Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

LEILA M. DE LIMA, in her capacity as Secretary of the Department of Justice, JESSE M. ROBREDO, in his capacity as Secretary of the Department of Interior and Local Government, and all persons acting under their control and direction, including the Philippine National Police and other law enforcement agencies of the National Government, Petitioners, - versus - **HON. COURT OF APPEALS, former Special 5th Division and MERIDIEN VISTA GAMING CORPORATION,** Respondents.	**G.R. No. 199972**
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GAMES AND AMUSEMENTS BOARD (GAB), Petitioner, - versus - **MERIDIEN VISTA GAMING CORPORATION,** Respondent.	**G.R. No. 206118** Present: LEONEN, *SAJ. Chairperson*, LAZARO-JAVIER, LOPEZ, M., LOPEZ, J., and KHO, JR., *JJ.* **Promulgated:** AUG 15 2022

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DECISION

LOPEZ, M., *J.*:

This resolves: (1) **G.R. No. 199972** — a Petition for *Certiorari*[1] under Rule 65 of the Revised Rules of Court (Rules), wherein Leila M. De Lima (SOJ), in her capacity as then Secretary of the Department of Justice (DOJ), and the late Jesse M. Robredo (SILG) as then Secretary of the Department of Interior and Local Government (DILG), question the Resolution[2] dated September 20, 2011 and the Resolution[3] dated November 14, 2011 of the Court of Appeals (CA) in CA-G.R. SP No. 120236; and (2) **G.R. No. 206118** — a Petition for Review on *Certiorari*[4] under Rule 45 of the Rules, wherein the Games and Amusement Board (GAB) assails the Resolution[5] dated September 11, 2012 and the Resolution[6] dated March 5, 2013 in CA-G.R. SP No. 119842.

FACTS

Cagayan Economic Zone Authority (CEZA) granted Meridien Vista Gaming Corporation (Meridien) a license to conduct gaming operations such as jai alai within the Cagayan Special Economic Zone and Freeport (CSEZFP), as well as "to set up [jai alai] betting stations in any place [or off-frontons] **as may be allowed by law**."[7] Subsequently, however, the Office of the Government Corporate Counsel (OGCC) apprised CEZA that it has no power to authorize, license, operate, and regulate jai alai in the absence of an express legislative franchise.[8] Consequently, CEZA revoked the license and directed Meridien to stop all its gaming operations.[9] Meridien questioned the revocation before the Regional Trial Court (RTC) of Aparri, which issued a writ of *mandamus* directing CEZA "to allow [Meridien] to continue with its gaming operations **in accordance with the license granted**."[10] This judgment lapsed into finality due to the negligence of CEZA's counsel. CEZA then availed of the remedy of relief from judgment, but was denied by the RTC and the CA. Recourse to the Court was taken through an appeal on *certiorari*, docketed as **G.R. No. 194962**,[11] wherein CEZA argued for the full ventilation of its case instead of merely being adjudged bound by the negligence of its

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1 *Rollo* (G.R. No. 199972), pp. 8–72.
2 Id. at 74–89. Penned by Associate Justice Juan Q. Enriquez, Jr., with Associate Justices Ramon M. Bato, Jr. and Jane Aurora C. Lantion, concurring.
3 Id. at 90–92. CA-G.R. SP No. 120236 was later consolidated with CA-G.R. SP No. 121713.
4 *Rollo* (G.R. No. 206118), pp. 7–25.
5 Id. at 33–36. Penned by Associate Justice Samuel H. Gaerlan (now a member of the Court), with Associate Justices Danton Q. Bueser and Socorro B. Inting, concurring, and Associate Justices Rosmari D. Carandang (now a retired member of the Court) and Rebecca De Guia-Salvador, dissenting.
6 Id. at 42–47.
7 *Rollo* (G.R. No. 199972), p. 227; emphasis supplied.
8 Id. at 229–233. Office of the Government Corporate Counsel Opinion No. 067, Series of 2009 dated March 31, 2009.
9 Id. at 234. See CEZA Letter dated April 1, 2009.
10 *Rollo* (G.R. No. 199972), pp. 253–261A. See RTC Decision dated October 30, 2009; emphasis supplied.
11 *Cagayan Economic Zone Authority v. Meridien Vista Gaming Corporation*, 779 Phil. 492, 502 (2016).

counsel. In a Decision[12] dated **January 27, 2016**, the Court found merit on CEZA's petition for relief from judgment, and accordingly, directed the CA to give due course to CEZA's *mandamus* on appeal.[13]

Meanwhile, GAB's Anti-Illegal Gambling Unit initiated an investigation on reported jai alai betting stations in different parts of the country, and discovered 13 off-frontons in Metro Manila and the Rizal Province operating under Meridien without permit from GAB.[14] A show cause order was then issued against the owners, operators, managers, or other responsible officers of these off-frontons to explain why they should not be criminally prosecuted under Republic Act (RA) No. 954,[15] and their establishments be ordered closed. In response, the respondents argued that GAB has no regulatory authority over them as they operate under a CEZA-given license. After hearing, GAB sustained its authority to supervise and regulate jai alai activities regardless of the CEZA-given license, and accordingly issued a Cease-and-Desist Order[16] (CDO).

Meridien filed a Complaint for Injunction with Application for the Issuance of a Temporary Restraining Order (TRO) or Writ of Preliminary Injunction (WPI)[17] before the RTC of Aparri to enjoin the CDO, mainly arguing that GAB has no regulatory authority over Meridien's gaming operations under the CEZA-given authority. A 72-hour TRO was issued,[18] which was later extended for 17 days.[19] The RTC also subsequently issued a WPI.[20] GAB moved for the dismissal of the case on jurisdictional grounds, to wit: (1) the RTC of Aparri has no territorial jurisdiction to enjoin the CDO as

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12 Id. at 509.

13 The Court of Appeals complied with the Court's Decision per its Resolution dated April 13, 2018; CA Special Ninth Division with Justices Danton Q. Bueser, Eduardo B. Peralta, and Henri Jean Paul B. Inting (now a member of the Court); https://services.ca.judiciary.gov.ph/csisver3-war/faces/pages/ResultInformation.xhtml.

14 (1) 611 Compound MIA Road, Bgy. 187, Pasay City; (2) 111 Road 8, Pildira II NAIA Bgy. 194, Pasay City; (3) 210 P. Santos St., Malibay, Pasay City; (4) 2228 Aurora Blvd., Bgy. 150, Pasay City; (5) G/F Holiday Plaza, Libertad St., Bgy. 90, Pasay City; (6) Block 87 Lot 3 Sampaguita St., Bgy. 177, Camarin, Caloocan City; (7) Golden Town Shopping Center, 8 Canaynay Ave., Evacom, San Dionisio, Parañaque City; (8) 692 Quirino Ave., San Dionisio, Parañaque City; (9) 41 Ninoy Aquino Ave., Bgy, Sto. Niño, Parañaque City; (10) G/F V.P. Bldg., Sucat Road cor. Parañaque Ave., United Parañaque 5, Parañaque City; (11) 873 J.P. Rizal St., Concepcion Uno, Marikina City; (12) GPC Bldg./Galicia Commercial Complex Gov. Santiago cor. Capt. Cruz St., Malinta, Valenzuela City; (13) Blk 27, Lot 3, Phase 5A, Package 1, Bagong Silang Caloocan City; *rollo* (G.R. No. 206118), pp. 87–88.

15 Entitled "AN ACT TO PROHIBIT CERTAIN ACTIVITIES IN CONNECTION WITH HORSE RACES AND BASQUE PELOTA GAMES (JAI ALAI), AND TO PRESCRIBE PENALTIES FOR ITS VIOLATION," approved on June 20, 1953.

16 *Rollo* (G.R. No. 206118), pp. 87–95. "The records of this Board do not show that respondents applied for and were granted permits to set-up their off-fronton betting stations in their respective locations. This being the case, this Board is constrained to order the closure of the aforementioned establishments until such time that they have submitted their letter of intent to operate and this Board shall have favorably acted on the same after due notice and hearing.
WHEREFORE, foregoing premises considered, the respondents and all entities operating jai-alai betting stations under authority from [*sic*] [Meridien] are hereby ordered to **CEASE and DESIST** from operating their establishments as such until further orders from this Board.
The Anti-Illegal Gambling Unit of this Board is hereby directed to serve this [CDO] upon the respondents and all other entities operating off-fronton stations under [Meridien].
SO ORDERED." Dated March 3, 2011.

17 Id. at 96–120.

18 Id. at 10. Order dated March 21, 2011.

19 See id. at 11. Order dated March 23, 2011.

20 Id. at 128–130. Order dated April 7, 2011.

it was directed against off-frontons in Metro Manila and some parts of the Rizal province; and (2) the RTC has no jurisdiction to review a final order of a quasi-judicial agency under Rule 43 of the Rules. The Motion to Dismiss was, however, denied. GAB then filed a Petition for *Certiorari* and Prohibition[21] before the CA, docketed as **CA-G.R. SP No. 119842**, to set aside the injunction and the Order denying its Motion to Dismiss on jurisdictional grounds.

In a Decision[22] dated August 18, 2011, the CA ruled that the RTC patently lacked jurisdiction over the case, and also exhaustively discussed and sustained GAB's regulatory authority over Meridien's jai alai activities within and beyond the CSEZFP. It disposed, thus:

> WHEREFORE, IN VIEW OF THE FOREGOING, the instant Petition is ***GRANTED***. The assailed [provisional injunctive Orders and the Order dismissing GAB's motion to dismiss] are ***REVERSED AND SET ASIDE***. Accordingly, [Meridien's] Complaint for Injunction filed with the RTC is ***DISMISSED***.
>
> SO ORDERED.[23] (Italics and emphases in the original)

Meridien filed a Motion for Reconsideration (MR), questioning the CA's affirmance of GAB's authority over its jai alai activities. With a vote of 3-2 in a Division of Five, the CA modified its Decision and partially granted Meridien's MR in a Resolution[24] dated September 11, 2012. The CA maintained that the RTC acted with grave abuse of discretion when it took cognizance of the Complaint for Injunction. It also sustained its ruling on GAB's regulatory authority over Meridien's jai alai activities, but qualified that it has no authority within CSEZFP as it is CEZA that has authority therein:

> **WHEREFORE**, in view of the foregoing, the instant Motion is partially GRANTED and the assailed Decision dated 18 August 2011 is accordingly **MODIFIED. Thus, the authority of the [GAB] over the Jai-Alai Games of [Meridien] does not extend inside the [CSEZFP].**
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> **SO ORDERED.**[25] (Emphases supplied)

This time, GAB moved for Reconsideration, arguing that the partial grant of Meridien's MR revived the nullified injunctive Orders, effectively restraining the enforcement of the CDO within the CSEZFP. GAB pointed out that the CDO cannot be reviewed as it was already final and executory when Meridien failed to file an appeal in accordance with Rule 43.[26] GAB thus sought reinstatement of the CA Decision dated August 18, 2011, which the

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21 Id. at 135–198.

22 Id. at 52–85. Penned by Associate Justice Bienvenido L. Reyes (now a retired member of the Court), with Associate Justices Estela M. Perlas-Bernabe (now a retired member of the Court) and Samuel H. Gaerlan (now a member of the Court), concurring.

23 Id. at 81–85.

24 Id. at 33–36.

25 Id. at 34–36.

26 Id. at 43.

CA denied. In a Resolution[27] dated March 5, 2013, by the same vote of 3-2, the CA explained that it did not revive the injunctive Orders, but merely clarified that the CDO itself reflects that it was not meant to be enforced inside the CSEZFP. Despite this clarification, however, the CA reiterated its ruling on GAB's lack of regulatory authority inside the CSEZFP, thus:

> **WHEREFORE**, in view of the foregoing, the instant Motion for Reconsideration filed by [GAB] is hereby DENIED for lack of merit.
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> **SO ORDERED.**[28] (Emphases in the original)

The Resolutions dated September 11, 2012 and March 5, 2013 of the CA in CA-G.R. SP No. 119842 are now the subject of the Petition in **G.R. No. 206118**.

Meantime, in response to the SILG's query regarding the legality of Meridien's gaming operations outside the CSEZFP, the SOJ issued DOJ Opinion No. 24.[29] The SOJ opined that under the CEZA-given license, as upheld by the RTC of Aparri, Meridien was authorized to operate off-frontons "only if it is allowed by law."[30] Since RA No. 954 expressly prohibits and criminalizes off-fronton operations, "Meridien can only set up its jai alai betting/gaming stations within the premises of the place enclosure, or fronton where the basque pelota game is held, *i.e.*, x x x inside the CSEZFP."[31] In this light, the DOJ and DILG issued Joint Memorandum Circular No. 001-2011[32] (Joint Memorandum), which basically directs the concerned public officers to: (1) deny Meridien's applications for business permits for off-fronton operations and cancellation of those already issued; (2) close off-frontons, seize devices used for their operations, and arrest their operators and maintainers; and (3) prosecute violators of RA No. 954 with dispatch.

Meridien filed a Petition for *Certiorari* and Prohibition before the CA docketed as **CA-G.R. SP No. 120236** to annul the DOJ Opinion No. 24 and the Joint Memorandum.[33] On July 22, 2011, the CA issued a 60-day TRO against the implementation of the Joint Memorandum.[34] Subsequently, in a Resolution[35] dated September 20, 2011, Meridien's application for the issuance of a WPI was granted considering the pendency of G.R. No. 194962 wherein a related issue was raised, *i.e.*, whether Meridien can continue with

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27 Id. at 42–47.
28 Id. at 46.
29 *Rollo* (G.R. No. 199972); Series of 2011, pp. 372–381.
30 Id.
31 Id. at 372–381.
32 Id. at 396–400, dated June 27, 2011.
33 Id. at 23.
34 Id. at 436–437. Penned by Justice Juan Q. Enriquez, Jr., with Justices Ramon M. Bato, Jr. and Jane Aurora C. Lantion, concurring.
35 Id. at 74–89.

its jai alai activities, including its off-fronton operations, by virtue of the CEZA-given license,[36] thus:

> **WHEREFORE, considering that the issues involved in the present petition are closely interrelated with the issues raised in G.R. No. 194962 now pending before the Supreme Court**, let a Writ of Preliminary Injunction be issued enjoining the Secretary of Justice (DOJ) and the Secretary of the Department of Interior and Local Government (DILG), and their agents and/or representatives from implementing the Joint DOJ-DILG Memorandum To All Public Prosecutors, Law Enforcement Officers and Local Government Executives dated June 27, 2011, upon the filing of a bond in the amount of Five Hundred Thousand Pesos (₱500,000.00), for any damage that may be sustained by the [SOJ and SILG], by reason of the injunction, if the Court will finally decide that [Meridien] is not entitled thereto.
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> x x x x
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> **SO ORDERED**.[37] (Emphasis supplied)

The SOJ and SILG's MR was denied in a Resolution[38] dated November 14, 2011. Hence, the Resolution dated September 20, 2011 and Resolution dated November 14, 2011 in CA-G.R. SP No. 120236 are now questioned in **G.R. No. 199972**.

ISSUES

Stripped of the non-essentials, the issues for our resolution are:

I. In G.R. No. 199972:

A. Whether the CA committed grave abuse of discretion in issuing the WPI, holding in abeyance the resolution of CA-G.R. SP No. 120236 until this Court's resolution of G.R. No. 194962; and

B. Whether the CA has jurisdiction to resolve the main case.

II. In G.R. No. 206118:

A. Whether the CA erred in clarifying that the CDO covers off-frontons only; and

B. Whether the CA erred in qualifying that GAB lacked regulatory authority inside the CSEZFP.

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36 The main issue in the appeal on certiorari before this Court was whether CEZA's appeal from the RTC-issued writ of mandamus should be given due course, but the CEZA also raised the substantive issue on whether it has the power to operate jai alai on its own or to grant license therefor to others. See *Cagayan Economic Zone Authority v. Meridien Vista Gaming Corporation*, supra note 11.

37 *Rollo* (G.R. No. 199972), p. 88.

38 Id. at 90–92.

RULING

I.

In G.R. No. 199972, the SOJ and SILG argue that the CA gravely abused its discretion in issuing a WPI based solely on judicial courtesy. They point out that Meridien failed to establish a clear and unmistakable right, and the urgency and necessity to be entitled to a WPI. Also, they contend that the CA has no jurisdiction to issue a WPI against the implementation of the Joint Memorandum because the questioned act was done in the exercise of a quasi-legislative authority, which cannot be the subject of a Rule 65 petition. Thus, they seek the dismissal of CA-G.R. SP No. 120236 for lack of merit and/or lack of jurisdiction.

The Petition is partly meritorious.

A. Judicial courtesy is not a ground for the issuance of a WPI.

The CA found that Meridien's cause of action was hinged upon its CEZA-issued license to operate jai alai, which the Joint Memorandum allegedly violated. As CEZA's authority to grant the license to operate jai alai activities was then in question before the Court in G.R. No. 194962,[39] the CA opined that its ruling might render the related issue in G.R. No. 194962 moot. Hence, **as judicial courtesy**, the CA issued a WPI to provisionally restrain implementation of the Joint Memorandum, and await the Court's resolution in G.R. No. 194962 before resolving the principal action in CA-G.R. SP No. 120236.

The CA was in error.

We emphasize that G.R. No. 194962, which was the basis of the CA in suspending the disposition of CA-G.R. SP No. 120236, was already disposed in 2016. The Court ordered the CA to give due course to CEZA's *mandamus* on appeal, wherein the issue on CEZA's authority to grant license to operate jai alai activities must be resolved.[40] Accordingly, the CA should have **LIFTED** *motu proprio* the questioned WPI, and proceeded to resolve the main issues in CA-G.R. SP No. 120236.[41] Also, we could have conveniently dismissed this Petition on the ground of mootness. But the grave error committed by the CA in issuing the WPI constrains us to resolve the substantive issues raised in this Petition to clarify and put into perspective the dichotomy of judicial courtesy and the issuance of WPI.

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39 *Cagayan Economic Zone Authority v. Meridien Vista Gaming Corporation*, supra note 11.

40 Id.

41 *Rollo* (G.R. No. 199972), p. 2852. Up to present, CA-G.R. SP No. 120236 is still pending as the CA finds the resolution of the present case necessary to its disposition. See Letter of the CA Division Clerk of Court dated January 28, 2021,

Over the years, we have unswervingly qualified and limited the application of the principle of judicial courtesy on cases that would render the issues before the higher court moot.[42] Its exercise is always considered to be the exception rather than the rule.[43] In *Trajano v. Uniwide Sales Warehouse Club*,[44] we gave a brief discourse on the doctrine of judicial courtesy:

> Under Section 7, Rule 65 of the Rules of Court, the higher court should issue against the public respondent a [TRO] or a [WPI] in order to interrupt the course of the principal case. The petitioner in a Rule 65 petition has the burden of proof to show that there is a meritorious ground for the issuance of an injunctive writ or order to suspend the proceedings before the public respondent. He should show the existence of an urgent necessity for the writ or order, so that serious damage may be prevented. Nonetheless[,] even if an injunctive writ or order is issued, the lower court retains jurisdiction over the principal case.
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> Indeed, we introduced in *Eternal Gardens Memorial Park v. Court of Appeals* the principle of judicial courtesy to justify the suspension of the proceedings before the lower court even without an injunctive writ or order from the higher court. In that case, we pronounced that "[d]ue respect for the Supreme Court and practical and ethical considerations should have prompted the appellate court to wait for the final determination of the petition [for certiorari] before taking cognizance of the case and trying to render moot exactly what was before this [C]ourt." We subsequently reiterated the concept of judicial courtesy in *Joy Mart Consolidated Corp. v. Court of Appeals.*
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> We however, have qualified and limited the application of judicial courtesy in *Go v. Abrogar* and *Republic v. Sandiganbayan*. In these cases, we expressly delimited the application of judicial courtesy to maintain the efficacy of Section 7, Rule 65 of the Rules of Court, and held that the principle of judicial courtesy applies only "if there is a strong probability that the issues before the higher court would be rendered moot and moribund as a result of the continuation of the proceedings in the lower court." Through these cases, we clarified that the principle of judicial courtesy remains to be the exception rather than the rule.[45] (Citations omitted)

Here, contrary to the CA's viewpoint, the resolution of CA-G.R. SP No. 120236 could not have mooted or preempted the disposition in G.R. No. 194962. The issue in CA-G.R. SP No. 120236 involves the validity of the Joint Memorandum that was issued based on Section 5 of RA No. 954,[46] which expressly prohibits and penalizes any "person, operator, or [even a] maintainer of a fronton **with legislative franchise** to conduct basque pelota games (Jai-Alai) [to] offer take or arrange bets on any basque pelota game or event, or

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42 *Go-Yu v. Yu*, G.R. No. 230443, April 3, 2019; citing *Republic of the Philippines v. Sandiganbayan (First Division)*, 525 Phil. 804, 809–810 (2006); and *Go v. Judge Abrogar*, 446 Phil. 227, 238 (2003).

43 Id.

44 736 Phil. 264 (2014).

45 Id. at 277–278.

46 Entitled "AN ACT TO PROHIBIT CERTAIN ACTIVITIES IN CONNECTION WITH HORSE RACES AND BASQUE PELOTA GAMES (JAI-ALAI), AND TO PRESCRIBE PENALTIES FOR ITS VIOLATION," approved on June 20, 1953.

maintain or use a totalizator or other device, method or system to bet or gamble or any basque pelota game or event **outside the place, enclosure, or fronton where the basque pelota game is held**." It was intended to be implemented **regardless of the existence and/or legality of Meridien's CEZA-given license**.[47] Thus, any ruling on the propriety of the issuance of the Joint Memorandum could not have affected any disposition on CEZA's authority to grant a license to operate jai alai activities then raised in G.R. No. 194962. Since the issues in these pending cases are not related, the CA's adherence to the principle of judicial courtesy was plainly improper.

We must emphasize, at this point, that judicial courtesy is neither a substitute nor a ground for the issuance of a WPI under the Rules. Section 3, Rule 58 of the Rules provides that a preliminary injunction may be granted when it is established:

> (a) That the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts either for a limited period or perpetually;
>
> (b) That the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or
>
> (c) That a party, court, agency or a person is doing, threatening, or is attempting to do, or is procuring or suffering to be done some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.

On all these grounds, the existence of a clear and unmistakable legal right is invariably necessary. This paramount consideration differentiates mere exercise of judicial courtesy from the issuance of a WPI, albeit both are essentially for purposes of maintaining status *quo* between the parties until the merits of the main suit are fully heard. Judicial courtesy is exercised by suspending the proceedings before a lower court, even without an injunction or an order to that effect from a higher court, to avoid mooting the matter raised before the higher court. Such exercise is **merely as a matter of respect and practical considerations**.[48] Whereas, the issuance of a WPI, although it also preserves the status *quo*, does not suspend the proceedings in the main case. It only **prevents the threatened or continuous irremediable injury to the party who has a clear legal right, entitled to be judicially protected** during the pendency of the main case. Courts are consistently reminded that the power to issue the writ "should be exercised sparingly, with the utmost care, and with great caution and deliberation."[49] A WPI may be issued only upon showing of a clear and positive right calling for judicial protection during the pendency of the principal action.

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47 *Rollo* (G.R. No. 199972), p. 400.
48 *Oca v. Custodio*, 814 Phil. 641, 675 (2017).
49 Id. at 681.

In this case, the CA failed to take into account that Meridien does not have an existing clear legal right or even an ostensible right to continue with its off-fronton operations enjoined by the questioned Joint Memorandum. CEZA itself had revoked the authority it granted to Meridien, and directed Meridien to stop all its gaming operations upon being apprised by the OGCC that it was not empowered to authorize, license, operate, and regulate jai alai in the absence of an express legislative franchise.[50] Meridien merely anchors its right to continue its jai alai activities on the RTC-issued writ of *mandamus*. However, such writ was issued only "to allow [Meridien] to continue with its gaming operations **in accordance with the license granted**."[51] Under the CEZA-given license, Meridien was allowed to engage in gaming operations only to such extent **"as may be allowed by law."**[52] In other words, Meridien's right is limited by regulatory laws. Since the Joint Memorandum is based upon a law (RA No. 954) that expressly prohibits and penalizes off-fronton operations, it is clear that the writ of *mandamus* did not give Meridien a right in *esse*, or at least an ostensible legal right, to operate jai alai activities outside the CSEZFP. To be sure, RA No. 954 enjoys the presumption of validity until declared void by the court,[53] and is thus a legitimate restraint against Meridien's off-fronton operations.

As well, at the time of the issuance of the WPI, there was an existing GAB-issued CDO against Meridien's off-frontons, which the CA upheld in CA-G.R. No. SP No. 119842.[54] While such case is at present under our review in G.R. No. 206118, no question was raised regarding the effectivity of the CDO insofar as off-frontons are concerned. Verily, Meridien has no clear or ostensible legal right to operate jai alai activities outside the CSEZFP to warrant the injunctive relief sought.

B. The CA must resolve the substantive issues in the main case.

As raised in CA-G.R. SP No. 120236, the SOJ and SILG urge the Court to dismiss the entire case before the CA for lack of jurisdiction. They argue that the CA has no jurisdiction under Rule 65 to enjoin the Joint Memorandum, which was an exercise of their quasi-legislative authority. We hold that this question of jurisdiction must be decided in that forum. The present Petition merely involves an interlocutory matter, *i.e.*, the validity of the CA's issuance of a WPI. Hence, its resolution should be confined to the necessary issue/s without delving into the merits of the main case before the lower court.[55] Accordingly, the CA should now proceed to resolve the issue on whether it has jurisdiction over the subject matter of the case, and in the affirmative, whether the SOJ and SILG committed grave abuse of discretion in issuing the Joint Memorandum.

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50 *Rollo* (G.R. No. 199972), p. 234.
51 Id. at 253–261-A; emphasis supplied.
52 Id. at 220–221 and 224–225; emphasis supplied.
53 "Unless a law, rule, or act is annulled in a direct proceeding, it is presumed valid." See *Kilusang Mayo Uno v. Aquino III*, April 2, 2019, 899 SCRA 492, 540.
54 *Rollo* (G.R. No. 206118), pp. 52–85.
55 *GMA Network, Inc. v. National Telecommunications Commission*, 780 Phil. 244, 252 (2016).

II.

In G.R. No. 206118, GAB points out that the CA has consistently sustained the finality of the CDO due to Meridien's failure to appeal. Thus, GAB argues that the CA erred when it partially granted Meridien's MR to declare that GAB has no regulatory authority inside the CSEZFP. GAB posits that such declaration effectively altered the CDO as it enjoins enforcement of the CDO inside the CSEZFP. For GAB, it was not proper for the CA to review the CDO under the guise of clarifying its previous ruling. Hence, the reinstatement of the CA Decision dated August 18, 2011, which sustained GAB's authority inside and outside the CSEZFP, is sought.

A. The CDO was not altered when the CA clarified its coverage.

In its Decision dated August 18, 2011 in CA-G.R. SP No. 119842, the CA assumed that the CDO was directed against all jai alai activities of Meridien, whether inside or outside the CSEZFP.[56] Hence, it proceeded to resolve whether GAB has regulatory authority over Meridien's jai alai activities inside and outside the CSEZFP. But GAB, as the issuing authority, knows fully well the coverage of its CDO. It was clearly directed against **13 off-frontons in Metro Manila and the Rizal province**, including all other entities operating **off-frontons** under Meridien's authority,[57] and *not* against Meridien's jai alai activities within the CSEZFP.

GAB admitted the limitation of the CDO in its Answer to the Complaint for Injunction when it argued that the CDO was not directed or enforced against the conduct of jai alai games within the CSEZFP to support its claim

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[56] *Rollo* (G.R. No. 206118), pp. 81–82. "[T]he CDO was issued **not only against the 13 betting stations in Metro Manila and Rizal Province but against all betting stations** the operations of which derive their authority from [Meridien]. **Hence, even betting stations operating within the CSEZFP are covered by GAB's CDO, albeit the said Order was not yet implemented therein at the time [Meridien] filed its Complaint for Injunction.** x x x

x x x x

In the case at bar, **the CDO issued by GAB which the Complaint for Injunction sought to enjoin was directed not only against the 13 off-fronton betting stations in Metro Manila and the Rizal Province but also against the operations of all betting stations deriving their authority from [Meridien]. Hence, it can be said that [Meridien] likewise sought injunctive reliefs against the implementation of the CDO relative to the operation of betting stations within the CSEZFP.**" (Emphases supplied).

[57] Id. at 94–95. "[W]hat [Meridien] may have at this moment is a franchise granted under CEZA's delegated authority, without prejudice to the final determination of the issue by the regular courts. The other requirement in the operation of jai-alai, which is submission to the supervision and regulation by the national government, through the [GAB], has [*sic*] never complied with.

The records of this Board do not show that respondents applied for and were granted permits to set-up their **off-fronton betting stations in their respective locations.** This being the case, this Board is constrained to order the **closure of the aforementioned establishments** until such time that they have submitted their letter of intent to operate and this Board shall have favorably acted on the same after due notice and hearing.

WHEREFORE, foregoing premises considered, the respondents and all entities operating jai-alai betting stations under authority from [Meridien] are hereby ordered to **CEASE and DESIST** from operating their establishments as such until further orders from this Board.

The Anti-Illegal Gambling Unit of this Board is hereby directed to serve this Cease[-]and[-]Desist Order **upon the respondents and all other entities operating off-fronton stations under [Meridien].**

SO ORDERED." (Emphases supplied).

that the RTC of Aparri had no territorial jurisdiction to enjoin the implementation of the CDO.[58] Similarly, in its Petition for *Certiorari* and Prohibition filed before the CA, GAB expressly stated that:

> **[T]he assailed enforcement of the [CDO] dated March 3, 2011 against Jai-Alai off-fronton betting stations were all done within Metro Manila and in certain parts of Rizal Province, and no such enforcement was effected in respondent [Meridien's] operations in [the CSEZFP], as in fact, said [CDO] was never directed against the holding of Jai-Alai games in [the CSEZFP].**
>
> **To repeat, the [CDO] of petitioner GAB dated March 3, 2011, which is the sole Order of petitioner GAB assailed by respondent [Meridien] in Civil Case No. II-5121, was never implemented nor enforced in respondent [Meridien's] operations in [the CSEZFP]. In fact, the subject [CDO] was never directed against the holding of Jai-Alai games in [the CSEZFP].**
>
> From the foregoing, it is patent that [the RTC is] devoid of authority to entertain, hear and/or grant the Complaint for Injunction, much less issue the TRO and writ of preliminary injunction, because the place where petitioner GAB exercises its powers and functions and the acts being enjoined were beyond their territorial jurisdiction.
>
> In his Order dated May 2, 2011, denying petitioner GAB's motion to dismiss, respondent Judge Zaldivar maintained that the RTC of Aparri, Cagayan, has jurisdiction over petitioner GAB. In support of his ruling[,] respondent Judge Zaldivar cited the case of *Decano [v.] Edu, 99 SCRA 410 [1980]* x x x.
>
> With due respect, the *Decano* case cited by respondent Judge Zaldivar is not applicable to the present case. In *Decano*, the assailed acts were done within the territorial jurisdiction of the lower court concerned. **Here petitioner GAB's [CDO] dated March 3, 2011, which is the sole Order of petitioner GAB assailed by respondent [Meridien] in Civil Case No. II-5121, was never implemented nor enforced in respondent [Meridien's] operations in [the CSEZFP]. In fact, said [CDO] was never directed against the holding of Jai Alai games in [the CSEZFP].**[59] (Citations omitted and emphasis supplied)

Clearly, it is incorrect and misleading for GAB to claim that the clarification on the CDO's coverage is a review or an alteration of the final and executory CDO. In clarifying the CDO's coverage, the CA reviewed its previous decision, *not* the CDO, and merely put the case in its proper context in conformity with the evidentiary facts. In accordance with the purpose of its issuance, the CDO remains to be intended only against off-frontons, and its finality was not affected by the innocuous correction of the CA's initial ruling. Indeed:

> [T]he [CDO] invoked by GAB covers off-fronton betting stations of [Meridien] and evidently not the actual conduct and operation of [j]ai [a]lai games inside the CSEZFP as borne out by the subject [CDO] itself, x x x.

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58 Id. at 69.

59 Id. at 175–177.

x x x x

> **For this [c]ourt to construe the [CDO] as a directive affecting the actual conduct of [jai alai] games inside CSEZFP, when clearly it was issued for the sole purpose of regulating the off-fronton betting stations outside the economic zone, is tantamount to altering, by way of enlarging or expanding, the meaning of the [CDO].** x x x.[60] (Emphasis supplied)

Briefly, the CA committed no reversible error in clarifying that the CDO only covers off-frontons.

B. The CA had no jurisdiction to rule on GAB's authority.

The CA's ruling on GAB's authority, *not* the clarification of the CDO's coverage, constitutes an improper review of the CDO. Regardless of the CDO's coverage, it was not within the purview of the *certiorari* and prohibition proceedings to adjudicate the propriety of GAB's exercise of regulatory authority over Meridien's jai alai activities.

It must be recalled that this case originated from the Complaint for Injunction before the RTC, wherein the issue was whether GAB has the authority to issue the CDO. GAB moved for the dismissal of the case on jurisdictional grounds, *i.e.*, the territorial authority of the RTC and the subject matter involving a final order of a quasi-judicial agency. The RTC took cognizance of the case and issued provisional injunctive Orders to stay the CDO. GAB then questioned the RTC's interlocutory orders on *certiorari* and prohibition before the CA. **The CA nullified the assailed RTC orders and altogether dismissed the Complaint for Injunction on jurisdictional grounds.** Since the RTC has no jurisdiction, the CA should have stopped at that disposition. However, it further ruled that GAB had the authority to issue the CDO. This is the kind of review that we have consistently held to be improper for being outside the scope of a court's jurisdiction in a Rule 65 petition.[61]

We stress that CA-G.R. SP No. 119842 was *not* an appeal from the RTC, but an original action for *certiorari* and prohibition under Rule 65,[62]

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60 Id. at 44–45.

61 See *Vios v. Pantangco, Jr.*, 597 Phil. 705, 720 (2009); and *Longino v. General*, 491 Phil. 600, 615 (2005).

62 SEC. 1. Petition for *certiorari*. – When any tribunal, board or officer exercising judicial or quasi-judicial functions has **acted without or in excess its or his jurisdiction**, or with grave abuse of discretion amounting to lack or excess of jurisdiction, and there is no appeal, or any plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered annulling or modifying the proceedings of such tribunal, board or officer, and granting such incidental reliefs as law and justice may require.

specifically designed to correct errors of jurisdiction only[63] to prevent encroachment, excess, usurpation, or assumption of jurisdiction on the part of an inferior court or quasi-judicial tribunal.[64] Being an original action limited to deal with jurisdictional issues, there is no judgment on the merits to review, reverse, or modify,[65] unlike in an appeal, wherein the merits of a judgment, award, or final order are the issues being adjudicated. [66]

In the case of *Madrigal Transport, Inc. v. Lapanday Holdings Corporation*,[67] the Court emphatically ruled that the writs cannot be used for any other purpose as its function is limited to keeping the lower court within the bounds of its jurisdiction. Otherwise stated, a scrutiny of the merits of the case before the lower court or tribunal is proper only on appeal,[68] not on Rule 65 proceedings.

In sum, we cannot affirm the CA's Decision dated August 18, 2011, as well as the assailed Resolutions, in its entirety. While we uphold the clarification of the CDO's coverage, the discourse on GAB's authority must be set aside for lack of jurisdiction.

ACCORDINGLY, the Court resolves as follows:

In G.R. No. 199972, the Petition for *Certiorari* is **PARTIALLY GRANTED**. The Resolution dated September 20, 2011 and Resolution dated November 14, 2011 of the Court of Appeals in CA-G.R. SP No. 120236 are **NULLIFIED and SET ASIDE**. Accordingly, the questioned Writ of Preliminary Injunction is **LIFTED**, and the Court of Appeals is **DIRECTED** to proceed with the resolution of the case with reasonable dispatch.

SEC. 2. Petition for prohibition. – When the proceedings of any tribunal, corporation, board, officer or person, whether exercising judicial, quasi-judicial or ministerial functions, are **without or in excess of its or his jurisdiction**, or with grave abuse of discretion amounting to lack or excess of jurisdiction, and there is no appeal or any other plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered commanding the respondent to desist from further proceedings in the action or matter specified therein, or otherwise granting such incidental reliefs as law and justice may require. (Emphases supplied)

63 *Madrigal Transport, Inc. v. Lapanday Holdings Corporation*, 479 Phil. 768, 782 (2004).

64 *Vios v. Pantangco, Jr.*, supra note 61 at 717; and *Longino v. General*, supra note 61 at 615.

65 See *Vios v. Pantangco, Jr.*, id. at 719.

66 REVISED RULES OF COURT, Rule 41, SEC. 1. *Subject of appeal.* — An appeal may be taken from a **judgment or final order that completely disposes of the case**, or of a particular matter therein when declared by these Rules to be appealable. x x x; Rule 42, SEC. 2. *How appeal taken; x x x* — A party desiring to appeal from a **decision** of the Regional Trial Court rendered in the exercise of its appellate jurisdiction may file a verified petition for review with the Court of Appeals, x x x; Rule 43, SEC. 1. *Scope* — This Rule shall apply to appeals from **judgments or final orders** of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any quasi-judicial agency in the exercise of its quasi-judicial functions. x x x (Emphases supplied).

67 Supra note 63 at 778.

68 See *Vios v. Pantangco, Jr.*, *supra* note 61 at 719–720; and *Longino v. General*, supra note 61 at 615.

In G.R. No. 206118, the Petition for Review on *Certiorari* is **DENIED**. The Decision dated August 18, 2011, Resolution dated September 11, 2012, and Resolution dated March 5, 2013 of the Court of Appeals in CA-G.R. SP No. 119842 are **AFFIRMED with MODIFICATION** in that the pronouncement on the regulatory authority of the Games and Amusement Board is **SET ASIDE** for lack of jurisdiction.

SO ORDERED.

MARIO V. LOPEZ
Associate Justice

WE CONCUR:

MARVIC M.V. F. LEONEN
Associate Justice
Chairperson

AMY C. LAZARO-JAVIER
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.

MARVIC M.V. F. LEONEN
Associate Justice
Chairperson

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 cases were assigned to the writer of the opinion of the Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice