

MARLON ECHAVEZ, PETITIONER, VS. NORA COLIAMCO, RESPONDENT.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/1bed0d834c92/>

MACALINO, J:

This is a Petition for Review under Rule 42 of the Rules of Court assailing the 23 August 2010 Decision[2] (“assailed Decision”) and 22 August 2012 Resolution[3] (“assailed Resolution”) of the Regional Trial Court (RTC) of Paniqui, Tarlac, Branch 67 in Criminal Case Nos. 223-09; 031-10 and 015-10 to 024-10 entitled “People of the Philippines v. Marlon Echavez and Marilou Gonzales.” The said assailed Decision and assailed Resolution affirmed the 17 November 2009 Decision[4] of the Municipal Trial Court (MTC) of Paniqui, Tarlac in Criminal Case Nos. 10632-43 involving a violation of BP 22 or the Bouncing Checks Law.

The Facts of the Case[5]

It appears that on various occasions, Petitioner Marlon Echavez (“Petitioner”) and Accused Marilou Gonzales (“Accused Gonzales”), purchased from Respondent Nora Coliamco (“Respondent”) large quantities of lumber and construction materials. Respondent also gave cash to Petitioner and Accused Gonzales. Upon receipt thereof, Accused Gonzales and Petitioner issued to Respondent Westmont Bank check no. 007250 in the amount of PhP2,827,550.00 and another Westmont Bank check no. 007521 in the amount of PhP537,042.30. However, when the two (2) Westmont Bank checks were presented for payment by Respondent, all were dishonored for the reason “account closed”.

Respondent thereafter went to the house of Accused Gonzales in Magna Gardens, Tarlac, Tarlac to inform the latter of the dishonor of the checks and to demand payment from her. Accused Gonzales issued ten (10) RCBC replacement checks in exchange for the two (2) Westmont Bank checks that bounced. However, the ten (10) RCBC checks were also dishonored when presented for payment.

Despite oral and written demands, Petitioner and Accused Gonzales refused and failed to settle their obligation. Thus, Respondent filed a criminal complaint for violation of BP 22 against them.

Finding probable cause, twelve (12) separate Informations for violation of BP 22 were filed against Petitioner and Accused Gonzales before the MTC of Paniqui, Tarlac.

During their arraignment on separate dates, Petitioner and Accused Gonzales pleaded not guilty to the charge against them.

Trial thereafter ensued.

On 17 November 2009, the MTC of Paniqui, Tarlac rendered a Decision[6] acquitting Petitioner and Accused Gonzales of the crime of violation of BP 22 for failure of the prosecution to prove their guilt beyond reasonable doubt. However, they were adjudged to solidarily pay the amount of PhP3,364,592.30 equivalent to the face value of the two (2) Westmont checks they issued. The dispositive portion of the MTC Decision states:

“WHEREFORE, in Criminal Cases Nos. 10632 and 10633, the Court finds that the prosecution failed to present evidence to prove the guilt of the accused beyond reasonable doubt for the commission of the crime of

Violation of Batas Pambansa Bilang 22. However, both accused Marilou Gonzales and Marlon Echaves (sic) are hereby adjudged to be solidarily liable to pay civil liability equivalent to the face amount of Westmont Bank check nos. 007520 and 007521 in the sum of Php2,827,550.00 and Php537,042.30, respectively or a total of Php3,364,592.30. That upon finality of this judgment, accused are solidarily liable to pay interest at the rate of twelve (12%) (sic) per cent per annum until full satisfaction thereof.

In Criminal Cases Nos. 10634, 10635, 10636, 10637, 10638, 10639, 10640, 10641, 10642, and 10643, the Court also finds (sic) the prosecution failed to present sufficient evidence to prove the guilt of the accused beyond reasonable doubt, hence, both accused are hereby ACQUITTED. No pronouncement as to cost.

SO ORDERED.”[7]

Thus, Petitioner appealed the said MTC Decision before the RTC of Paniqui, Tarlac.[8]

On 23 August 2010, the RTC rendered the assailed Decision[9] affirming the MTC Decision. The decretal portion of the assailed Decision reads:

“WHEREFORE, premises considered, the decisions (sic) appealed from is AFFIRMED.

SO ORDERED.”[10]

Petitioner filed a Motion for Reconsideration[11] of the assailed Decision. However, the same was denied in the assailed Resolution,[12] the fallo of which states:

“WHEREFORE, premises considered, the instant Motion for Reconsideration is hereby Denied for lack of merit.

SO ORDERED.”[13]

Aggrieved, Petitioner filed the instant Petition[14] on 2 October 2012. As per Judicial Records Division (JRD) Verification Report[15] dated 15 May 2013, Respondent failed to file her Comment to the instant Petition.

Thereafter, on 6 November 2013, Petitioner filed his Memorandum[16] while Respondent failed again to file her Memorandum as per verification made through entries in the Court's Case Management Information System (CMIS) as of 12 March 2014.[17]

Hence, the instant Petition was submitted for decision without Respondent's Memorandum.[18]

The Issues

WHETHER OR NOT THE ABSENCE OF NOTICE OF DISHONOR AND DEMAND FOR PAYMENT RESULTS IN PETITIONER'S DISCHARGE AS DRAWER OF CHECKS AND THEREFORE FROM ANY CIVIL LIABILITY.

WHETHER OR NOT THE ISSUANCE OF THE TEN (10) REPLACEMENT CHECKS BY ACCUSED GONZALES AND ITS ACCEPTANCE BY RESPONDENT CREATED A NOVATION BY SUBSTITUTION OF DEBTOR AND THUS DISCHARGED PETITIONER FROM ANY CIVIL OBLIGATION.

The Court's Ruling

The instant Petition lacks merit.

Here, Petitioner was acquitted of the crime of violation of BP 22 for failure of the prosecution to establish beyond reasonable doubt all the elements of the crime. Particularly, Petitioner was acquitted due to lack of notice of dishonor. However, he was made civilly liable for the payment of the face value of the two (2) Westmont bank

checks he and Accused Gonzales issued in favor of Respondent as settled is the rule that the extinction of the penal action does not carry with it the extinction of the civil liability where the acquittal is based on reasonable doubt as only preponderance of evidence is required[19] in civil cases.

However, Petitioner argues that the absence of notice of dishonor and demand for payment from Respondent results in his discharge as drawer of the two (2) Westmont Bank checks and consequently from any civil liability arising from the issuance thereof.

We disagree. True, Section 89 of the Negotiable Instruments provides that when a negotiable instrument has been dishonored by non-acceptance or non-payment, notice of dishonor must be given to the drawer and to each indorser, and any drawer or indorser to whom such notice is not given is discharged. However, the mere lack of notice of dishonor to Petitioner will not discharge him from payment of civil liability as the basis thereof is the fact that he and Accused Gonzales owed Respondent the amount corresponding to the face value of the two (2) Westmont Bank checks they issued. In the case of *Lim v. Mindanao Wines & Liquor Galleria*, [20] the Supreme Court said:

“xxx xxx xxx

In any case, even if the Court treats the subject dismissal as one based on insufficiency of evidence as Emilia wants to put it, the same is still tantamount to a dismissal based on reasonable doubt. As may be recalled, the MTCC dismissed the criminal cases because one essential element of BP 22 was missing, i.e., the fact of the bank's dishonor. The evidence was insufficient to prove said element of the crime as no proof of dishonor of the checks was presented by the prosecution. This, however, only means that the trial court cannot convict Emilia of the crime since the prosecution failed to prove her guilt beyond reasonable doubt, the quantum of evidence required in criminal cases. Conversely, the lack of such proof of dishonor does not mean that Emilia has no existing debt with Mindanao Wines, a civil aspect which is proven by another quantum of evidence, a mere preponderance of evidence.

xxx xxx xxx” (underscoring supplied)

In the instant case, Respondent was able to establish by preponderance of evidence that Petitioner and Accused Gonzales owed her the amount stated in the two (2) Westmont Bank checks they issued.

Petitioner however contends that the issuance of the ten (10) RCBC replacement checks by Accused Gonzales and the acceptance of the same by Respondent created a novation by substitution of debtor and thus discharged him from any civil liability.

We again disagree. Section 119 of the Negotiable Instrument Law provides, thus:

SECTION 119. Instrument; how discharged. — A negotiable instrument is discharged:

- (a) By payment in due course by or on behalf of the principal debtor;
 - (b) By payment in due course by the party accommodated, where the instrument is made or accepted for his accommodation;
 - (c) By the intentional cancellation thereof by the holder;
 - (d) By any other act which will discharge a simple contract for the payment of money;
 - (e) When the principal debtor becomes the holder of the instrument at or after maturity in his own right.
- (underscoring supplied)

Under Article 1231 of the New Civil Code, novation is one of the modes of extinguishing an obligation. Novation is the extinguishment of an obligation by the substitution or change of the obligation by a subsequent one which extinguishes or modifies the first, either by changing the object or principal conditions, or by substituting another in place of the debtor, or by subrogating a third person in the rights of the creditor. For novation to take place, the

following requisites must concur: 1) there must be a previous valid obligation; 2) the parties concerned must agree to a new contract; 3) the old contract must be extinguished; and 4) there must be a valid new contract.[21]

In *Salazar v. J. Y. Brothers Marketing Corporation*, [22] the Supreme Court ruled:

Petitioner's claim that respondent's acceptance of the Solid Bank check which replaced the dishonored Prudential bank check resulted to novation which discharged the latter check is unmeritorious.

xxx xxx xxx

In *Nyco Sales Corporation v. BA Finance Corporation*, [23] we found untenable petitioner Nyco's claim that novation took place when the dishonored BPI check it endorsed to BA Finance Corporation was subsequently replaced by a Security Bank check, [24] and said:

There are only two ways which indicate the presence of novation and thereby produce the effect of extinguishing an obligation by another which substitutes the same. First, novation must be explicitly stated and declared in unequivocal terms as novation is never presumed. Secondly, the old and the new obligations must be incompatible on every point. The test of incompatibility is whether or not the two obligations can stand together, each one having its independent existence. If they cannot, they are incompatible and the latter obligation novates the first. In the instant case, there was no express agreement that BA Finance's acceptance of the SBTC check will discharge Nyco from liability. Neither is there incompatibility because both checks were given precisely to terminate a single obligation arising from Nyco's sale of credit to BA Finance. As novation speaks of two distinct obligations, such is inapplicable to this case. [25]

Here, there is no novation to speak of so as to free Petitioner from civil liability since not all of its requisites are present.

First, although there is a previous valid obligation, Respondent's acceptance of the ten (10) RCBC checks as replacement for the two (2) Westmont Bank checks which were dishonored did not result to novation as there was no express agreement to establish that Petitioner and Accused Gonzales were already discharged from their liability to pay the former the amount of PhP3,364,592.30. As above mentioned, novation is never presumed. Second, there was no incompatibility since the Westmont Bank checks and the RCBC checks were given precisely for the purpose of paying the amount of PhP3,364,592.30. Indeed, there was no substantial change in the object or principal condition of the obligation of Petitioner as drawer of the Westmont Bank checks to pay the total amount indicated therein. Third, considering that when the RCBC checks which replaced the Westmont Bank checks were presented for payment, the same were again dishonored, the obligation which was secured by the Westmont checks was not extinguished and thus, the same were not discharged.

From the foregoing, we rule that the RTC did not err when it rendered the assailed Decision and assailed Resolution.

However, we modify the rate of interest imposed by the MTC as affirmed by the RTC. As held by the Supreme Court in the case of *Nacar v. Gallery Frames*: [26]

“xxx xxx xxx

Thus, from the foregoing, in the absence of an express stipulation as to the rate of interest that would govern the parties, the rate of legal interest for loans or forbearance of any money, goods or credits and the rate allowed in judgments shall no longer be twelve percent (12%) per annum — as reflected in the case of *Eastern Shipping Lines* and Subsection X305.1 of the Manual of Regulations for Banks and Sections 4305Q.1, 4305S.3 and 4303P.1 of the Manual of Regulations for Non-Bank Financial Institutions, before its amendment by BSP-MB Circular No. 799 — but will now be six percent (6%) per annum effective July 1, 2013. It should be noted, nonetheless, that the new rate could only be applied prospectively and not retroactively.

Consequently, the twelve percent (12%) per annum legal interest shall apply only until June 30, 2013. Come July 1, 2013 the new rate of six percent (6%) per annum shall be the prevailing rate of interest when applicable.

xxx xxx xxx. (underscoring supplied)”

Inasmuch as there is no stipulation between the parties as to the rate of interest, only 6% per annum should be imposed on the civil liability of Petitioner to be computed from the finality of the Decision in this case until fully paid.

WHEREFORE, premises considered, the instant Petition is hereby DENIED. Accordingly, the 23 August 2010 Decision and 22 August 2012 Resolution of the Regional Trial Court of Paniqui, Tarlac, Branch 67 in Criminal Case Nos. 223-09; 031-10 and 015-10 to 024-10 are AFFIRMED with MODIFICATION. Interest rate at 6% per annum is imposed on the civil liability of Petitioner to be computed from the finality of the Decision in this case until fully paid.

SO ORDERED.

Villon and Corales, JJ., concur.

[1]As per case records, Nora Coliamco is the same person as Eleonor Coliamco referred to in the MTC Decision.

[2] Rollo, pp. 24-26.

[3] Id. at pp. 27-32.

[4] Id. at pp. 45-59.

[5] As culled from the records.

[6] Supra note 4.

[7] Rollo, p. 59.

[8] Id. at pp. 119-128.

[9] Supra note 2.

[10]Rollo, p. 26.

[11] Id. at pp. 33-43.

[12] Supra note 3.

[13] Rollo, p. 32.

[14] Id. at pp. 9-22.

[15] Id. at p. 155 (back page).

[16] Id. at pp. 163-174.

[17] Id. at p. 177.

[18] Id.

[19] *Lim v. Mindanao Wines & Liquor Galleria*, G.R. No. 175851, July 4, 2012 citing *Alferez v. People of the Philippines*, G.R. No. 182301, January 31, 2011, 641 SCRA 116, 125, citing *Hun Hyung Park v. Eung Won Choi*, G.R. No. 165496, February 12, 2007, 515 SCRA 502, 513. Other bases mentioned therein for the finding of civil liability despite the acquittal of the accused from the criminal case are "a) the court declares that the liability of the accused is only civil; and b) the civil liability of the accused does not arise from or is not based upon the crime of which the accused was acquitted."

[20] *Supra*.

[21] *Country Bankers Insurance Corporation v. Lagman*, G.R. No. 165487, July 13, 2011 citing *Adriatico Consortium, Inc. v. LandBank of the Philippines*, G.R. No. 187838, December 23, 2009, 609 SCRA 403, 421 citing *Valenzuela v. Kalayaan Development & Industrial Corporation*, G.R. No. 163244, June 22, 2009, 590 SCRA 380, 390-391; *Security Bank and Trust Company, Inc. v. Cuenca*, 396 Phil. 108, 122 (2000); *Reyes v. Court of Appeals*, G.R. No. 120817, November 4, 1996, 264 SCRA 35, 43.

[22] G.R. No. 171998, October 20, 2010.

[23] G.R. No. 71694, August 16, 1991, 200 SCRA 637.

[24] Dishonored when presented for payment.

[25] *Supra* note 21 at 642.

[26] G.R. No. 189871. August 13, 2013;

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.