

**\*\*Title:\*\*** Castilex Industrial Corporation vs. Vicente Vasquez, Jr. & Luisa So Vasquez and Cebu Doctors' Hospital, Inc.

**\*\*Facts:\*\***

On August 28, 1988, around 1:30 to 2:00 AM, Romeo So Vasquez was riding a Honda motorcycle counterclockwise around Fuente Osmeña Rotunda without a helmet or goggles and carrying only a Student's Permit to Drive. Concurrently, Benjamin Abad, a manager at Castilex Industrial Corporation (Castilex), was driving a Toyota Hi-Lux Pick-up owned by Castilex. Abad exited a parking lot and, instead of following the rotunda's traffic flow, cut across it counterclockwise, resulting in a collision with Vasquez's motorcycle. Abad immediately transported Vasquez to Southern Islands Hospital and later to Cebu Doctors' Hospital.

On September 5, 1988, Vasquez unfortunately passed away. Abad had previously signed an acknowledgment at Cebu Doctors' Hospital, agreeing to cover Vasquez's medical expenses. Following an investigation, a criminal case against Abad was dismissed for lack of prosecution. Consequently, Vicente Vasquez, Jr. and Luisa So Vasquez, parents of the deceased, filed a civil suit for damages against Abad and Castilex. Cebu Doctors' Hospital also intervened to recover unpaid medical bills.

The trial court found both Abad and Castilex jointly and severally liable, awarding various damages. Both Abad and Castilex appealed.

The Court of Appeals affirmed Castilex's vicarious liability but reduced certain damage awards. Upon Castilex's motion for reconsideration, the appeals court further modified its decision by reducing moral damages, deleting attorney's fees, and adjusting interest rates on the medical bills.

Castilex filed a petition with the Supreme Court, contending several points of error primarily on the application of Article 2180 of the Civil Code and the scope of Abad's assigned tasks.

**\*\*Issues:\*\***

1. Whether the employer (Castilex) can be held vicariously liable for the negligence of a managerial employee (Abad) under Article 2180 of the Civil Code.
2. Whether the Court of Appeals erred in ruling that Abad was acting within the scope of his employment when the accident occurred.
3. Whether procedural lapses in filing the petition affect the validity of the appeal.

**Court's Decision:**

The Supreme Court reversed the Court of Appeals on essential points:

1. **Vicarious Liability under Article 2180:**

- **Petitioner's Argument:** Castilex argued that only the fourth paragraph of Article 2180 applies, which pertains to owners of enterprises, not the fifth paragraph which addresses general employer liability for acts within employee tasks, whether or not engaged in industry.

- **Resolution:** The Supreme Court clarified that the fifth paragraph expands the fourth. However, it disagreed with lower courts that Castilex was vicariously liable as Abad was engaged in personal activities using the company vehicle at the accident time.

2. **Scope of Assigned Tasks:**

- **Petitioner's Argument:** Castilex contended that Abad's post-overtime personal activities did not fall within the scope of his employment.

- **Resolution:** The Supreme Court held that just because Abad was using a company-issued vehicle does not inherently mean his activities were within employment scope, especially as he completed his work and was neither performing duties nor deriving business benefits for Castilex.

3. **Procedural Lapses:**

- **Contention:** Private respondents highlighted procedural issues in petition filings.

- **Resolution:** The Supreme Court found that Castilex had eventually complied with the procedural requirements.

Ultimately, the Supreme Court absolved Castilex of liability for the damages resulting from Abad's negligence.

**Doctrine:**

- The case underscores the principle that employer liability under Article 2180 depends on the context-specific definition of employees acting within assigned tasks. Just being in custody of company property (such as a vehicle) does not automatically result in vicarious liability if the employee's activities are personal and detached from employment scope.

**Class Notes:**

- **Key Elements:** Vicarious liability, employer-employee relationship, scope of employment, vehicle use outside work hours.

- **Statute:** Article 2180, Civil Code

- Fourth paragraph: Owners of enterprises are liable for employees' acts within service/occasion of function.
- Fifth paragraph: Employers liable for employees' assigned tasks, wider coverage.
- **Principles Applied:**
- **Ei incumbit probatio qui dicit, non qui negat:** The burden of proof lies on who asserts, not who denies.
- **Vicarious Liability Scope:** Employer not liable for employees' personal activities even using company property unless special benefit or within employment scope.

**Historical Background:**

The case reflects the evolution and clarifications on employer liability principles under Philippine Civil Law, distinguishing between direct business activities and personal activities even with company resources, reinforcing limits on vicarious liability interpretations. It also highlights procedural rigor in appellate practice, underscoring compliance with procedural rules critical in sustaining appeals.