Title: Evangelista v. Screenex, Inc.

Facts:

In 1991, obtained a loan from Screenex, Inc., for which he received two checks totaling 1.5 million Philippine Pesos (PHP). As security, Evangelista issued two open-dated checks to Screenex, which were kept by Philip Gotuaco, Sr., the father-in-law of Alexander Yu, a representative of Screenex. After Gotuaco's death in 2004, and despite demands for repayment made to Evangelista, the checks he issued were deposited but dishonored due to a "closed account." Consequently, Evangelista was charged with two counts of violation of Batas Pambansa (BP) Blg. 22. The Metropolitan Trial Court (MeTC) acquitted Evangelista of the criminal charges but found him liable for the civil obligations. Evangelista appealed to the Regional Trial Court (RTC), which affirmed the MeTC's decision. The Court of Appeals (CA) also upheld the RTC's decision, leading Evangelista to file a Petition for Review on Certiorari with the Supreme Court.

Issues:

1. Whether Evangelista should be held civilly liable for the amounts indicated on the checks despite being acquitted of the criminal charges for violating BP 22.
2. Whether the obligation to pay based on the issued checks was barred by prescription.

Court's Decision:

The Supreme Court ruled in favor of Evangelista, finding that the obligation under the checks had become time-barred and consequently extinguished by prescription. The Court emphasized that the cause of action for the checks was reckoned from their issuance and that any written extrajudicial or judicial demand should have been made within a span of ten years to toll the prescription period. As no such demand was proven to have been made, and more than ten years had lapsed since the checks' issuance without them being cashed, the Court concluded that prescription had set in, dismissing the complaint against Evangelista and setting aside the decisions of the lower courts.

Doctrine:

1. A check is subject to the prescription of actions upon a written contract.
2. In cases involving violation of BP 22, the corresponding civil action is deemed instituted with the criminal action. However, the civil liability based on a contract is independent of

the criminal charge.
3. A negotiable instrument, like a check, is discharged by any act that discharges a simple contract for payment of money, including by payment in due course or if it becomes impaired through the creditor's fault after a reasonable period.

Class Notes:

– **Essential Elements of BP 22 Violation:** The accused must make or issue a check for account or value, knowing at the time of issuance that they do not have sufficient funds and failing to make good on the check within five banking days after receiving notice of dishonor.
– **Prescription for Written Contracts:** Actions upon written contracts must be initiated within ten years from the time the right of action accrues (Article 1144, New Civil Code).
– **Discharge of Negotiable Instruments:** Under Section 119 of the Negotiable Instruments Law, a negotiable instrument is discharged by payment in due course, by cancellation by the holder, or by any other act that discharges a simple contract for the payment of money.
– **Payment Effect of Checks (Art. 1249, Civil Code):** The delivery of checks produces the effect of payment when they are cashed or when through the fault of the creditor, they have been impaired.

Historical Background:

This case highlights the utilization of the legal system in the Philippines to address issues of financial transactions and obligations through checks, and the implications of BP 22 on these transactions. It underscores the judiciary's role in balancing the interests of creditors and debtors, enforcing obligations, and addressing the effects of delays in the presentment or encashment of checks.