

Title: ****Pilipinas Shell Petroleum Corporation vs. Carlos Duque & Teresa Duque****

Facts:

The genesis of the case was an Information filed for violation of Batas Pambansa Blg. 22 (BP 22) against Carlos Duque and Teresa Duque, associated with Fitness Consultants Inc. (FCI), for issuing a dishonored check to Pilipinas Shell Petroleum Corporation (PSPC). PSPC had subleased space in Makati City to The Fitness Center (TFC), which later assigned its lease obligations to FCI, with the Duques as signatories. After the check meant to cover FCI's rental obligations bounced, PSPC filed a criminal complaint.

At trial, the Metropolitan Trial Court (MeTC) of Makati City found the Duques guilty, imposing a fine and ordering them to pay civil indemnity to PSPC. The Duques appealed to the Regional Trial Court (RTC) of Makati City, resulting in their acquittal but maintaining their obligation to pay civil indemnity. Their Motion for Partial Reconsideration led to an RTC Order exempting them from civil liability due to their acquittal and the corporate capacity in which the check was issued.

PSPC's subsequent Motion for Reconsideration revived the order for the Duques to pay civil damages, which was contested at the Court of Appeals (CA). The CA ruled in favor of the Duques, extinguishing their civil liability tied to their acquittal, reinstating the order exempting them from civil liability. PSPC's motion for reconsideration was denied by the CA.

Issues:

1. Whether respondents, as corporate officers, may still be held civilly liable despite their acquittal from the criminal charge of violation of BP 22.
2. Whether the CA erred in absolving respondents from civil liability due to their acquittal.
3. Whether the dishonored checks were corporate debts, for which only FCI should be held liable.

Court's Decision:

The Supreme Court denied the petition of PSPC and affirmed the CA's decision. The Court clarified that the civil liability of a corporate officer for a dishonored check would only attach upon conviction under BP 22. Since the respondents were acquitted, their civil liability was extinguished along with their criminal liability. The court emphasized jurisprudence stating that corporate officers cannot be held personally liable for corporate debts in the absence of evidence demonstrating an intent to commit fraud using the

corporate entity.

Doctrine:

The ruling established or reiterated the doctrine that the civil liability of a corporate officer in a BP 22 case is extinguished with the criminal liability unless convicted of the offense. Further, it upheld the principle that corporate officers are generally not personally liable for corporate obligations, absent evidence of fraud or misuse of the corporate veil.

Class Notes:

- BP 22 involves liability for issuing a check without sufficient funds.
- Conviction under BP 22 can carry both criminal and civil liabilities.
- Corporate officers are generally shielded from personal liability for corporate actions unless the corporate veil is pierced due to fraud or illegality.
- Acquittal from a criminal charge under BP 22 extinguishes any civil liability for corporate officers in relation to the same offense.

Historical Background:

This case touches on the application of BP 22 concerning corporate officers and the delineation between personal and corporate liability. It underscores the judiciary's approach to handling cases where corporate entities and their representatives navigate the bounds of legal financial obligations, and it reiterates the protective measures offered to corporate officers under Philippine law, ensuring that personal liability is not automatically assigned for corporate actions without substantial evidence of individual wrongdoing.