equipment. Cecilio further relayed that PPA would take over the cargo-handling services at the Nasipit Port beginning December 10, 2004.¹⁹

Proceedings before the RTC

On the scheduled date of the take-over, NIASSI filed with the RTC a Petition for Injunction with Prayer for the Writ of Preliminary Injunction and/or Temporary Restraining Order. The petition was later amended to a Petition for Mandamus with Prayer for the Writ of Preliminary Mandatory Injunction and/or Temporary Restraining Order on December 22, 2004. (Amended Petition).²⁰

The Amended Petition prayed for the issuance of a writ of mandamus directing PPA to formally execute a written contract, and a writ of preliminary mandatory injunction directing PPA to turn over the management and operations of Nasipit Port's cargo-handling services back to NIASSI.²¹

On March 18, 2005, the RTC issued a resolution granting NIASSI's prayer for a writ of preliminary mandatory injunction, conditioned upon the posting of a ₱1,000,000.00 surety bond.²² The pertinent portion of the said resolution reads:

It is undeniable that petitioner spent a considerable capital outlay, in the form of equipment, machineries and appliances in the establishment of its port operation. Moreover, it has also supplied the necessary manpower to wheel its operation.

When the PPA took an active part in the management, control and supervision of the port operations, it practically utilized all the available resources supplied by the petitioner.

What actually happened was that PPA made only adjustment/correction in the port operation to improve the delivery of basic services. No additional capital outlay was spent.

¹⁷ Id. at 62.

¹⁸ Id. at 65.

¹⁹ Id.

²⁰ Id. at 88.

²¹ Id.

²² Id.

In summation, this Court recognizes and declares that petitioner's right to continue the cargo handling operations should be protected. It cannot be denied that the continued operation by respondents will probably work injustice to the petitioner, causing irreparable damage to the latter. The better ends of justice [will] be served if the state of affairs [will] be maintained prior to respondent's actual takeover, until finally the main action is disposed.²³

After NIASSI posted the required surety bond, the RTC issued the writ of preliminary mandatory injunction on March 28, 2005.²⁴ PPA filed a Motion for Reconsideration on even date, followed by a Supplemental Motion on March 30, 2005. The Supplemental Motion alleged that the writ of preliminary mandatory injunction should be quashed since its corresponding surety bond designated NIASSI's President Ramon Calo as principal, instead of NIASSI itself.²⁵

Subsequently, PPA filed a Manifestation expressing its willingness to file a counter-bond in the event that its Motion for Reconsideration is granted.²⁶ Thereafter, NIASSI filed an Opposition/Reply to PPA's Motion for Reconsideration.²⁷

On April 11, 2005, the RTC issued an order (April 2005 RTC Order) granting PPA's Motion for Reconsideration. The April 2005 RTC Order immediately dissolved the writ of preliminary mandatory injunction and directed NIASSI to surrender the management and control of Nasipit Port's cargo-handling operations to PPA.²⁸

Prompted by the April 2005 RTC Order, NIASSI filed a Petition for *Certiorari* before the CA (CA petition), docketed as CA-G.R. SP No. 00214.²⁹ The CA petition assailed the immediately executory nature of the April 2005 RTC Order and questioned the dissolution of the writ of preliminary injunction without prior hearing. In addition, the CA petition alleged that the April 2005 RTC Order reversed the RTC's previous order despite the absence of new matters or issues raised.³⁰ The CA petition thus prayed for the reversal of the April 2005 RTC Order, and ultimately, the reinstatement of the writ of preliminary injunction.³¹

For its part, PPA argued, among others, that NIASSI was not entitled to the issuance of the injunctive writ because it had no legal right to continue

²³ Id. at 89.

²⁴ Id. at 90.

²⁵ Id. at 90-91.

²⁶ See id. at 91.

²⁷ Id. at 92.

²⁸ Id.

²⁹ Id. at 85.

³⁰ Id. at 93.

³¹ See id. at 85-86.

providing cargo-handling services at Nasipit Port, considering that PPA has no existing cargo-handling contract with NIASI.³²

In a Decision³³ dated August 8, 2006, the CA granted the petition observing that Presiding Judge Godofredo B. Abul, Jr. (Judge Abul) of the RTC committed several procedural errors when he issued the April 2005 RTC Order. According to the CA, Judge Abul did not conduct a hearing on PPA's Motion for Reconsideration nor did he direct PPA to file a counter-bond before quashing the writ of preliminary mandatory injunction, in violation of Section 6, Rule 58 of the Rules of Court.³⁴ The CA concluded that these lapses, taken together with Judge Abul's sudden and inexplicable change of mind, gave rise to suspicions that the issuance of the April 2005 RTC Order was tainted with irregularity and grave abuse of discretion.³⁵ Thus, the CA directed the reinstatement of the writ of preliminary mandatory injunction.³⁶ This decision was later affirmed by this Court in the case of *Philippine Ports Authority v. Nasipit Integrated Arrastre and Stevedoring Services, Inc.*³⁷

Notably, in the process of resolving NIASI's CA petition, it became necessary for the CA to determine whether NIASI had any legal right to continue its operations at Nasipit Port. In this connection, the CA found that a perfected contract between NIASI and PPA in respect of the cargo-handling operations in fact existed, *albeit* unwritten.³⁸ The CA held:

Under Article 1318 of the Civil Code, there can be no contract unless the following requisites concur: (a) consent of the contracting parties; (b) object certain which is the subject matter of the contract; and (c) cause of the obligation which is established.

Under Article 1315 of the same Code, contracts are perfected by mere consent, upon the acceptance by the offeree of the offer made by the offeror. From that moment, the parties are bound not only to the fulfillment of what has been expressly stipulated but also to all the consequences which, according to their nature, may be in keeping with good faith, usage and law.

In the case at bar, there is no dispute as to the subject matter of the contract and the cause of the obligation. The controversy lies in the consent – whether the Notice of Award constitutes as a counter-offer and, as a consequence, did not give rise to a perfected contract.

A perusal of the records shows that PPA conducted a public bidding for a ten-year contract to operate as sole cargo handler at Nasipit Port, and among the bidders, only two (2) pre-qualified, one of which is the petitioner. In its Resolution No. 005-2000, the Pre-qualification, Bids and Awards Committee (PBAC) declared the petitioner as the winning bidder, and, consequently, a Notice of Award was given to the latter. x x x

³² Id. at 96.

³³ Id. at 85-116. Penned by Associate Justice Ricardo R. Rosario, with Associate Justices Ramon R. Garcia and Mario V. Lopez concurring.

³⁴ Id. at 96-100.

³⁵ Id. at 102.

³⁶ Id. at 115.

³⁷ 595 Phil. 887 (2008).

³⁸ See *rollo*, pp. 43, 111.

x x x x

Since respondent PPA started the process of entering into the contract by conducting a bidding, Article 1326 of the Civil Code shall apply, to wit:

Advertisements to bidders are simply invitations to make proposals, and the advertiser is not bound to accept the highest or lowest bidder, unless the contrary appears.

Accordingly, the rules and regulations issued by the PPA for the public bidding constituted the advertisement to bid on the contract, while the bid proposals submitted by the bidders constituted the offer. The reply of respondent PPA shows its acceptance or rejection of the respective offers.

x x x PPA categorically awarded the contract to the petitioner in accordance with the terms and conditions of the latter's bid proposal. This is the acceptance of petitioner's offer as contemplated by the law. A thorough reading of the required documents clearly shows that they had no material or significant bearing to the perfection of the contract. These were mere formal requirements that will not affect the award of the contract to the petitioner. If at all, the need to submit the documents in question pertains to the issuance of the written evidence of the contract.

x x x x

Verily, the Holdover Authority (HOA) granted by the private respondent and the series of extensions allowing the petitioner to operate provisionally the arrastre service confirm the perfection of their contract despite the delay in its consummation due to acts attributable to the private respondents. But it cannot be gainsaid that the series of extensions constitute partial fulfillment and execution of the contract of cargo handling services.

x x x x

It is therefore Our submission that a perfected contract of cargo handling services existed when the petitioner won the bidding, given the Notice of Award and conformed (sic) to the conditions set forth in the Notice of Award because the requirements prescribed in the Notice of Award have no bearing on the perfection of the contract. On the contrary, it amounted to a qualified acceptance of petitioner's offer, a clear legal right to continue its operations in the port. Since the respondent is bound by the contract, the act of taking over the cargo handling service from the petitioner is violative of its right.³⁹ (Emphasis supplied)

In view of the foregoing CA decision, and this Court's decision in G.R. No. 174136 affirming the same, the RTC directed the parties to submit their simultaneous memoranda on the issue of whether the Amended Petition had been rendered moot and academic.⁴⁰ On the basis of such memoranda, Judge Abul issued a Resolution⁴¹ dated June 1, 2011 (June 2011 RTC Resolution) dismissing the Amended Petition for being moot and academic. The June

³⁹ Id. at 105-111.

⁴⁰ Id. at 24.

⁴¹ Id. at 117-132.

2011 RTC Resolution observed that since the CA had already made a definitive ruling that a contract had been perfected between the parties, the RTC had “nothing left to do” in respect of the Amended Petition.⁴²

However, on NIASSI’s Motion for Reconsideration, the RTC issued a Resolution⁴³ dated September 20, 2011 (September 2011 RTC Resolution) reversing the June 2011 RTC Resolution. The dispositive portion of the September 2011 RTC Resolution reads:

WHEREFORE, premises considered, the Motion for Reconsideration is granted.

The defendant is hereby ordered to execute a formal ten (10) years contract in favor of the plaintiff, upon the finality of this order. The writ of preliminary injunction issued by the Court dated August 8, 2006, will be considered dissolved upon perfection of the formal arrastre service contract.

SO ORDERED.⁴⁴

PPA moved for the reconsideration of the September 2011 RTC Resolution. However, the RTC denied PPA’s motion in an Order dated December 20, 2011 (December 2011 RTC Order).⁴⁵

Proceedings before the CA

Aggrieved, PPA filed an appeal before the CA, docketed as CA-G.R. SP No. 04828. In said appeal, PPA faulted the RTC for reversing the June 2011 RTC Order, insisting that the Amended Petition had already become moot and academic. The PPA also alleged that the CA erred in directing it to execute a written 10-year contract with NIASSI reckoned from the finality of the September 2011 RTC Resolution, as this was tantamount to extending the original term of the contract between the parties that was perfected on January 3, 2001, the date when PPA received notice of NIASSI’s conformity to the Notice of Award.⁴⁶

PPA thus prayed that the September 2011 RTC Resolution and December 2011 RTC Order be set aside, and a new order be issued dismissing the Amended Petition for being moot and academic.⁴⁷

On December 11, 2013, the CA rendered a Decision⁴⁸ granting PPA’s appeal in part (CA Decision) by annulling the September 2011 RTC Resolution and December 2011 RTC Order in so far as they failed to consider

⁴² Id. at 131.

⁴³ Id. at 133-140.

⁴⁴ Id. at 140.

⁴⁵ Id. at 141.

⁴⁶ See id. at 153-158.

⁴⁷ Id. at 165.

⁴⁸ Id. at 167-172.

that the 10-year cargo-handling contract had been partially fulfilled. The CA ruled:

There is already a perfected contract of ten years, *albeit* it is not written. In fact, NIASSI is already exercising the subject matter of that unwritten contract. To compel PPA to execute a new written ten-year contract without deducting the periods mentioned above is to create another contract for the parties and to unjustly enrich NIASSI. Consequently, the written contract should only cover the remaining period of the original ten-year contract. In the event that the total period is already more than ten (10) years, then the petition should be dismissed for being moot and academic.

WHEREFORE, the instant appeal is partly GRANTED. The case is remanded to the Regional Trial Court to determine the total period of time during which NIASSI was in operation of the cargo handling services of Nasipit port, which period covers the following:

(1) The several hold-over permits granted to NIASSI since 2001, the year the contract was perfected;

(2) The operation of NIASSI as a consequence of Our decision in 2006; and

(3) The operation of NIASSI as a consequence of the granting of its motion for reconsideration in 2011 until the finality of this case.

The total period shall then be deducted, as partial fulfillment, to the ten-year contract in favor of NIASSI. The written contract should only cover the balance of the ten-year period awarded to NIASSI in the Notice of Award. Otherwise, the petition should be dismissed for being moot and academic.

SO ORDERED.⁴⁹ (Emphasis and underscoring supplied)

On NIASSI's Motion for Reconsideration, however, the CA issued its Amended Decision dated September 15, 2014.⁵⁰ As stated earlier, the Amended Decision affirmed the September 2011 RTC Resolution and December 2011 RTC Order directing PPA to execute the cargo-handling contract in favor of NIASSI for a full 10-year term from the finality of the September 2011 RTC Resolution,⁵¹ on the ground that NIASSI's operations for the period covered by the HOA and its extensions should not be deducted therefrom:

Having a Notice of Award in its favor and having complied with the requirements, NIASSI has established that it has a right for (sic) the ten-year cargohandling contract; yet no written contract embodying the terms of the agreement was signed between the parties. "*A contract is perfected by mere consent and from that moment the parties are bound not only to the fulfillment of what has been expressly stipulated but also to all the*

⁴⁹ Id. at 170-172.

⁵⁰ Id. at 41-45.

⁵¹ Id. at 44.

consequences which, according to their nature, may be in keeping with good faith, usage and law.” What remains then is just the execution of the written contract embodying the terms of the agreement so that both parties can comply. And “*there is no unjust enrichment where the one receiving the benefit has a legal right or entitlement thereto.*” Thus, pursuant to the Notice of Award, the PPA is now directed to execute the 10-year written contract in favor of NIASSI. **Based on the language of the last hold-over authority, the PPA does not consider the hold-over permits as partial fulfillment of the unwritten cargo handling contract. The HOA is a separate agreement between the parties pending the issuance of the cargo-handling services contract.**⁵² (Italics in the original; emphasis supplied)

PPA received a copy of the Amended Decision on October 20, 2014.⁵³

On November 4, 2014, PPA filed a motion with the Court asking for an additional period of 30 days within which to file a Petition for Review on *Certiorari*.⁵⁴ PPA’s motion was granted by the Court in its Resolution dated November 17, 2014.⁵⁵

Finally, on December 3, 2014, PPA filed the instant Petition.

Issue

The sole issue for resolution of this Court is whether the CA erred when it issued the Amended Decision affirming the September 2011 RTC Resolution and December 2011 RTC Order, and directing PPA to execute a cargo-handling contract in favor of NIASSI for a full 10-year term without deducting the period covered by the HOA.

The Court’s Ruling

In the instant Petition, PPA contends that the Amended Decision before the RTC had been rendered moot and academic by virtue of the CA’s decision in CA-G.R. SP No. 00214.⁵⁶ On this basis, PPA concludes that it can no longer be compelled to formally execute a contract with NIASSI upon finality of the Amended Decision, since the term of the perfected contract already expired on January 3, 2011, 10 years after PPA received notice of NIASSI’s conformity to the Notice of Award.⁵⁷

The Petition is impressed with merit.

⁵² Id.

⁵³ Id. at 19.

⁵⁴ Id. at 3-7.

⁵⁵ Id. at 16.

⁵⁶ Id. at 26-28.

⁵⁷ Id. at 28-29.

The CA's findings in CA-G.R. SP No. 00214 constitute the law of the case between the parties, and are thus binding herein.

In its decision in CA-G.R. SP No. 00214, the CA held that (i) the 10-year cargo-handling contract had already been perfected, and (ii) the HOA and its subsequent extensions constituted partial fulfillment thereof. For emphasis, the relevant portions are reproduced:

Verily, the Holdover Authority (HOA) granted by the private respondent and the series of extensions allowing the petitioner to operate provisionally the arrastre service confirm the perfection of their contract despite the delay in its consummation due to acts attributable to the private respondents. But it cannot be gainsaid that the series of extensions constitute partial fulfillment and execution of the contract of cargo handling services.

x x x x

It is therefore Our submission that a perfected contract of cargo handling services existed when the petitioner won the bidding, given the Notice of Award and conformed to the conditions set forth in the Notice of Award because the requirements prescribed in the Notice of Award have no bearing on the perfection of the contract. On the contrary, it amounted to a qualified acceptance of petitioner's offer, a clear legal right to continue its operations in the port. Since the respondent is bound by the contract, the act of taking over the cargo handling service from the petitioner is violative of its right.⁵⁸

This decision was affirmed by the Court *in toto* in G.R. No. 174136, thus:

WHEREFORE, the petition is *DENIED* and the appealed Decision of the Court of Appeals is *AFFIRMED*.⁵⁹

In turn, the Court's decision became final and executory after the lapse of 15 days from notice thereof to the parties. From such time, the Court's decision became immutable and unalterable.⁶⁰

The Court notes that CA-G.R. SP No. 00214 and the instant Petition both stem from the Amended Petition, and seek the same relief – the execution of a written contract in accordance with the Notice of Award. Moreover, both cases involve the same facts, parties and arguments. For these reasons, the Court believes that the doctrine of the law of the case is applicable.

The doctrine of the law of the case precludes departure from a rule previously made by an appellate court in a subsequent proceeding essentially

⁵⁸ Id. at 109-111.

⁵⁹ *Philippine Ports Authority v. Nasipit Integrated Arrastre and Stevedoring Services, Inc.*, 595 Phil. 887, 903 (2008).

⁶⁰ See *Heirs of Emiliano San Pedro v. Garcia, et al.*, 609 Phil. 369, 383 (2009).

involving the same case.⁶¹ Pursuant to this doctrine, the Court, in *De La Salle University v. De La Salle University Employees Association (DLSUEA-NAFTEU)*,⁶² (DLSU) denied therein petitioner's prayer for review, since the petition involved a single issue which had been resolved with finality by the CA in a previous case involving the same facts, arguments and relief.

We note that both G.R. No. 168477 and this petition are offshoots of petitioner's purported temporary measures to preserve its neutrality with regard to the perceived void in the union leadership. While these two cases arose out of different notices to strike filed on April 3, 2003 and August 27, 2003, it is undeniable that the facts cited and the arguments raised by petitioner are almost identical. Inevitably, G.R. No. 168477 and this petition seek only one relief, that is, to absolve petitioner from respondent's charge of committing an unfair labor practice, or specifically, a violation of Article 248(g) in relation to Article 252 of the Labor Code.

For this reason, we are constrained to apply the law of the case doctrine in light of the finality of our July 20, 2005 and September 21, 2005 resolutions in G.R. No. 168477. In other words, our previous affirmance of the Court of Appeals' finding — that petitioner erred in suspending collective bargaining negotiations with the union and in placing the union funds in escrow considering that the intra-union dispute between the Aliazas and Bañez factions was not a justification therefor — is binding herein. Moreover, we note that entry of judgment in G.R. No. 168477 was made on November 3, 2005, and that put to an end to the litigation of said issues once and for all.

The law of the case has been defined as the opinion delivered on a former appeal. It means that whatever is once irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case, *whether correct on general principles or not*, so long as the facts on which such decision was predicated continue to be the facts of the case before the court.⁶³ (Italics in the original; emphasis supplied; citations omitted)

In *Heirs of Felino M. Timbol, Jr. v. Philippine National Bank*⁶⁴ (*Heirs of Timbol*), the Court was confronted with procedural antecedents similar to those attendant in this case. Therein, the Court affirmed the CA's decision declaring as valid the extrajudicial foreclosure assailed by petitioners on the basis of factual findings which were affirmed by the Court in a previous decision that dealt with the dissolution of a writ of preliminary injunction issued in the same case. Thus, in *Heirs of Timbol*, the Court ruled that the CA correctly applied the doctrine of the law of the case.

The Court of Appeals correctly applied the *law of the case* doctrine.

In *PNB v. Timbol*, PNB brought a petition for *certiorari* to set aside the order of Judge Zeus L. Abrogar that issued a writ of preliminary injunction in Civil Case No. 00-946. The Court struck down

⁶¹ See *Spouses Sy v. Young*, 711 Phil. 444, 450 (2013).

⁶² 693 Phil. 205 (2012).

⁶³ *Id.* at 223-224.

⁶⁴ G.R. No. 207408, April 18, 2016.

this order, holding that the order “was attended with grave abuse of discretion.”

The Court found that the Spouses Timbol “never denied that they defaulted in the payment of the obligation.” In fact, they even acknowledged that they had an outstanding obligation with PNB, and simply requested for more time to pay.

The Court also held that the extrajudicial foreclosure of the mortgage was proper, since it was done in accordance with the terms of the Real Estate Mortgage, which was also the Court's basis in finding that Supreme Court Administrative Order No. 3 does not apply in that case.

The Court also found that the Spouses Timbol’s claim that PNB bloated the amount of their obligation was “grossly misleading and a gross misinterpretation” by the Spouses Timbol. The Court noted the Spouses Timbol’s letter to PNB that acknowledged they had an outstanding obligation to PNB, as well as affirmed that they received the demand letter directing them to pay, contrary to their claim. Thus, the Court in *PNB v. Timbol* concluded that the RTC committed grave abuse of discretion when it issued a writ of preliminary injunction.

No doubt, this Court is bound by its earlier pronouncements in *PNB v. Timbol*.

The term *law of the case* has been held to mean that “whatever is once irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case, *whether correct on general principles or not*, so long as the facts on which such decision was predicated continue to be the facts of the case before the court. As a general rule, a decision on a prior appeal of the same case is held to be the law of the case *whether that question is right or wrong*, the remedy of the party deeming himself aggrieved being to seek a rehearing.”

X X X X

The Court is bound by its earlier ruling in *PNB v. Timbol* finding the extrajudicial foreclosure to be proper. The Court therein thoroughly and thoughtfully examined the validity of the extrajudicial foreclosure in order to determine whether the writ of preliminary injunction was proper. To allow a reexamination of this conclusion will disturb what has already been settled and only create confusion if the Court now makes a contrary finding.

Thus, “[q]uestions necessarily involved in the decision on a former appeal will be regarded as the law of the case on a subsequent appeal, although the questions are not expressly treated in the opinion of the court, as the presumption is that all the facts in the case bearing on the point decided have received due consideration whether all or none of them are mentioned in the opinion.”⁶⁵ (Italics in the original; emphasis supplied; citations omitted)

⁶⁵ Id. at 11-13.

The Court's discussions in *DLSU* and *Heirs of Timbol* are in point here where the allegations and reliefs prayed for in NIASSI's Amended Petition show that their disposition required the RTC to resolve a single issue – whether PPA is bound to formally execute the 10-year cargo-handling contract pursuant to the Notice of Award. The relevant portions of the Amended Petition state:

14. **Petitioner won the bidding to operate cargo-handling services in the port of Nasipit, Agusan del Norte, for ten (10) years.** Notwithstanding due compliance by petitioner of (sic) all the requirements as indicated in the Notice of Award x x x petitioner was surprised to receive a communication from respondent CECILIO for public respondent to take-over instead the management and operations of cargo-handling services in the port of Nasipit, Agusan del Norte.

x x x x

19. The act of public respondent in taking-over the management and operations of cargo-handling services of petitioner utilizing the existing facilities and manpower constitutes not only a blatant disregard to the existing permit to operate, it likewise demonstrates a notorious abuse of power reminiscent of the dark days of martial rule. The same act is oppressive, capricious, whimsical, arbitrary and despotic as it denied petitioner of (sic) its right to be heard and dispute the malicious allegations against it. **Essentially, the act is a calculated move to snatch away the award of the ten-year contract of petitioner to operate the Cargo Handling Services.** x x x

24. WHEREFORE, FOR ALL THE FOREGOING, it is most respectfully prayed of (sic) this Honorable Court that upon filing of this Petition, a Temporary Restraining Order (TRO) and/or the Writ of Preliminary Mandatory Injunction be issued commanding or enjoining the respondents and all persons acting in their behalf or direction, to refrain, cease and desist from further implementing the take-over of the management and operations of the cargo-handling services in Nasipit Port, Agusan del Norte, as contained in the letter dated 6 December 2004 x x x, and to refrain from issuing similar orders pending resolution of the instant case and to restore to the herein petitioner the management and operation of the cargo handling services at the Port of Nasipit and until after the Honorable Court shall have heard and resolved the application for the issuance of the Writ of Preliminary Mandatory Injunction.

25. **Petitioner further prays that after due notice and hearing, the Writ of Mandamus be issued commanding the respondents to execute or cause the final execution of a Cargo-Handling contract between petitioner and the Philippine Ports Authority as represented by herein respondents.**⁶⁶ (Underscoring omitted; emphasis supplied)

In CA-G.R. SP No. 00214, the CA determined the existence of a perfected contract between PPA and NIASSI in order to ascertain whether the issuance of a writ of preliminary injunction in favor of NIASSI was proper. Thus, the sole issue for the RTC's determination had been resolved in CA-G.R. SP No. 00214, when the CA made the following findings:

⁶⁶ *Rollo*, pp. 79-83.

1. The 10-year cargo-handling contract had been perfected on January 3, 2001, the date when PPA received notice of NIASSI's conformity to the Notice of Award;
2. The parties are bound to formally execute the perfected cargo-handling contract in accordance with the Notice of Award; and
3. NIASSI's operations during the period covered by the HOA constitute partial fulfillment of the perfected cargo-handling contract.

A preliminary injunction is in the nature of an ancillary remedy to preserve the *status quo* during the pendency of the main case. As a necessary consequence, matters resolved in injunction proceedings do not, as a general rule, conclusively determine the merits of the main case or decide controverted facts therein.⁶⁷ Generally, findings made in injunction proceedings are subject to the outcome of the main case which is usually tried subsequent to the injunction proceedings.

In this case, however, no further proceedings were conducted after the Decision of the Supreme Court relative to the injunction proceedings had become final. To be sure, the RTC directed the parties to submit their respective memoranda on the issue of whether or not the main case had become moot and academic because of the finality of said Decision and, on the basis of the memoranda, the RTC resolved to dismiss the Amended Petition, as it had nothing left to determine.⁶⁸ As such, no evidence to controvert the findings of the CA in CA-G.R. SP No. 00214 were presented in the main case. This being the case, the factual findings of the CA in respect of the perfected cargo-handling contract in the injunction proceedings became *conclusive* upon finality of this Court's decision affirming the same. These circumstances thus render the application of the law of the case doctrine proper.

In any case, it is worth noting that NIASSI recognized the perfection of the cargo-handling contract in its Comment to the instant Petition, thus:

x x x When NIASSI received and signed the "conforme" portion [of the Notice of Award], there [was] already [a] meeting of minds between the parties as to the object and cause of the cargo handling contract, including the terms and duration thereof.⁶⁹

To NIASSI, the cargo-handling contract was a valid and binding agreement, and it was thus bound by the concomitant rights and obligations arising therefrom.

⁶⁷ *Bank of the Philippine Islands v. Hontanosas, Jr.*, 737 Phil. 38, 57 (2014).

⁶⁸ *Rollo*, p. 131.

⁶⁹ *Id.* at 188.

The term of the perfected contract has already expired.

PPA avers that its 10-year cargo-handling contract with NIASSI already expired on January 3, 2011, after the lapse of 10 years from the date when said contract was perfected.⁷⁰ In turn, PPA concludes that it can no longer be directed to formally execute another contract with NIASSI, since such a directive would unduly lengthen the term of the cargo-handling contract contrary to the intention of the parties.⁷¹

While the Court agrees with PPA's submission that the perfected contract has already expired, the Court clarifies that such expiration is not because of the mere lapse of 10 years reckoned from the date when the same was perfected. To hold as such would be to feign ignorance of the events that transpired thereafter, which led to the institution of this very Petition.

It bears emphasizing that PPA assumed the management and operations of the cargo-handling services at Nasipit Port on two separate instances – first, by virtue of its letter dated December 6, 2004 revoking the last extension of the HOA, and second, by virtue of the April 2005 RTC Order lifting the preliminary mandatory injunction granted in NIASSI's favor. The 10-year term of the perfected contract must be deemed interrupted during the periods when PPA assumed management and control over NIASSI's cargo-handling operations.

The relevant periods are summarized, thus:

Period	Duration	Operator	Basis
January 3, 2001 to December 9, 2004	3 years, 11 months and 6 days	NIASSI	Notice of Award
December 10, 2004 to March 27, 2005	3 months and 17 days	PPA	Letter dated December 6, 2004
March 28, 2005 to April 11, 2005	14 days	NIASSI	Issuance of Preliminary Mandatory Injunction
April 12, 2005 to August 7, 2006	1 year, 3 months and 26 days	PPA	Dissolution of Preliminary Injunction
August 8, 2006 to December 3, 2014	8 years, 3 months and 26 days	NIASSI	Reinstatement of Preliminary Injunction
December 3, 2014	-	NIASSI	Institution of the Petition

⁷⁰ Id. at 29, 31.

⁷¹ See id. at 32.

Based on the table above, NIASSI conducted the cargo-handling operations at Nasipit Port for a total period of 3 years, 11 months and 20 days. Notably, NIASSI does not dispute that it has been conducting such operations since the reinstatement of the preliminary mandatory injunction.

Thus, even if the Court assumes a conservative stance for purposes of illustration and sets the cut-off date for NIASSI's current operations on the date when this Petition was filed, NIASSI's total period of operation would be pegged at **12 years, 3 months and 15 days**, computed as follows:

Period	Duration	Basis
January 3, 2001 to December 9, 2004	3 years, 11 months and 6 days	Notice of Award
March 28, 2005 to April 11, 2005	14 days	Issuance of Preliminary Mandatory Injunction
August 8, 2006 to December 3, 2014	8 years, 3 months and 26 days	Reinstatement of Preliminary Injunction
Total	12 years, 3 months and 15 days	


Clearly, the 10-year term of the perfected contract had already expired, leaving the RTC with nothing to enforce.⁷²

Finally, it bears stressing that PPA issued the Notice of Award on December 21, 2000. To compel PPA to formally execute a 10-year cargo-handling contract at this time on the basis of conditions prevailing nearly two decades ago would certainly be unreasonable and iniquitous.

For the foregoing reasons, the Court resolves to grant the instant Petition.

WHEREFORE, premises considered, the Petition for Review on *Certiorari* is **GRANTED**. The Amended Decision dated September 15, 2014 of the Court of Appeals in CA-G.R. SP No. 04828-MIN is **SET ASIDE**. Consequently, SP. Civil Case No. 1242 pending before the Regional Trial Court of Butuan City, Branch 4, is hereby **DISMISSED**.

SO ORDERED.


ALFREDO BENJAMIN S. CAGUIOA
 Associate Justice

⁷² See generally *PLDT v. Eastern Telecommunications, Philippines, Inc.*, 703 Phil. 1 (2013).

WE CONCUR:



MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

Teresita Leonardo de Castro
TERESITA J. LEONARDO-DE CASTRO
Associate Justice

Mariano C. Del Castillo
MARIANO C. DEL CASTILLO
Associate Justice

Please see separate Concurring opinion

Estela M. Perlas-Bernabe
ESTELA M. PERLAS-BERNABE
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.



MARIA LOURDES P. A. SERENO
Chief Justice

