



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

**BRO. BERNARD OCA, BRO. DENNIS MAGBANUA, CIRILA N. MOJICA, ALEJANDRO N. MOJICA, JOSEFINA PASCUAL, SILVESTRE PASCUAL AND ST. FRANCIS SCHOOL OF GENERAL TRIAS, CAVITE, INC.,**  
Petitioners,

**G.R. No. 199825**  
Present:  
CARPIO, *J.*, Chairperson,  
PERALTA,  
MENDOZA,  
LEONEN, and  
MARTIRES, *JJ.*

-versus-

**LAURITA CUSTODIO,**  
Respondent.

Promulgated:  
26 JUL 2017

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**DECISION**

**LEONEN, J.:**

This resolves a Petition for Review on Certiorari<sup>1</sup> assailing the May 25, 2011 Decision<sup>2</sup> and the December 19, 2011 Resolution<sup>3</sup> of the Court of Appeals in CA-G.R. CR. No. 31985. The assailed Decision affirmed the Regional Trial Court Decision,<sup>4</sup> which found petitioners Bro. Bernard Oca,

<sup>1</sup> The Petition was filed under Rule 45 of the Rules of Court.  
<sup>2</sup> *Rollo*, pp. 10–23. The Decision was penned by Associate Justice Vicente S.E. Veloso and concurred in by Associate Justices Francisco P. Acosta and Angelita A. Gacutan of the Sixteenth Division, Court of Appeals, Manila.  
<sup>3</sup> *Id.* at 25. The Resolution was penned by Associate Justice Vicente S.E. Veloso and concurred in by Associate Justices Francisco P. Acosta and Angelita A. Gacutan of the Former Sixteenth Division, Court of Appeals, Manila.  
<sup>4</sup> *Id.* at 97–111. The Decision, dated February 6, 2008, was penned by Executive Judge Perla V. Cabrera-Faller of Branch 90, Regional Trial Court, Dasmariñas, Cavite.

Bro. Dennis Magbanua, Cirila N. Mojica, Alejandro N. Mojica, Josefina Pascual, Atty. Silvestre Pascual, and St. Francis School of General Trias, Cavite, Inc. (petitioners) guilty of Indirect Contempt. The assailed Resolution denied petitioners' Motion for Reconsideration.<sup>5</sup>

This indirect contempt case stemmed from an intra-corporate controversy among the Board of Trustees of petitioner St. Francis School of General Trias, Cavite, Inc. (St. Francis School).<sup>6</sup>

St. Francis School was established with the assistance of the La Salle brothers on July 9, 1973 by respondent Laurita Custodio (Custodio), petitioner Cirila N. Mojica (Cirila), petitioner Josefina Pascual (Josefina), Monsignor Felix Perez, and Brother Vernon Poore.<sup>7</sup> These five (5) incorporators served as St. Francis School's Board of Trustees until the latter two (2) passed away.<sup>8</sup>

Without a written agreement, the La Salle brothers agreed to give the necessary supervision to establish the school's academic foundation.<sup>9</sup>

On September 8, 1988, the incorporators and the La Salle brothers formalized their arrangement in a Memorandum of Agreement, under which De La Salle Greenhills (La Salle) would supervise the academic affairs of St. Francis School to increase enrollment. La Salle appointed supervisors to sit in the Board of Trustees without voting rights.<sup>10</sup>

In 1998, petitioner Bro. Bernard Oca (Bro. Oca) became a member of St. Francis School as a La Salle-appointed supervisor. He sat in the Board of Trustees and was later elected as its Chairman and St. Francis School's President.<sup>11</sup> In 2000, petitioner Bro. Dennis Magbanua (Bro. Magbanua) was also admitted as a La Salle-appointed supervisor.<sup>12</sup> He sat as a trustee and was later elected as Treasurer of St. Francis School.<sup>13</sup>

Sometime in August 2001, the members of the Board of Trustees came into a disagreement regarding the school's administrative structure and La Salle's supervision over the school. Cirila, Josefina, Bro. Oca, and Bro. Magbanua wanted to expand the scope of La Salle's supervision to include matters relating to the school's finances, administration, and operations.<sup>14</sup>

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<sup>5</sup> Id. at 25.

<sup>6</sup> Id. at 350-360.

<sup>7</sup> Id. at 32-33.

<sup>8</sup> Id. at 33.

<sup>9</sup> Id.

<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> Id. at 34.

<sup>13</sup> Id.

<sup>14</sup> Id.

This was opposed by Custodio.<sup>15</sup> After several incidents relating to the disagreement, Custodio filed a complaint against St. Francis School, Bro. Oca, and Bro. Magbanua on June 7, 2002 with Branch 23, Regional Trial Court, Trece Martires, Cavite. She alleged that Bro. Oca and Bro. Magbanua were never qualified to sit in the Board of Trustees.<sup>16</sup> She also prayed for a Temporary Restraining Order to prevent Bro. Oca from calling a special membership meeting to remove her from the Board of Trustees.<sup>17</sup>

This case was dismissed.<sup>18</sup> Custodio was subsequently removed from the Board of Trustees and as Curriculum Administrator.<sup>19</sup>

Custodio filed a motion for reconsideration of the dismissal but eventually withdrew her appeal to file a new suit instead.<sup>20</sup>

On October 3, 2002, Custodio again filed a complaint against petitioners for violating the Corporation Code with Branch 21, Regional Trial Court, Imus, Cavite.<sup>21</sup> She sought to disqualify Bro. Oca and Bro. Magbanua as members and trustees of the school and to declare void all their acts as President and Treasurer, respectively.<sup>22</sup> She likewise prayed for a temporary restraining order and/or a preliminary injunction to enjoin the remaining board members from holding meetings and to prevent Bro. Oca and Bro. Magbanua from discharging their functions as members, trustees, and officers of St. Francis School.<sup>23</sup> This case was docketed as SEC Case No. 024-02.<sup>24</sup>

On October 8, 2002, the Regional Trial Court heard Custodio's prayer for the issuance of a Temporary Restraining Order.<sup>25</sup>

The day after the hearing, Custodio filed a Manifestation and Motion dated October 9, 2002. She alleged that after the hearing for the Temporary Restraining Order, the counsel for petitioners went to St. Francis School to instruct several parents not to acknowledge Custodio's administration as she had been removed as a member, trustee, and curriculum administrator and that her complaint had been dismissed. The parents were also allegedly directed to pay the students' matriculation fees exclusively to petitioner

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<sup>15</sup> Id.

<sup>16</sup> Id. at 37-38.

<sup>17</sup> Id. at 38.

<sup>18</sup> Id. at 39.

<sup>19</sup> Id.

<sup>20</sup> Id.

<sup>21</sup> Id. at 12.

<sup>22</sup> Id. 40-41, Petition.

<sup>23</sup> Id. at 40.

<sup>24</sup> *Rollo*, p. 97, RTC Decision.

<sup>25</sup> Id. at 265, Manifestation and Motion dated October 9, 2002.

Alejandro N. Mojica (Alejandro), son of petitioner Cirila. Alejandro held office at the Rural Bank of General Trias, Inc. which was allegedly owned by the family of petitioner Josefina.<sup>26</sup> This meeting allegedly caused 15 teachers to hold a strike, which nearly disrupted classes and caused parents to request the early dismissal of their children for fear that violence would ensue.<sup>27</sup> Custodio reiterated her prayer for a Temporary Restraining Order. She moved that the hearing be converted into an injunction hearing or that a status quo order be issued to allow her to continue functioning as school director and curriculum administrator.<sup>28</sup>

Custodio also filed a Motion for Clarification praying that the trial court clarify to whom the school's fees should be paid while her Complaint and Manifestation and Motion were still pending. Petitioners allegedly manifested that the payment of matriculation fees must be made to Alejandro. However, Custodio pointed out that Alejandro was not the school cashier and that the Rural Bank of General Trias, Inc. was not authorized to receive payments for St. Francis School. She also manifested that prior to October 8, 2002, the school cashier was Ms. Herminia Reynante (Reynante).<sup>29</sup> This Motion was set for hearing on October 18, 2002.<sup>30</sup>

On October 21, 2002, the Regional Trial Court issued an Order designating Reynante to act as school cashier "with authority to collect all fees" and, together with Custodio, "to pay all accounts."<sup>31</sup> The trial court also directed all parties in the case to submit a report on and to turn over to Reynante all money previously collected, thus:

Regarding the collection of matriculation fees and other collectibles, *Ms. Herminia Reynante is hereby designated by the Court to act as cashier of the school to the exclusion of others with authority to collect all fees and, together with plaintiff Laurita Custodio, to pay all accounts.* Said authority shall continue until the matter of the application for temporary restraining order and preliminary injunction is heard and resolved. This is hereby ordered so that an orderly operation of the school will be achieved.

*Plaintiff and defendants, as well as Mr. Al Mojica, are directed to turn-over to Ms. Herminia Reynante all money previously collected and to submit a report on what have been collected, how much, from whom, and the dates collected.* Effective October 22, 2002, Ms. Herminia Reynante shall submit to the Court, to the plaintiff and to all the defendants a monthly report of all receivables collected and all disbursements made.

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<sup>26</sup> Id.

<sup>27</sup> Id. at 266, Manifestation and Motion dated October 9, 2002.

<sup>28</sup> Id. at 12. Acting on respondent's October 9, 2002 *Manifestation and Motion* for TRO or Status Quo, the RTC issued a *Status Quo Order* dated August 21, 2003 allowing respondent to continue as school director and curriculum administrator (*rollo*, p. 48).

<sup>29</sup> Id. at 269-270, Motion for Clarification dated October 14, 2002.

<sup>30</sup> Id. at 271, Notice of Hearing.

<sup>31</sup> Id. at 272.

SO ORDERED.<sup>32</sup> (Emphasis supplied)

Petitioners filed a motion for reconsideration, alleging that they would have proven that Reynante lacked the moral integrity to act as court-appointed cashier had they been given the opportunity to be heard.<sup>33</sup>

On January 3, 2003, the Regional Trial Court denied reconsideration.<sup>34</sup>

On February 21, 2003, petitioners filed an Explanation, Manifestation and Compliance. They alleged that they partially complied with the October 21, 2002 Order by submitting an accounting on the tuition fee collections and by turning over to Reynante a manager's check in the amount of ₱397,127.64 payable to St. Francis School.<sup>35</sup> The amount allegedly represented the school's matriculation fees from October to December 2002.<sup>36</sup> However, they alleged that Reynante refused to accept the check and required that the amount be turned over in cash or in a check payable to cash. Thus, petitioners placed the check in the custody of the Regional Trial Court for safekeeping.<sup>37</sup>

Custodio filed a Comment dated February 26, 2003.<sup>38</sup> Custodio manifested that petitioners did not even substantially comply with the October 21, 2002 Order because it excluded from its accounting and turnover the following amounts:

- 1) ₱4,339,601.54 deposited in Special Savings Deposit No. 239 of the Rural Bank of General Trias, Inc.;
- 2) ₱5,639,856.11 deposited in Special Savings Deposit No. 459 of the Rural Bank of General Trias, Inc.;
- 3) ₱92,970.00 representing fees paid by the school canteen; and
- 4) All other fees collected from January 2003 to February 19, 2003.<sup>39</sup>

Custodio also claimed that petitioners violated the trial court order that only she and Reynante were authorized to pay the outstanding accounts of St. Francis School. Petitioners allegedly made salary payments to four (4) employees who had resigned.<sup>40</sup>

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<sup>32</sup> Id.

<sup>33</sup> Id. at 43.

<sup>34</sup> Id. at 43.

<sup>35</sup> Id. at 273–274.

<sup>36</sup> Id. at 275–276.

<sup>37</sup> Id. at 273–274.

<sup>38</sup> Id. at 275–280.

<sup>39</sup> Id. at 276–277.

<sup>40</sup> Id. at 277.

On March 24, 2003, the Regional Trial Court issued another Order<sup>41</sup> directing petitioners to fully comply with its earlier order to submit a report and to turn over to Reynante all the money they had collected:

This treats of defendants' explanation, manifestation and compliance and plaintiff's comments thereto.

A perusal of the allegations of defendants' pleading shows that they merely turned-over a manager's check in the amount of P397,127.64 representing money collected from the students from October 2002 to December 2002. The Order of October 21, 2002 directed plaintiff and defendants, as well as, Mr. Al Mojica to turn-over to Ms. Herminia Reynante all money previously collected and to submit a report on what have been collected, how much, from whom and the dates collected.

Defendants and Mr. Al Mojica are hereby directed, within ten days from receipt hereof, to submit a report and to turn-over to Ms. Herminia Reynante all money collected by them, more particularly:

- (1) P4,339,601.54 deposited in Special Savings Deposit No. 239 (Rural Bank of Gen. Trias, Inc.);
  - (2) P5,639,856.11 deposited in Special Savings Deposit No. 459 (Rural Bank of Gen. Trias, Inc.);
  - (3) P92,970.00 representing amount paid by the school canteen;
  - (4) Other fees collected from January 2003 to February 19, 2003;
- and
- (5) Accounting on how and how much defendants are paying Ms. Daisy Romero and three (3) other teachers who already resigned.

SO ORDERED.<sup>42</sup>

Petitioners filed a Manifestation, Observation, Compliance, Exception and Motion on April 18, 2003, praying, among others, that the trial court issue an order excluding from its March 24, 2003 Order the amounts which were not covered in its October 21, 2002 Order.<sup>43</sup>

On August 5, 2003, the Regional Trial Court issued an Order denying all motions raised in petitioners' Manifestation, Observation, Compliance, Exception and Motion and declared that they had not complied with the March 24, 2003 Order.<sup>44</sup>

This treats of defendants' manifestation, observation, compliance, exception and motion dated April 18, 2003, plaintiff's comment/opposition and defendants' rejoinder thereto filed on July 2, 2003.

Defendants are asking the Court first to set aside its orders dated

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<sup>41</sup> Id. at 281.

<sup>42</sup> Id.

<sup>43</sup> Id. at 46.

<sup>44</sup> Id. at 282-283.

October 21[, 2002] and March 24, 2003 for having been issued “without notice and hearing” and in “acting without or in excess of its authority/jurisdiction and with grave abuse of discretion amounting to lack or excess of jurisdiction” . . .

With respect to the first matter, the motion is denied for being a prohibited pleading under Section 8 of the Interim Rules of Procedure for Intra-Corporate Controversies (A.M. No. 01-2-04-SC). The motion which assails the two questioned orders is actually a motion for reconsideration but worded differently – “motion to set aside March 24, 2003 Order” but both have the same purpose and objective and that is to reconsider the order(s).

....

On the contrary, the court found out that defendants have not complied with the order of the court dated March 24, 2003 directing defendants and Mr. Al Mojica to submit a report and to turn over to Ms. Herminia Reynante all money collected by them, more particularly:

1. P4,339,601.54 deposited in Special Savings Deposit No. 239 (Rural Bank of Gen. Trias, Inc.)
2. P5,639,856.11 deposited in Special Savings Deposit No. 459 (Rural Bank of Gen. Trias, Inc.)
3. P92,970.00 representing amount paid by the school canteen.
4. Other fees collected from January 2003 to February 19, 2003.
5. Accounting on how and how much defendants are paying Ms. Daisy Romero and the three (3) other teachers who already resigned.

Accordingly, the defendants and Mr. Al Mojica are hereby directed to comply with the aforementioned order of March 24, 2003, within ten days from receipt hereof.

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SO ORDERED.<sup>45</sup>

In the meantime, La Salle served Custodio a notice dated January 4, 2003, that they were terminating the Memorandum of Agreement with St. Francis School.<sup>46</sup>

On August 21, 2003, the Regional Trial Court issued an Order granting Custodio’s Manifestation and Motion dated October 9, 2002 and issuing a status quo order<sup>47</sup> allowing Custodio to discharge her functions as school director and curriculum administrator.<sup>48</sup> The trial court ruled in favor of Custodio when it found that petitioners had already established another

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<sup>45</sup> Id.

<sup>46</sup> Id. at 13.

<sup>47</sup> Id. at 539–540.

<sup>48</sup> Id. at 658, Petitioners’ Memorandum; *rollo*, pp. 539–540.

school, the Academy of St. John (Academy of St. John) in Sta. Clara, General Trias, Cavite:<sup>49</sup>

This treats of plaintiff's manifestation and motion praying that the court "immediately issue a temporary restraining order . . . where plaintiff will be allowed to continue discharging the functions of a school director and curriculum administrator . . ."

During the hearing of the said motion and manifestation on October 11, 2002, both parties and counsel agreed before the court that no incident similar to what happened on October 8, 2002 will occur while the motion is being heard.

Plaintiff and defendants presented evidence, testimonial and documentary, to prove their respective causes. It took them nine months to present their evidence before the matter was submitted for the court's resolution.

After a thorough review of all the evidences presented by both parties, the Court is inclined to rule in favor of the plaintiff. The [pieces of] evidence of both parties are convincing. But, the factor that convinced the Court to rule in favor of plaintiff was the information conveyed to the court by plaintiff and admitted by defendants, through their counsel, that another school named Academy of St. John, a new La Sallian Supervised School in Sta. Clara, General Tria[s], Cavite, was opened by defendants Josefina A. Pascual and Cirila N. Mojica and their respective families. In a brochure handed by plaintiff's counsel to the court during the hearing on June 17, 2003 with a heading of Academy of Saint John, De La Salle[-]Supervised, General Tria[s], Cavite, it said that "such idea was conceived as a result of the corporate problems and the never ending dispute in a former La Salle[-]supervised school that finally brought confusion and havoc in the said community."

It further said that "alarmed with the impending loss of the La Salle Supervision which they both thought of leaving it as a legacy to the youth, Mrs. Pascual and Mrs. Mojica together with their respective families were convinced to continue their mission of spreading quality education etc."

It appears from the brochure that defendants Pascual and Mojica have set up another school in the same municipality where the St. Francis School is located. The name of the school is Academy of St. John. The Academy of St. John likewise offers the same courses as th[ose] offered by St. Francis [S]chool. Needless to state, this action of defendants Pascual and Mojica is very inimical to the interest of St. Francis School as the Academy of St. John put up by the aforementioned defendants is in direct competition with St. Francis School. In other words, a conflict of interest now exists insofar as defendants Pascual and Mojica are concerned in view of their establishment of the Academy of St. John which is of the same kind and of the same nature of business as that of St. Francis School. One cannot serve two masters a[t] the same time. And as already intimated above, considering that there are now two competing schools in the same locality where defendants Pascual and Mojica hold an

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<sup>49</sup> Id. at 539-540.

interest, they cannot be expected to give their full devotion and cooperation to one without being disloyal and unfaithful to the other.

WHEREFORE, in view of the foregoing, the motion is granted. Accordingly, a status quo order is hereby issued wherein the plaintiff is hereby allowed to continue discharging her functions as school director and curriculum administrator as well as those who are presently and actually discharging functions as school officer[s] to continue performing their duties until the application for the issuance of a temporary restraining order is resolved.

SO ORDERED.<sup>50</sup>

Petitioners filed their Motion for Clarification.<sup>51</sup> They alleged that the bulk of the money ordered to be turned over to Custodio and Reynante was allotted to St. Francis School's teachers' retirement fund. Considering that it must be preserved, petitioners raised several queries. They wanted to know if Custodio and Reynante would use the money for other purposes other than for the teachers' retirement benefit and if Custodio and Reynante would be required to file a bond to guaranty its safekeeping and exclusive use as teacher's retirement compensation. Finally, they asked who would be held liable in case of Custodio and Reynante's unlawful use of this fund.<sup>52</sup>

On September 2, 2003, Custodio filed the Petition to Cite Respondents in Contempt of Court<sup>53</sup> under Rule 71 of the Rules of Court.<sup>54</sup> She likewise prayed that an order be issued reiterating the Orders dated October 21, 2002, March 24, 2003, and August 5, 2003.<sup>55</sup>

In response to petitioners' Motion for Clarification, the trial court issued an Order dated October 8, 2003<sup>56</sup> clarifying that the retirement fund was to be held in trust by Custodio and Reynante. It also directed Custodio and Reynante to file a bond of ₱300,000.00 each.<sup>57</sup> Later, it ordered petitioners to comply with the mandate in the March 24, 2003 and August 5, 2003 Orders and directed them to disclose to the court the total amount of the fund deposited and reserved for teachers' retirement benefit and its bank details:<sup>58</sup>

This treats of the motion for clarification filed by the defendants through counsel.

The motion sprung from the Order dated March 24, 2003 and again

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<sup>50</sup> Id.

<sup>51</sup> Id. at 285–289.

<sup>52</sup> Id. at 286.

<sup>53</sup> Id. at 350–360.

<sup>54</sup> The Petition mentioned "Rule 17" but meant "Rule 71."

<sup>55</sup> *Rollo*, p. 359.

<sup>56</sup> Id. at 348–349.

<sup>57</sup> Id.

<sup>58</sup> Id.

reiterated in the Order of August 5, 2003 which required the defendants and Mr. Al Mojica to turn-over to Ms. Herminia Reynante all the money which [is] in their possession enumerated in the aforesaid orders.

Considering that the bulk of the money pertains to the teacher[s'] retirement funds, defendants seek to clarify (1) for what purpose the funds will be used by the plaintiff and Ms. Reynante; (2) whether the funds will be turned-over to the plaintiff and Ms. Reynante without them having to put up a bond as a security for the protection of the teachers; and (3) whether defendants will be held liable civilly and criminally, in case of unlawful use and disbursement of the funds.

Teachers' retirement funds are funds principally set aside for the purpose of the retirement of the teachers. As such, these funds cannot be used for any other purpose other than that for which it is intended. Thus, neither the plaintiff nor Ms. Reynante may use this amount for the operation of the school. They should hold the same in trust for the beneficiaries of the same.

As to whether the plaintiff and Ms. Reynante shall be required to put up a bond as a security for the protection of the teachers before they receive the teachers' retirement funds, the same is not only correct but also proper. Considering that they will hold these funds in trust for the retiring teachers, they should be required to file a bond to guarantee their obligations as trustees of these funds. Accordingly, the plaintiff and Ms. Herminia Reynante are hereby directed to file a bond in the amount of P300,000.00 each.

As to whether the defendants will be held liable, civilly and criminally, in case of unlawful use and disbursement of the teachers' retirement funds, the answer is in the negative. A person cannot be held liable for his action when such was done in compliance with the lawful order of the court. Besides, considering that the plaintiff and Ms. Reynante are required to file a bond, the bond shall guarantee for whatever damage the retiring teachers may incur by reason of the unlawful use and disbursement of the funds.

WHEREFORE, in view of the foregoing, the defendants are hereby ordered to comply with the mandate contained in the order dated March 24 and August 5, 2003.

Defendants are further directed to inform the court of the total amount of the funds deposited reserved for teachers' retirement, and in what bank and under what account the same is deposited.

SO ORDERED.<sup>59</sup>

On October 10, 2003, petitioners filed their Petition for Certiorari before the Court of Appeals to question the Regional Trial Court's Orders<sup>60</sup>

<sup>59</sup> Id. at 348-349.

<sup>60</sup> The Petition mentions in *rollo* p. 48 that the Orders questioned were Orders dated October 21, 2002, March 24, 2003, and August 5, 2003. However, in Custodio's Comment (*See rollo*, p. 497) and Memorandum (*See rollo*, p. 706), Custodio stated that petitioners questioned the Orders dated August 5, 2003, August 21, 2003, and October 8, 2003. In *rollo*, p. 659, petitioners stated in their Memorandum that they questioned the Orders dated August 5, 2003, August 21, 2003, and October 8,

dated August 5, 2003, August 21, 2003 and October 8, 2003. Eventually, this was elevated to this Court and was docketed as G.R. No. 174996.<sup>61</sup>

Meanwhile, trial commenced for the contempt case. Custodio presented as her lone witness, Joseph Custodio (Joseph), St. Francis School's finance and property resource development administrator. Petitioners did not present any witness.<sup>62</sup>

In its Decision<sup>63</sup> dated February 6, 2008, Branch 90, Regional Trial Court, Dasmariñas, Cavite found petitioners guilty of indirect contempt for failing to comply with the Orders dated October 21, 2002 and March 24, 2003 and ordered them to jointly and severally pay a fine of ₱30,000.00.<sup>64</sup> It likewise directed them to account for the amount that they had paid the four (4) teachers who had already resigned:<sup>65</sup>

WHEREFORE, premises considered, judgment is hereby rendered finding the respondents, namely: Bro. Bernard Oca, Bro. Dennis Magbanua, Ms. Cirila N. Mojica, Mrs. Josefina Pascual, Al N. Mojica, Atty. Silvestre Pascual and St. Francis School of General Trias, Cavite, GUILTY of INDIRECT CONTEMPT of Court against the Regional Trial Court, Branch 21, Imus, Cavite for their failure to comply with the Orders of the Court dated October 21, 2002 and March 24, 2003, and they are hereby ordered to pay a FINE, jointly and severally, in the amount of Php30,000.00 for the restoration of the dignity of the Court and to comply with the Orders of the Court dated October 21, 2002 and March 24, 2003 within fifteen (15) days from receipt of this judgment.

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SO ORDERED.<sup>66</sup>

In its May 25, 2011 Decision, the Court of Appeals affirmed the trial court Decision.<sup>67</sup> It found that it was sufficiently established that petitioners did not remit all the money they had previously collected despite the trial

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2003. In G.R. No. 174996, this Court stated that what petitioners questioned are Orders dated August 5, 2003, August 21, 2003, and October 8, 2003.

<sup>61</sup> Id. at 48–49. The Supreme Court has rendered a Decision on this case. *See Oca v. Custodio*, 749 Phil. 186, 202 (2014) [Per J. Leonardo-De Castro, First Division]. The dispositive portion read:

**WHEREFORE**, premises considered, the petition is **PARTLY GRANTED**. The assailed Decision dated September 16, 2005 and the Resolution dated October 9, 2006 of the Court of Appeals in CA-G.R. SP No. 79791 are hereby **AFFIRMED** in part insofar as they upheld the assailed August 5, 2003 and October 8, 2003 Orders of the trial court. They are **REVERSED** with respect to the assailed August 21, 2003 *Status Quo* Order which is hereby **SET ASIDE** for having been issued with grave abuse of discretion. The trial court is further **DIRECTED** to resolve respondent's application for injunctive relief with dispatch.

**SO ORDERED.**

<sup>62</sup> *Rollo*, p. 15.

<sup>63</sup> Id. at 97–111.

<sup>64</sup> Id. at 110.

<sup>65</sup> Id. at 110–111.

<sup>66</sup> Id.

<sup>67</sup> Id. at 23.

court's October 21, 2002 Order, which they admitted to be lawful.<sup>68</sup>

It found that the March 24, 2003 Order merely reiterated the October 21, 2002 Order directing the payment of all money they had collected and specified the amounts to be remitted.<sup>69</sup> It noted that the trial court already clarified which funds to turn over but petitioners still refused to obey the orders.<sup>70</sup>

The Court of Appeals ruled that defying the trial court orders amounted to contumacious conduct, which "tended to prejudice St. Francis School's operations due to lack of operational funds."<sup>71</sup>

The Court of Appeals also noted that petitioners did not deny that the Motion for Clarification dated October 14, 2002 was heard on October 18, 2002; thus, contradicting their claim that they were not afforded an opportunity to be heard.<sup>72</sup>

The Court of Appeals denied reconsideration in its Resolution dated December 19, 2011.<sup>73</sup>

Petitioners filed a Petition for Review via Rule 45 arguing that they complied with the October 21, 2002 Order in good faith and that the validity of the March 24, 2003 and August 5, 2003 Orders were being assailed in a separate case with this Court.<sup>74</sup> Likewise, they contended that there was reasonable doubt on their guilt and that the Court of Appeals erred in failing to dismiss the petition with respect to petitioners Alejandro and Atty. Silvestre Pascual (Atty. Silvestre) who were not parties in SEC Case No. 024-02 where the assailed orders were issued.<sup>75</sup>

Petitioners held that to be cited for contempt, the contemnor must be guilty of willful disobedience.<sup>76</sup> However, they did not disobey the trial court orders.<sup>77</sup> They insisted that they had complied in good faith because the trial court October 21, 2002 Order only pertained to the school's matriculation fees and not any other fees.<sup>78</sup> They claimed that the October 21, 2002 Order was a response to Custodio's Motion for Clarification dated

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<sup>68</sup> Id. at 20.

<sup>69</sup> Id. at 21.

<sup>70</sup> Id. at 22.

<sup>71</sup> Id.

<sup>72</sup> Id.

<sup>73</sup> Id. at 25.

<sup>74</sup> Id. at 61. As per footnote 80 and 81, on October 10, 2003, petitioners filed a Petition for Certiorari with the Court of Appeals seeking to set aside as void Orders of the Regional Trial Court, later elevated to the Supreme Court under G.R. No. 174996.

<sup>75</sup> Id. at 53.

<sup>76</sup> Id. at 54-55.

<sup>77</sup> Id.

<sup>78</sup> Id. at 55.

October 14, 2002, which only requested that the matriculation fees be turned over to Reynante.<sup>79</sup> Thus, they averred that it was reasonable for them to conclude that the subject of the turnover was the matriculation fees only.<sup>80</sup>

Petitioners further claimed that in Custodio's Comment to their February 19, 2003 Explanation, Manifestation and Compliance, Custodio surreptitiously included a prayer for the turnover of other funds.<sup>81</sup> They attested that Custodio's Comment became a litigated motion that should have been set for hearing by the trial court.<sup>82</sup> However, the trial court did not set a hearing or require the filing of a responsive pleading.<sup>83</sup> They insisted that they were denied due process because the trial court's March 24, 2003 Order expanded the scope of its October 21, 2002 Order and required the turnover of additional sums which were not included in the October 21, 2002 Order.<sup>84</sup>

Petitioners insisted that the lack of due process and the expansion of the scope of the October 21, 2002 Order rendered the trial court March 24, 2003 and August 5, 2003 Orders unlawful.<sup>85</sup> They questioned these orders in G.R. No. 174996 and insisted that their resort to legal remedies showed that they acted in good faith. They argued that to be charged with indirect contempt, the violated order must have been a lawful order.<sup>86</sup> Since the validity of the trial court orders was being questioned in G.R. No. 174996, the Court of Appeals' ruling was premature as it should have waited for this Court's finding on the orders' validity before charging them with indirect contempt.<sup>87</sup>

Petitioners asserted that these circumstances showed that there was reasonable doubt on their guilt and their acquittal was warranted.<sup>88</sup>

Lastly, they held that Alejandro and Atty. Silvestre ought to be dropped as parties in the petition for indirect contempt as they were not parties in the intra-corporate controversy filed with the trial court and were not subject to its jurisdiction. Alejandro and Atty. Silvestre could not have been aware of the trial court's orders. They averred that there was no showing that they acted in conspiracy with the other petitioners and that their guilt could not be assumed or based on mere inference.<sup>89</sup>

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<sup>79</sup> Id.  
<sup>80</sup> Id. at 56.  
<sup>81</sup> Id. at 57.  
<sup>82</sup> Id. at 60.  
<sup>83</sup> Id.  
<sup>84</sup> Id. at 58.  
<sup>85</sup> Id. at 59-63.  
<sup>86</sup> Id. at 61-63.  
<sup>87</sup> Id. at 63.  
<sup>88</sup> Id. at 65.  
<sup>89</sup> Id. at 66-68.



In its March 5, 2012 Resolution, this Court denied the Petition on the ground that the issues raised were factual in nature and petitioners failed to raise any reversible error on the part of the Court of Appeals.<sup>90</sup>

Petitioners filed a Motion for Reconsideration.<sup>91</sup>

In its February 18, 2013 Resolution, this Court set aside its March 5, 2012 Resolution and ordered Custodio to file a Comment.<sup>92</sup>

Custodio filed her Comment<sup>93</sup> arguing that there was clear and contumacious defiance of the trial court orders and that the guilt of petitioners was established beyond reasonable doubt.<sup>94</sup>

Custodio posited that petitioners only remitted the matriculation fees in the amount of ₱397,127.64. They did not render a report on the amount or turned over any other amounts. They only partially complied with the trial court orders.<sup>95</sup>

Custodio pointed out that petitioners paid the salaries of four (4) teachers who had already resigned despite the trial court order that only Custodio and Reynante were authorized to settle St. Francis School's accountabilities.<sup>96</sup>

Custodio argued that petitioners did not refute the evidence she presented but merely attested that the orders only pertained to matriculation fees.<sup>97</sup>

Custodio averred that petitioners were afforded due process. She pointed out that her Motion for Clarification dated October 14, 2002 was set for hearing on October 18, 2002, which was attended by petitioners' counsel.<sup>98</sup>

Custodio claimed that petitioners' Explanation, Manifestation and Compliance dated February 19, 2003 was heard by the trial court. Thus, petitioners were not denied due process when she filed her Comment. If petitioners wanted to assail the Comment, they could have easily filed a

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<sup>90</sup> Id. at 447.

<sup>91</sup> Id. at 448–470.

<sup>92</sup> Id. at 472.

<sup>93</sup> Id. at 479–512.

<sup>94</sup> Id. at 506.

<sup>95</sup> Id. at 502.

<sup>96</sup> Id.

<sup>97</sup> Id.

<sup>98</sup> Id. at 502–503.

Reply.<sup>99</sup>

Custodio insisted that the trial court March 24, 2003 Order was a clarification, not an expanded version, of its October 21, 2002 Order. Custodio reasoned that the March 24, 2003 Order was not even among the orders they questioned in G.R. No. 174996; thus, showing that they were not acting in good faith. She insisted that their claim of lack of due process was merely an afterthought after they were directed several times to comply with the trial court orders.<sup>100</sup>

Similarly, Custodio claimed that the August 5, 2003 Order of the Regional Trial Court was not a violation of petitioners' right to due process. It was issued in connection with their motion to set aside the March 24, 2003 Order, which was heard. Moreover, the August 5, 2003 Order was a mere reiteration of the March 24, 2003 Order.<sup>101</sup>

Custodio held that the trial court orders are deemed valid and are entitled to respect while they are not yet reversed by a higher court.<sup>102</sup>

Custodio averred that despite the trial court's rulings on the issues raised, petitioners insisted on filing prohibited pleadings under A.M. No. 01-2-04-SC, or the Interim Rules of Procedure for Intra-Corporate Controversies. These pleadings by petitioners were their (i) Motion for Reconsideration dated November 8, 2002, (ii) Explanation, Manifestation, and Compliance dated February 19, 2003, (iii) Manifestation, Observation, Compliance, Exception and Motion dated April 18, 2003, and (iv) Motion for Clarification dated September 1, 2003.<sup>103</sup>

Custodio posited that in filing these pleadings, petitioners abused court processes as they served no purpose other than to avoid compliance with the trial court orders.<sup>104</sup>

She claimed that Alejandro and Atty. Silvestre were equally guilty of indirect contempt. Despite the fact that they were not parties to the complaint, Alejandro collected the matriculation fees for the school while Atty. Silvestre, as a member of the Board of Trustees, was empowered to cause compliance of court orders.<sup>105</sup>

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<sup>99</sup> Id. at 503–504.

<sup>100</sup> Id.

<sup>101</sup> Id. at 505.

<sup>102</sup> Id.

<sup>103</sup> Id. at 506–508.

<sup>104</sup> Id.

<sup>105</sup> Id. at 509.



Lastly, Custodio pointed out that petitioners' raising of factual issues was not proper in a Petition for Review on Certiorari.<sup>106</sup>

Petitioners filed their Reply.<sup>107</sup>

Later, the parties filed their respective Memoranda.<sup>108</sup>

Meanwhile, on December 3, 2014, during the pendency of this indirect contempt case, this Court issued a Decision in G.R. No. 174996, which found that the assailed Orders dated August 5, 2003 and October 8, 2003 of the Regional Trial Court were valid. The dispositive portion of the December 3, 2014 Decision read:

**WHEREFORE**, premises considered, the petition is **PARTLY GRANTED**. The assailed Decision dated September 16, 2005 and the Resolution dated October 9, 2006 of the Court of Appeals in CA-G.R. SP No. 79791 are hereby **AFFIRMED** in part insofar as they upheld the assailed August 5, 2003 and October 8, 2003 Orders of the trial court. They are **REVERSED** with respect to the assailed August 21, 2003 *Status Quo* Order which is hereby **SET ASIDE** for having been issued with grave abuse of discretion. The trial court is further **DIRECTED** to resolve respondent's application for injunctive relief with dispatch.

**SO ORDERED.**<sup>109</sup>

For resolution is whether petitioners are guilty of indirect contempt.

To resolve this, it is important to determine:

First, whether petitioners are guilty of willful disobedience;

Second, whether petitioners can refuse to follow the orders of the Regional Trial Court on the premise that their legality is being questioned in this Court; and

Finally, whether Alejandro N. Mojica and Atty. Silvestre Pascual are equally guilty of indirect contempt despite the fact that they are not parties to the complaint.

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<sup>106</sup> Id.

<sup>107</sup> Id. at 546 – 565.

<sup>108</sup> Id. at 642 – 684, Petitioners' Memorandum; *rollo*, pp. 686 – 723, Respondent's Memorandum.

<sup>109</sup> *Oca v. Custodio*, 749 Phil. 186, 202 (2014) [Per J. Leonardo-De Castro, First Division].

## I

This Court rules that petitioners Oca, Magbanua, Cirila, and Josefina are guilty of indirect contempt. There is a contumacious refusal on their part to comply with the Regional Trial Court Orders.

Contempt of court is willful disobedience to the court and disregard or defiance of its authority, justice, and dignity.<sup>110</sup> It constitutes conduct which “tends to bring the authority of the court and the administration of law into disrepute or in some manner to impede the due administration of justice” or “interfere with or prejudice parties['] litigant or their witnesses during litigation.”<sup>111</sup>

All courts are given the inherent power to punish contempt.<sup>112</sup> This power is an essential necessity to preserve order in judicial proceedings and to enforce the due administration of justice and the court’s mandates, orders, and judgments.<sup>113</sup> It safeguards the respect due to the courts and, consequently, ensures the stability of the judicial institution.<sup>114</sup>

In *Sison v. Caoibes, Jr.*:<sup>115</sup>

Thus, the power to declare a person in contempt of court and in dealing with him accordingly is an inherent power lodged in courts of justice, to be used as a means to protect and preserve the dignity of the court, the solemnity of the proceedings therein, and the administration of justice from callous misbehavior, offensive personalities, and contumacious refusal to comply with court orders. Indeed, the power of contempt is power assumed by a court or judge to coerce cooperation and punish disobedience, disrespect or interference with the court’s orderly process by exacting summary punishment. The contempt power was given to the courts in trust for the public, by tradition and necessity, in as much as respect for the courts, which are ordained to administer the laws which are necessary to the good order of society, is as necessary as respect for the laws themselves.<sup>116</sup> (Citations omitted)

There are two (2) types of contempt of court: (i) direct contempt and (ii) indirect contempt.

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<sup>110</sup> *Halili v. Court of Industrial Relations*, 220 Phil. 507, 526 (1985) [Per J. Makasiar, En Banc] citing 12 Am. jur 389 and 17 C.J.S. 4.

<sup>111</sup> *Id.*

<sup>112</sup> *Id.* at 527, citing 12 Am. jur 389 and 17 C.J.S. 4.

<sup>113</sup> *Id.*

<sup>114</sup> *Id.* at 529 citing *Salcedo v. Hernandez*, 61 Phil. 724 (1935) [Per J. Diaz, En Banc]; *Cornejo v. Tan*, 85 Phil. 772 (1985) [Per J. Bengzon, First Division].

<sup>115</sup> 473 Phil. 251, 260–261 (2004) [Per Curiam, En Banc].

<sup>116</sup> *Id.* at 260-261.

Direct contempt consists of “misbehavior in the presence of or so near a court as to obstruct or interrupt the proceedings before [it].”<sup>117</sup> It includes: (i) disrespect to the court, (ii) offensive behavior against others, (iii) refusal, despite being lawfully required, to be sworn in or to answer as a witness, or to subscribe an affidavit or deposition. It can be punished summarily without a hearing.<sup>118</sup>

Indirect contempt is committed through any of the acts enumerated under Rule 71, Section 3 of the Rules of Court:

(a) Misbehavior of an officer of a court in the performance of his [or her] official duties or in his [or her] official transactions;

(b) *Disobedience of or resistance to a lawful writ, process, order, or judgment of a court*, including the act of a person who, after being dispossessed or ejected from any real property by the judgment or process of any court of competent jurisdiction, enters or attempts or induces another to enter into or upon such real property, for the purpose of executing acts of ownership or possession, or in any manner disturbs the possession given to the person adjudged to be entitled thereto;

(c) Any abuse of or any unlawful interference with the processes or proceedings of a court not constituting direct contempt under Section 1 of this Rule;

(d) Any improper conduct tending, directly or indirectly, to impede, obstruct, or degrade the administration of justice;

(e) Assuming to be an attorney or an officer of a court, and acting as such without authority;

(f) Failure to obey a subpoena duly served;

(g) The rescue, or attempted rescue, of a person or property in the custody of an officer by virtue of an order or process of a court held by him [or her].<sup>119</sup> (Emphasis supplied)

Indirect contempt is only punished after a written petition is filed and an opportunity to be heard is given to the party charged.<sup>120</sup>

In the case at bar, petitioners were charged with indirect contempt through “disobedience of or resistance to a lawful writ, process, order, or judgment of a court.”

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<sup>117</sup> RULES OF COURT, Rule 71, sec. 1.

<sup>118</sup> RULES OF COURT, Rule 71, sec. 1.

<sup>119</sup> RULES OF COURT, Rule 71, sec. 3.

<sup>120</sup> RULES OF COURT, Rule 71, sec. 3.

## II

Petitioners insist that they have complied with the October 21, 2002 Order in good faith as they have already turned over the matriculation fees to Reynante.<sup>121</sup> They claim that this Order pertained to the matriculation fees only, excluding any other fees, as it was issued in connection with Custodio's Motion for Clarification dated October 14, 2002, which requested that the matriculation fees be turned over to Reynante.<sup>122</sup> Custodio's Motion for Clarification dated October 14, 2002 allegedly did not cover other fees.<sup>123</sup>

However, the October 21, 2002 Order did not pertain to matriculation fees only:

Regarding the collection of matriculation fees *and other collectibles*, Ms. Herminia Reynante is hereby designated by the Court to act as cashier of the school to the exclusion of others with authority to collect **all fees** and, together with plaintiff Laurita Custodio, to pay **all accounts**. Said authority shall continue until the matter of the application for temporary restraining order and preliminary injunction is heard and resolved. This is hereby ordered so that an orderly operation of the school will be achieved.

*Plaintiff and defendants, as well as Mr. Al Mojica, are directed to turn-over to Ms. Herminia Reynante all money previously collected and to submit a report on what have been collected, how much, from whom and the dates collected.* Effective October 22, 2002, Ms. Herminia Reynante shall submit to the Court, to the plaintiff and to all the defendants a monthly report of all receivables collected and all disbursements made.

SO ORDERED.<sup>124</sup> (Emphasis supplied)

The wording of the October 21, 2002 Order is clear that the amounts do not pertain only to the matriculation fees but to *all* collectibles, *all* fees, *and all* accounts. It also states that petitioners were to render a report and turn over *all* the amounts they had previously collected. It does not state that only matriculation fees were to be handed over.

Likewise, the subject of Custodio's Motion for Clarification dated October 14, 2002 did not solely cover matriculation fees. Her prayer sought to clarify "where the matriculation fees *and other fees* should be paid pending the hearing of the Complaint and the Manifestation and Motion."<sup>125</sup>

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<sup>121</sup> *Rollo*, pp. 56-57.

<sup>122</sup> *Id.* at 55.

<sup>123</sup> *Id.*

<sup>124</sup> *Id.* at 272.

<sup>125</sup> *Id.* at 270.

She also prayed for other just and equitable reliefs.<sup>126</sup> Thus, the trial court ordered that *all* amounts be turned over to Reynante for the orderly operation of the school.<sup>127</sup> Understandably, the school would operate better if all accounts were handled by one (1) person and not divided into two (2) arguing factions.

Petitioners insist that Custodio's Comment to their February 19, 2003 Explanation, Manifestation and Compliance surreptitiously included a prayer for the turnover of other funds, making it a litigated motion.<sup>128</sup> Petitioners claim that they were denied due process because the trial court did not set it for hearing.<sup>129</sup> Moreover, in its March 24, 2003 Order, the trial court allegedly required the turnover of additional sums which were not included in the October 21, 2002 Order.<sup>130</sup>

This Court finds that the subsequent trial court orders did not unduly expand the scope of the October 21, 2002 Order as petitioners argue. The October 21, 2002 Order itself already directed that *all fees* be turned over to Reynante.

Furthermore, Custodio's Comment dated February 26, 2003 simply argued that petitioners did not comply with the October 21, 2002 Order because they did not remit the following amounts:

- 1) ₱4,339,601.54 deposited in Special Savings Deposit No. 239 of the Rural Bank of General Trias, Inc.;
- 2) ₱5,639,856.11 deposited in Special Savings Deposit No. 459 of the Rural Bank of General Trias, Inc.;
- 3) ₱92,970.00 representing fees paid by the school canteen; and
- 4) All other fees collected from January 2003 to February 19, 2003.<sup>131</sup>

Custodio pointed out that petitioners paid the salaries of four (4) other employees who had already resigned, violating the court order that only Reynante and Custodio were authorized to pay the outstanding accounts of St. Francis School.<sup>132</sup>

Thus, it cannot be said that Custodio inserted a surreptitious prayer for the turnover of funds not included in the October 21, 2002 Order. She simply stated that petitioners failed to substantially comply with the October 21, 2002 Order and specified the other amounts that petitioners needed to

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<sup>126</sup> Id.

<sup>127</sup> Id. at 272.

<sup>128</sup> Id. at 57–58.

<sup>129</sup> Id. at 58, 60.

<sup>130</sup> Id.

<sup>131</sup> Id. at 276–277, Comment/Opposition.

<sup>132</sup> Id. at 277.

turn over.<sup>133</sup> When she prayed for the turnover of the other amounts, she merely sought petitioners' compliance of the trial court October 21, 2002 Order.<sup>134</sup>

The trial court reiterated this in its March 24, 2003 Order and specified more particularly the amounts that needed to be remitted. It stated:

A perusal of the allegations of defendants' pleading shows that they merely turned-over a manager's check in the amount of P397,127.64 representing money collected from the students from October 2002 to December 2002. The Order of October 21, 2002 directed plaintiff and defendants, as well as, Mr. Al Mojica to turn-over to Ms. Herminia Reynante all money previously collected and to submit a report on what have been collected, how much, from whom and the dates collected.

Defendants and Mr. Al Mojica are hereby directed, within ten days from receipt hereof, to submit a report and to turn-over to Ms. Herminia Reynante all money collected by them, more particularly:

1. P4,339,601.54 deposited in Special Savings Deposit No. 239 (Rural Bank of Gen. Trias, Inc.);
2. P5,639,856.11 deposited in Special Savings Deposit No. 459 of (Rural Bank of Gen. Trias, Inc.);
3. P92,970.00 representing amount paid by the school canteen;
4. Other fees collected from January 2003 to February 19, 2003;
5. Accounting on how and how much defendants are paying Ms. Daisy Romero and three (3) other teachers who already resigned.

SO ORDERED.<sup>135</sup>

Consequently, the Regional Trial Court did not unduly expand the scope of the October 21, 2002 Order when it issued its March 24, 2003 Order.

However, despite its clear wording, petitioners still did not comply with the March 24, 2003 Order. Instead, they filed a Manifestation, Observation, Compliance, Exception and Motion on April 18, 2003, praying that the trial court exclude the other amounts, which were allegedly not included in the October 21, 2002 Order.<sup>136</sup>

The trial court denied petitioners' Manifestation, Observation, Compliance, Exception and Motion in its August 5, 2003 Order for being a

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<sup>133</sup> Id. at 276.

<sup>134</sup> Id.

<sup>135</sup> Id. at 281, March 24, 2003 Order.

<sup>136</sup> Id. at 46.

differently worded motion for reconsideration, which is a prohibited pleading under Section 8 of the Interim Rules of Procedure for Intra-Corporate Controversies (A.M. No. 01-2-04-SC).<sup>137</sup> The trial court noted that petitioners still had not complied with its March 24, 2003 Order and reiterated that they must submit a report and turn over all the money they had collected.<sup>138</sup>

Still, petitioners refused to comply.

On August 21, 2003, the trial court granted Custodio's Manifestation and Motion dated October 9, 2002. It issued a status quo order allowing Custodio to discharge her functions as school director and curriculum administrator because it found that petitioners had already established a new school.<sup>139</sup>

However, petitioners still did not comply despite this Order. Instead, they filed their September 1, 2003 Motion for Clarification, raising questions on Custodio's use of the turned over money, Custodio's and Reynante's bonds as guaranty to the money's exclusive use as teachers' retirement fund, and petitioners' liability in case of Custodio's misuse of this amount.<sup>140</sup>

This prompted Custodio to petition the trial court to cite petitioners in indirect contempt.<sup>141</sup>

The trial court responded to petitioners' Motion for Clarification dated September 1, 2003 and issued its October 8, 2003 Order, agreeing that the retirement fund would be merely held in trust by Custodio and Reynante.<sup>142</sup> It also directed Custodio and Reynante to file a bond of ₱300,000.00 each. Again, it ordered petitioners to comply with the mandate in its March 24, 2003 and August 5, 2003 Orders and directed them to inform the court the total amount of the money deposited and reserved for teachers' retirement and its bank account details.<sup>143</sup>

Nonetheless, *petitioners still did not comply*. Instead, they argued in the contempt proceeding that the March 24, 2003 and August 5, 2003 Orders were unlawful and were being questioned in G.R. No. 174996. They claimed that their availment of legal remedies showed their good faith.<sup>144</sup>

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<sup>137</sup> Id. at 282–283.

<sup>138</sup> Id.

<sup>139</sup> Id. at 539–540, Order dated August 21, 2003.

<sup>140</sup> Id. at 285–289.

<sup>141</sup> Id. at 350–360.

<sup>142</sup> Id. at 348–349.

<sup>143</sup> Id.

<sup>144</sup> Id. at 61–63.



All these acts show petitioners' contumacious refusal to abide by the orders of the trial court.

Again, the trial court did not exclude any other kind of money in its October 21, 2002, March 24, 2003, and August 5, 2003 Orders, all of which directed petitioners to turn over *all monies*.<sup>145</sup> Petitioners, however, still insisted that they had complied because they had remitted the matriculation fees. Even after clarification, petitioners were defiant.

The trial court also noted that even after petitioners had already established another competitor school and Custodio and Reynante had already posted bond, petitioners still refused to comply.<sup>146</sup>

The trial court reiterated the orders to turn over the amounts at least thrice. Petitioners' filing of numerous pleadings reveals their contumacious refusal to comply and their abuse of court processes.

Their defense that they were denied due process deserves little consideration. Petitioners had attended hearings and had filed several pleadings showing that they were given several opportunities to present their position on the matter. All these were considered before the trial court rendered its orders.

In *Oca vs. Custodio*,<sup>147</sup> this Court ruled on the validity of the trial court August 5, 2003 and October 8, 2003 Orders:

With regard to the right to due process, we have emphasized in jurisprudence that while it is true that the right to due process safeguards the opportunity to be heard and to submit any evidence one may have in support of his claim or defense, the Court has time and again held that where the opportunity to be heard, either through verbal arguments or pleadings, is accorded, and the party can "present its side" or defend its "interest in due course," there is no denial of due process because what the law proscribes is the lack of opportunity to be heard.

In the case at bar, we find that petitioners were not denied due process by the trial court when it issued the assailed Orders dated August 5, 2003, August 21, 2003 and October 8, 2003. The records would show that petitioners were given the opportunity to ventilate their arguments through pleadings and that the same pleadings were acknowledged in the text of the questioned rulings. Thus, petitioners cannot claim grave abuse of discretion on the part of the trial court on the basis of denial of due process.<sup>148</sup> (Citation omitted)

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<sup>145</sup> Id. at 109.

<sup>146</sup> Id.

<sup>147</sup> *Oca v. Custodio*, 749 Phil. 186 (2014) [Per J. Leonardo-De Castro, First Division]. <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2014/december2014/174996.pdf>

<sup>148</sup> <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2014/december2014/174996.pdf>.

Thus, the question of whether petitioners were denied due process has already been settled.

This Court notes that petitioners' justification for refusing to turn over the stated amounts was that the amounts constituted teachers' retirement fund, which consequently did not belong to St. Francis School and was not covered by the assailed Orders.<sup>149</sup> However, the trial court lent credence to Joseph's testimony that the amounts deposited in the Special Savings Accounts were funds for the operations of the school.<sup>150</sup>

In any case, whether the amounts are for the teachers' retirement fund or the school's operation fund, the trial court had determined who was to have custody over these amounts during the pendency of the intra-corporate case. Thus, it is not for petitioners to choose which amounts to turn over.

### III

The same principle applies to petitioners' argument that the trial court orders were being questioned in G.R. No. 174996.

In intra-corporate controversies, all orders of the trial court are immediately executory:<sup>151</sup>

Section 4. *Executory nature of decisions and orders.* — All decisions and orders issued under these Rules shall immediately be executory except the awards for moral damages, exemplary damages and attorney's fees, if any. No appeal or petition taken therefrom shall stay the enforcement or implementation of the decision or order, unless restrained by an appellate court. Interlocutory orders shall not be subject to appeal.

Questioning the trial court orders does not stay its enforcement or implementation. There is no showing that the trial court orders were restrained by the appellate court.

Hence, petitioners could not refuse to comply with the trial court orders just because they opined that they were invalid. It is not for the parties to decide whether they should or should not comply with a court order. Petitioners did not obtain any injunction to stop the implementation

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at 199–200.

<sup>149</sup> Id. at 107–110.

<sup>150</sup> Id. at 109.

<sup>151</sup> Adm. Matter No. 01-2-04-SC (2001) or the *Interim Rules of Procedure Governing Intra-Corporate Controversies*, as amended by OCA Circular No. 139-06 (2006).

of the trial court orders nor was there an injunction to prevent the trial court from hearing and ruling on the contempt case.<sup>152</sup> Petitioners' stubborn refusal cannot be excused just because they were convinced of its invalidity. Their resort to the processes of questioning the orders does not show that they are in good faith.

Petitioners likewise cannot invoke the principle of judicial courtesy.

Judicial courtesy is exercised by suspending a lower court's proceedings although there is no injunction or an order from a higher court.<sup>153</sup> The purpose is to avoid mooting the matter raised in the higher court.<sup>154</sup> It is exercised as a matter of respect and for practical considerations.<sup>155</sup>

However, this principle applies only if the continuation of the lower court's proceedings will render moot the issue raised in the higher court.<sup>156</sup>

In the two (2) cases involved, there are two (2) separate issues. In G.R. No. 174996, the issue was whether the orders of the trial court were valid. In this indirect contempt case, the issue is whether petitioners willfully disobeyed the orders of the trial court. Although this Court may find the orders invalid in G.R. No. 174996, the petitioners may still be cited in contempt for their contumacious refusal and defiance of the trial court orders. Therefore, the finding of indirect contempt will not render moot this Court's ruling in G.R. No. 174996.

This Court has acknowledged the trial court's power to cite parties in indirect contempt for their refusal to follow its orders, although the validity of the orders is being questioned in another proceeding.

In *Roxas v. Tipon*,<sup>157</sup> this Court found a party guilty of contempt although the disobeyed order was the subject of a pending petition before the Court of Appeals:

The issue of indirect contempt needs further discussion because while the Order of the RTC to allow audit of books of HEVRI has been rendered moot, it does not change the fact that at the time that the Order was a standing pronouncement, petitioners refused to heed it . . .

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<sup>152</sup> *Rollo*, p. 108.

<sup>153</sup> *Sara Lee Phils., Inc. v. Macatlang*, 750 Phil. 646, 654 (2015) [Per J. Perez, Special Second Division].

<sup>154</sup> *Id.*

<sup>155</sup> *Id.*

<sup>156</sup> *Id.*

<sup>157</sup> 688 Phil. 372 (2012) [Per J. Perez, Second Division].

Contempt of court is defined as a disobedience to the Court by acting in opposition to its authority, justice and dignity. It signifies not only a willful disregard or disobedience of the court's orders, but such conduct which tends to bring the authority of the court and the administration of law into disrepute or in some manner to impede the due administration of justice. Contempt of court is a defiance of the authority, justice or dignity of the court; such conduct as tends to bring the authority and administration of the law into disrespect or to interfere with or prejudice parties-litigant or their witnesses during litigation. *The asseverations made by petitioners to justify their refusal to allow inspection or audit were rejected by the trial court.*

....

The RTC initiated the contempt charge. In the Order dated 9 January 2002, petitioners were directed to appear in court and to show cause why they should not be held in contempt of court for their refusal to allow Financial Catalyst, Inc. to audit the books of HEVRI. *Petitioners filed an urgent motion for reconsideration claiming that said order was the subject of a pending petition before the Court of Appeals and that they can only be cited for contempt by the filing of a verified petition.* The RTC denied the motion and reiterated in its Order on 26 April 2002 explaining that it chose to initiate the contempt charge.

*The RTC acted on the basis of the unjustified refusal of petitioners to abide by its lawful order.* It is of no moment that private respondents may have filed several pleadings to urge the RTC to cite petitioners in contempt. Petitioners utterly violated an order issued by the trial court which act is considered contemptuous. Thus, in *Leonidas v. Judge Supnet*, the MTC's order to the bank to show cause why it should not be held in contempt, was adjudged as a legitimate exercise of the MTC's judicial discretion to determine whether the bank should be sanctioned for disregarding its previous orders.<sup>158</sup> (Emphasis supplied, citations omitted)

In this case, petitioners were given several opportunities to comply with the trial court orders. Even after the trial court clarified which funds to turn over, they still refused to obey. While petitioners questioned the legality of these orders, they are immediately executory. Moreover, the parties do not have the power to determine for themselves what should and should not be excluded from the orders. Their failure to turn over the amounts showed petitioners' defiance and disregard for the authority of the trial court.

Petitioners argue that contempt proceedings are similar to criminal proceedings, and thus, there must be proof beyond reasonable doubt of their guilt.<sup>159</sup>

The punishment for contempt is classified into two (2): civil contempt

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<sup>158</sup> Id. at 381-383.

<sup>159</sup> *Rollo*, p. 65.

and criminal contempt.

Civil contempt is committed when a party fails to comply with an order of a court or judge “for the benefit of the other party.”<sup>160</sup> A criminal contempt is committed when a party acts against the court’s authority and dignity or commits a forbidden act tending to disrespect the court or judge.<sup>161</sup>

This stems from the two (2)-fold aspect of contempt which seeks: (i) to punish the party for disrespecting the court or its orders; and (ii) to compel the party to do an act or duty which it refuses to perform.<sup>162</sup>

In *Halili v. Court of Industrial Relations*:<sup>163</sup>

Due to this twofold aspect of the exercise of the power to punish them, contempts are classified as civil or criminal. *A civil contempt is the failure to do something ordered to be done by a court or a judge for the benefit of the opposing party therein;* and a criminal contempt, is conduct directed against the authority and dignity of a court or of a judge, as in unlawfully assailing or discrediting the authority or dignity of the court or judge, or in doing a duly forbidden act. Where the punishment imposed, whether against a party to a suit or a stranger, is wholly or primarily to protect or vindicate the dignity and power of the court, either by fine payable to the government or by imprisonment, or both, it is deemed a judgment in a criminal case. Where the punishment is by fine directed to be paid to a party in the nature of damages for the wrong inflicted, or by imprisonment as a coercive measure to enforce the performance of some act for the benefit of the party or in aid of the final judgment or decree rendered in his behalf, the contempt judgment will, if made before final decree, be treated as in the nature of an interlocutory order, or, if made after final decree, as remedial in nature, and may be reviewed only on appeal from the final decree, or in such other mode as is appropriate to the review of judgments in civil cases. . . . The question of whether the contempt committed is civil or criminal, does not affect the jurisdiction or the power of a court to punish the same. . . .<sup>164</sup> (Emphasis supplied)

The difference between civil contempt and criminal contempt was further elaborated in *People v. Godoy*:<sup>165</sup>

It has been said that the real character of the proceedings is to be determined by the relief sought, or the dominant purpose, and the proceedings are to be regarded as criminal when the purpose is primarily punishment, and civil when the purpose is primarily compensatory or remedial.

<sup>160</sup> *Halili v. Court of Industrial Relations*, 220 Phil. 507, 527 (1985) [Per J. Makasiar, En Banc].

<sup>161</sup> *Id.* at 527.

<sup>162</sup> *Id.*

<sup>163</sup> *Halili v. Court of Industrial Relations*, 220 Phil. 507 (1985) [Per J. Makasiar, En Banc].

<sup>164</sup> *Id.* at 527–528.

<sup>165</sup> 312 Phil. 977 (1995) [Per J. Regalado, En Banc].

Criminal contempt proceedings are generally held to be in the nature of criminal or quasi-criminal actions. They are punitive in nature, and the Government, the courts, and the people are interested in their prosecution. Their purpose is to preserve the power and vindicate the authority and dignity of the court, and to punish for disobedience of its orders. Strictly speaking, however, they are not criminal proceedings or prosecutions, even though the contemptuous act involved is also a crime. The proceeding has been characterized as *sui generis*, partaking of some of the elements of both a civil and criminal proceeding, but really constituting neither. In general, criminal contempt proceedings should be conducted in accordance with the principles and rules applicable to criminal cases, in so far as such procedure is consistent with the summary nature of contempt proceedings. So it has been held that the strict rules that govern criminal prosecutions apply to a prosecution for criminal contempt, that the accused is to be afforded many of the protections provided in regular criminal cases, and that proceedings under statutes governing them are to be strictly construed. However, criminal proceedings are not required to take any particular form so long as the substantial rights of the accused are preserved.

Civil contempt proceedings are generally held to be remedial and civil in their nature; that is, *they are proceedings for the enforcement of some duty, and essentially a remedy for coercing a person to do the thing required*. As otherwise expressed, a proceeding for civil contempt is *one instituted to preserve and enforce the rights of a private party to an action and to compel obedience to a judgment or decree intended to benefit such a party litigant*. So a proceeding is one for civil contempt, regardless of its form, *if the act charged is wholly the disobedience, by one party to a suit, of a special order made in behalf of the other party and the disobeyed order may still be obeyed, and the purpose of the punishment is to aid in an enforcement of obedience*. *The rules of procedure governing criminal contempt proceedings, or criminal prosecutions, ordinarily are inapplicable to civil contempt proceedings . . .*

In general, civil contempt proceedings should be instituted by an aggrieved party, or his successor, or someone who has a pecuniary interest in the right to be protected. In criminal contempt proceedings, it is generally held that the State is the real prosecutor.

Contempt is not presumed. In proceedings for criminal contempt, the defendant is presumed innocent and the burden is on the prosecution to prove the charges beyond reasonable doubt. In proceedings for civil contempt, there is no presumption, although the burden of proof is on the complainant, and *while the proof need not be beyond reasonable doubt, it must amount to more than a mere preponderance of evidence*. *It has been said that the burden of proof in a civil contempt proceeding lies somewhere between the criminal "reasonable doubt" burden and the civil "fair preponderance" burden.*<sup>166</sup> (Citations omitted)

Civil contempt proceedings seek to compel the contemnor to obey a court order, judgment, or decree which he or she refuses to do for the benefit of another party. It is for the enforcement and the preservation of a right of a

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<sup>166</sup> Id. at 1000-1002.

private party, who is the real party in interest in the proceedings. The purpose of the contemnor's punishment is to compel obedience to the order. Thus, civil contempt is not treated like a criminal proceeding and proof beyond reasonable doubt is not necessary to prove it.<sup>167</sup>

In the case at bar, the dispositive portion of the Decision of the trial court, as affirmed by the Court of Appeals, read:

WHEREFORE, premises considered, judgment is hereby rendered finding the respondents, namely: Bro. Bernard Oca, Bro. Dennis Magbanua, Ms. Cirila N. Mojica, Mrs. Josefina Pascual, Al N. Mojica, Atty. Silvestre Pascual and St. Francis School of General Trias, Cavite, GUILTY of INDIRECT CONTEMPT of Court against the Regional Trial Court, Branch 21, Imus, Cavite for their failure to comply with the Orders of the Court dated October 21, 2002 and March 24, 2003, and they are hereby ordered to pay a FINE, jointly and severally, in the amount of Php30,000.00 for the restoration of the dignity of the Court and to comply with the Orders of the Court dated October 21, 2002 and March 24, 2003 within fifteen (15) days from receipt of this judgment.

....

SO ORDERED.<sup>168</sup>

While the nature of the punishment imposed is a mixture of both criminal and civil, the contempt proceeding in this case is more civil than criminal.

The purpose of the filing and the nature of the contempt proceeding show that Custodio was seeking enforcement of the trial court orders in the intra-corporate controversy because petitioners refused to comply. Hence, this is a civil contempt case, which does not need proof beyond reasonable doubt.

This Court has ruled that while the power to cite parties in contempt should be used sparingly, it should be allowed to exercise its power of contempt to maintain the respect due to it and to ensure the infallibility of justice where the defiance is so clear and contumacious and there is an evident refusal to obey.<sup>169</sup>

This Court finds that it was sufficiently proven that there was willful disobedience on the part of petitioners. Therefore, petitioners ought to be

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<sup>167</sup> Id.

<sup>168</sup> *Rollo*, pp. 110–111.

<sup>169</sup> *Province of Camarines Norte v. Province of Quezon*, 419 Phil. 372, 389 (2001) [Per J. Sandoval-Gutierrez, En Banc].

cited in contempt.

#### IV

However, this Court rules that the charges against Alejandro and Atty. Silvestre ought to be dismissed.

While they were not parties to SEC Case No. 024-02, the trial court ruled that they were guilty of indirect contempt on the following premise:

The latter Orders are directed to "ALL" the defendants in SEC Case No. 024-02, namely: Bro. Bernard Oca, Bro. Dennis Magbanua, Ms. Cirila N. Mojica, Mrs. Josefina Pascual and St. Francis School; while the respondent Al N. Mojica was particularly mentioned in the said orders in view of the fact that it was he that collected matriculation fees, as a cashier. With respect to Atty. Silvestre Pascual, the latter was impleaded in this case because he was a member of the Board of St. Francis School at the time the petition was filed, and he is empowered to cause compliance with these Orders. His failure to prove that he has the intention to comply with the subject orders showed his acquiescence to the collective act of defiance.<sup>170</sup>

In *Ferrer v. Rodriguez*,<sup>171</sup> this Court ruled that a non-litigant may be cited in contempt if he or she acted in conspiracy with the parties in violating the court order:

Nevertheless, persons who are not parties in a proceeding may be declared guilty of contempt for willful violation of an order issued in the case if said persons are guilty of conspiracy with any of the parties in violating the court's order.

"In a proceeding to punish for criminal contempt for willful disobedience of an injunction, the fact that those disobeying the injunction were not parties *eo nomine* to the action in which it was granted, and were not personally served, is no defense, where the injunction restrains not only the parties, but those who act in connection with the party as attorneys, agents, or employees, and the parties accused, with knowledge of the order and its terms, acting as the employees of a party, willfully violate it." (*People ex rel. Stearns, et al. vs. Marr, et al.*, 74 N.E. 431.)<sup>172</sup>

However, there is no evidence of conspiracy in this case. The power to punish contempt must be "exercised cautiously, sparingly, and

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<sup>170</sup> *Rollo*, p. 110.

<sup>171</sup> 116 Phil. 1, 5 (1962) [Per J. Labrador, En Banc].

<sup>172</sup> *Id.* at 5.

judiciously.”<sup>173</sup> Without evidence of conspiracy, it cannot be said that the non-litigants are guilty of contempt.

This Court finds that there is no sufficient evidence of conspiracy to hold both Alejandro and Atty. Silvestre liable for contempt.

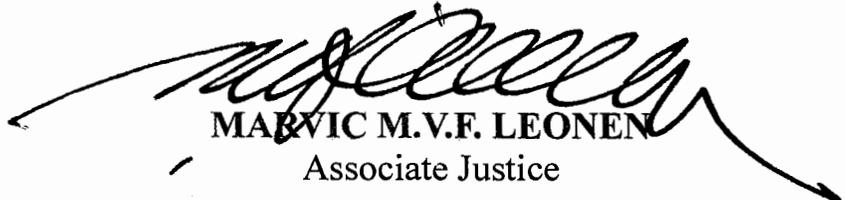
Alejandro merely collected the matriculation fees as a designated cashier who worked in the Rural Bank of General Trias, Inc. He neither exercised power over the money nor had the authority to order how it would be kept or disposed. Moreover, it has been established that the matriculation fees had already been turned over to Reynante.

Atty. Silvestre was indeed a member of the Board of Trustees. However, decisions of the Board of Trustees are not subject to the control of just one (1) person. While a board member may protest, the majority of the board may overrule him or her. Thus, it is not correct to say that a board member is empowered to cause compliance of the trial court orders. It does not matter if Atty. Silvestre was unable to prove his intention to comply with the orders. The burden of proving contempt is upon complainants and there is no presumption of guilt in contempt proceedings such that the party accused of contempt must prove that he is innocent.<sup>174</sup>

In the absence of proof of conspiracy, it cannot be said that Alejandro and Atty. Silvestre are guilty of contempt.

**WHEREFORE**, the Petition is **DENIED**. The May 25, 2011 Decision<sup>175</sup> and December 19, 2011 Resolution<sup>176</sup> of the Court of Appeals in CA-G.R. CR. No. 31985 are **AFFIRMED**. However, the complaint against Alejandro Mojica and Atty. Silvestre Pascual is hereby **DISMISSED**.

**SO ORDERED.**

  
MARVIC M.V.F. LEONEN  
Associate Justice

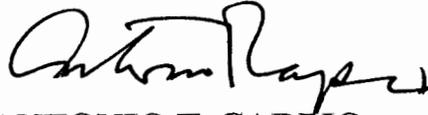
<sup>173</sup> *Balindong v. Court of Appeals*, G.R. Nos. 177600 & 178684, October 19, 2015 <<http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2015/october2015/177600.pdf>> 15 [Per J. Bersamin, First Division].

<sup>174</sup> *People vs. Godoy*, 312 Phil. 977, 1000–1002 (1995) [Per J. Regalado, En Banc].

<sup>175</sup> *Rollo*, pp. 10–23.

<sup>176</sup> *Id.* at 25.

WE CONCUR:



**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson



**DIOSDADO M. PERALTA**  
Associate Justice



**JOSE CATRAL MENDOZA**  
Associate Justice



**SAMUEL R. MARTIRES**  
Associate Justice

**ATTESTATION**

I attest 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**  
Associate Justice  
Chairperson, Second Division

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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