

EDWARD T. UY, PETITIONER, VS. GAMES AND GARMENTS INTERNATIONAL INC. REPRESENTED BY CESAR C. VILLAGRACIA AND PEOPLE OF THE PHILIPPINES, RESPONDENTS.

Ponente: ANTONIO-VALENZUELA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/4ff4201bc032/>

ANTONIO-VALENZUELA, J.:

This is the Petition[1] filed by Edward Uy (“petitioner Edward”) questioning the Decision dated 14 December 2012[2] (“assailed Decision”) of the Regional Trial Court, Branch 101, Quezon City (“RTC”) in Criminal Cases Numbers Q-12-174097, Q-12-174098, Q-12-174099, Q-12-174100, Q-12-174101, and Q-12-174102, entitled “People of the Philippines v. Edward T. Uy,” which affirmed with modification the Decision dated 7 June 2011[3] of the Metropolitan Trial Court, Branch 33, Quezon City (“MTC”).

THE FACTS

The Quezon City Prosecutor's Office filed six separate Informations against petitioner Edward and his wife Lucy G. Uy (“Lucy”) for violations of Batas Pambansa Bilang 22 (“B.P. 22”). The Informations read:

Criminal Case No. 120249

That on or about the month of February, 2002 in Quezon City, Philippines, the said accused, conspiring together, confederating with and mutually helping each other, did then and there willfully, unlawfully and feloniously make or draw and issued to Games & Garments International Inc. represented by Cesar C. Villagracia to apply on account for value Banco de Oro Check No. 0434806 dated June 19, 2002, payable to the order of Games & Garments International, Inc. in the amount of P500,000.00, Philippine Currency, said accused well knowing that at the time of issue they did not have sufficient funds in or credit with the drawee bank for payment of such check in full upon its presentment which check when presented for payment was subsequently dishonored by the drawee bank for Drawn Against Insufficient Funds and despite receipt of notice of such dishonor, said accused failed to pay said offended party the amount of said check or to make arrangement for full payment of the same within five (5) days after receiving said notice.

CONTRARY TO LAW.[4]

Criminal Case No. 120250

That on or about the month of February, 2002 in Quezon City, Philippines, the said accused, conspiring together, confederating with and mutually helping each other, did then and there willfully, unlawfully and feloniously make or draw and issued to Games & Garments International Inc. represented by Cesar C. Villagracia to apply on account for value Banco de Oro Check No. 0434805 dated June 19, 2002, payable to the order of Games & Garments International, Inc. in the amount of P500,000.00, Philippine Currency, said accused well knowing that at the time of issue they did not have sufficient funds in or credit with the drawee bank for payment of such check in full upon its presentment which check when presented for payment was subsequently dishonored by the drawee bank for Drawn Against Insufficient Funds and despite receipt of notice of such dishonor, said accused failed to

pay said offended party the amount of said check or to make arrangement for full payment of the same within five (5) days after receiving said notice.

CONTRARY TO LAW.[5]

Criminal Case No. 120251

That on or about the month of February, 2002 in Quezon City, Philippines, the said accused, conspiring together, confederating with and mutually helping each other, did then and there willfully, unlawfully and feloniously make or draw and issued to Games & Garments International Inc. represented by Cesar C. Villagrancia to apply on account for value Banco de Oro Check No. 0434804 dated May 22, 2002, payable to the order of Games & Garments International, Inc. in the amount of P500,000.00, Philippine Currency, said accused well knowing that at the time of issue they did not have sufficient funds in or credit with the drawee bank for payment of such check in full upon its presentment which check when presented for payment was subsequently dishonored by the drawee bank for Drawn Against Insufficient Funds and despite receipt of notice of such dishonor, said accused failed to pay said offended party the amount of said check or to make arrangement for full payment of the same within five (5) days after receiving said notice.

CONTRARY TO LAW.[6]

Criminal Case No. 120252

That on or about the month of February, 2002 in Quezon City, Philippines, the said accused, conspiring together, confederating with and mutually helping each other, did then and there willfully, unlawfully and feloniously make or draw and issued to Games & Garments International Inc. represented by Cesar C. Villagrancia to apply on account for value Banco de Oro Check No. 0434802 dated April 17, 2002, payable to the order of Games & Garments International, Inc. in the amount of P500,000.00, Philippine Currency, said accused well knowing that at the time of issue they did not have sufficient funds in or credit with the drawee bank for payment of such check in full upon its presentment which check when presented for payment was subsequently dishonored by the drawee bank for Drawn Against Insufficient Funds and despite receipt of notice of such dishonor, said accused failed to pay said offended party the amount of said check or to make arrangement for full payment of the same within five (5) days after receiving said notice.

CONTRARY TO LAW.[7]

Criminal Case No. 120253

That on or about the month of February, 2002 in Quezon City, Philippines, the said accused, conspiring together, confederating with and mutually helping each other, did then and there willfully, unlawfully and feloniously make or draw and issued to Games & Garments International Inc. represented by Cesar C. Villagrancia to apply on account for value Banco de Oro Check No. 0434807 dated July 17, 2002, payable to the order of Games & Garments International, Inc. in the amount of P500,000.00, Philippine Currency, said accused well knowing that at the time of issue they did not have sufficient funds in or credit with the drawee bank for payment of such check in full upon its presentment which check when presented for payment was subsequently dishonored by the drawee bank for Drawn Against Insufficient Funds and despite receipt of notice of such dishonor, said accused failed to pay said offended party the amount of said check or to make arrangement for full payment of the same within five (5) days after receiving said notice.

CONTRARY TO LAW.[8]

Criminal Case No. 120254

That on or about the month of February, 2002 in Quezon City, Philippines, the said accused, conspiring together, confederating with and mutually helping each other, did then and there willfully, unlawfully and feloniously make or draw and issued to Games & Garments International Inc. represented by Cesar C. Villagrancia to apply on account for value Banco de Oro Check No. 0434808 dated July 17, 2002, payable to the order of Games & Garments International, Inc. in the amount of P500,000.00, Philippine Currency, said accused well knowing that at the time of issue they did not have sufficient funds in or credit with the drawee bank for payment of such check in full upon its presentment which check when presented for payment was subsequently dishonored by the drawee bank for Drawn Against Insufficient Funds and despite receipt of notice of such dishonor, said accused failed to pay said offended party the amount of said check or to make arrangement for full payment of the same within five (5) days after receiving said notice.

CONTRARY TO LAW.[9]

At the arraignment, petitioner Edward and Lucy pleaded not guilty to the crime charged in the six separate Informations.

The MTC conducted pre-trial, and then proceeded with the trial.

After trial, on motion by petitioner Edward and Lucy, the MTC issued the Order granting the demurrer to evidence. The MTC stated that petitioner Edward and Lucy were not criminally liable because they did not receive notice of dishonor. However, the MTC found that there was a preponderance of evidence that petitioner Edward and Lucy were civilly liable for issuing the checks subject of the litigation. Thus, the MTC received evidence regarding the civil liability of petitioner Edward and Lucy.

The evidence of the Prosecution regarding the civil liability is summarized thus: Lucy was the sole owner of the Sawaco General Merchandise (“SAWACO”), a sole proprietorship; in February 2002, Lucy purchased (“2002 transaction”) textile from the Games & Garments International, Inc. (“private respondent Games & Garments”); as payment petitioner Edward and Lucy issued six Banco de Oro checks (“subject checks”) payable to Games & Garments (i.e.: Check No. 434806 dated 19 June 2002 for P510,000.00; Check No. 434805 dated 19 June 2002 for P510,000.00; Check No. 434804 dated 22 May 2002 for P600,000.00; Check No. 434802 dated 17 April 2002 for P600,000.00; Check No. 434807 dated 17 July 2002 for P510,000.00; Check No. 434808 dated 17 July 2002 for P510,000.00), with total amount of P3,240,000.00; the drawee bank dishonored the subject checks for having been drawn against insufficient funds (DAIF); private respondent Games & Garments sent petitioner Edward and Lucy the letter dated 29 July 2002 informing them of the dishonor of the subject checks, and requiring petitioner Edward and Lucy to pay the face value of the subject checks; petitioner Edward and Lucy failed to pay the face value of the checks.

The evidence of the Defense is summarized thus: petitioner Edward and Lucy purchased textile from private respondent Games & Garments; it was standard practice between the parties for petitioner Edward and Lucy to purchase textile on credit from private respondent Games & Garments, with petitioner Edward and Lucy issuing postdated checks as payment; petitioner Edward and Lucy issued the subject checks as payment for the textile delivered to petitioner Edward and Lucy as of 19 September 2001, and not as payment for the 2002 transaction because petitioner Edward and Lucy paid the 2002 transaction in cash; the subject checks were replacement checks for previously dishonored checks, and had no relation with the 2002 transaction.

On 7 June 2011, the MTC issued the Decision,[10] and ordered petitioner Edward and Lucy to pay the private

respondent Games & Garments the face value of the subject checks.

Petitioner Edward appealed to the the RTC. On 14 December 2012, the RTC issued the Decision,[11] which affirmed the MTC Decision.

Petitioner Edward filed the Motion for Reconsideration.[12] The RTC denied the motion.[13]

Thus, this Petition, raising the following assignment of errors:

A. THE REGIONAL TRIAL COURT OF QUEZON CITY, BRANCH 101 COMMITTED AN ERROR IN DECLARING THAT PETITIONER IS CIVILLY LIABLE TO THE PRIVATE RESPONDENT CORPORATION GAMES & GARMENTS INTERNATIONAL, INC. DESPITE THE FACT THAT THE CHECKS IS OWNED BY SAWACO GENERAL MERCHANDISE AND THE BUSINESS DEALS WHICH LEAD TO THE ISSUANCE OF THE AFORESAID CHECKS IS BETWEEN THE PRIVATE RESPONDENT CORPORATION AND SAWACO GENERAL MERCHANDISE.

B. THE REGIONAL TRIAL COURT COMMITTED AN ERROR IN DECLARING THAT PETITIONER IS CIVILLY LIABLE TO THE PRIVATE RESPONDENT CORPORATION GAMES AND GARMENTS INTERNATIONAL INC. DESPITE THE FACT THE TRANSACTION IS BETWEEN SAWACO GENERAL MERCHANDISE AND PRIVATE RESPONDENT CORPORATION ONLY AND THE SAME DID NOT REDOUND TO THE BENEFIT OF THE PETITIONER AND/OR TO HIS FAMILY.[14]

The issue is whether the RTC erred in holding petitioner Edward civilly liable for the face value of the subject checks.

Petitioner Edward argues in the affirmative. RTC erred in holding petitioner Edward civilly liable for the face value of the subject checks.

The Petition[15] thrusts: petitioner Edward was not the owner of the subject checks because SAWACO, an entity distinct and separate from petitioner Edward, was the account holder of subject checks, thus it was SAWACO that was liable for the face value of the subject checks; the sale of the textile was between SAWACO and private respondent Games & Garments, thus the sale on credit was a corporate debt, and not the personal obligation of petitioner Edward; the mere fact that SAWACO was a sole-proprietorship owned by Lucy did not automatically make petitioner Edward personally liable for SAWACO's debt, absent proof that such debt redounded to the benefit of petitioner Edward or his family; SAWACO's corporate debt did not redound to the benefit of petitioner Edward or his family, because the textile were delivered to SAWACO, and petitioner Edward did not receive any consideration from SAWACO's transaction.

Private respondent Games & Garments answers in the negative. The RTC did not err in holding petitioner Edward civilly liable for the face value of the subject checks.

Private respondent Games & Garments' Comment[16] parries: petitioner Edward admitted that he issued the subject checks as payment for the delivered textile; petitioner Edward admitted that it was the standard practice for private respondent Games & Garments to deliver textile on credit, and for petitioner Edward to issue postdated checks as payment; petitioner Edward did not dispute the due execution of the subject checks, and the genuineness of his signatures on subject checks; petitioner Edward was a co-manager of SAWACO, thus he cannot escape liability.

THE COURT'S RULING

We rule in the negative. The RTC did not err in holding petitioner Edward civilly liable for the face value of the subject checks.

Petitioner Edward and Lucy failed to adduce any evidence that SAWACO was a corporation duly established under Philippine law so as to clothe it with a personality separate and distinct from its owners. Notably, petitioner Edward admitted at trial that SAWACO was a sole proprietorship.

A sole proprietorship does not possess a juridical personality separate and distinct from that of the owner of the enterprise. Thus, the owner has unlimited personal liability for all the debts and obligations of the business.[17]

Since SAWACO was a sole proprietorship, it had no separate and distinct personality from that of its owners (petitioner Edward and Lucy). Thus, petitioner Edward and Lucy were personally liable for all of SAWACO's debts and obligations. Since the subject checks were SAWACO's debts, petitioner Edward and Lucy, as owners of SAWACO, are liable to pay the face value of the subject checks.

Further, petitioner Edward is estopped from raising the defense that he cannot be personally liable for SAWACO's debt. Evidence established that petitioner Edward actively participated in the running of SAWACO's business operation.[18] Petitioner Edward admitted at trial that it was customary for petitioner Edward and Lucy to issue post-dated checks as payment for the textile that private respondent Games & Garments sold to SAWACO on credit, and that he (petitioner Edward) issued the subject checks as payment for SAWACO's obligation to private respondent Games & Garments.

We DISMISS the Petition.

IT IS SO ORDERED.

De Leon, M.M., Chairperson and Lantion, J.A.C., JJ., concur.

[1] C.A. Rollo, p. 9.

[2] Annex A of the Petition, C.A. Rollo, p. 19.

[3] Annex E of the Petition, C.A. Rollo, p. 32.

[4] Annex "C" of the Petition, C.A. Rollo, p. 25.

[5] Annex "C-1" of the Petition, C.A. Rollo, p. 26.

[6] Annex "C-2" of the Petition, C.A. Rollo, p. 27.

[7] Annex "C-3" of the Petition, C.A. Rollo, p. 28.

[8] Annex "C-4" of the Petition, C.A. Rollo, p. 29.

[9] Annex "C-5" of the Petition, C.A. Rollo, p. 30.

[10] Supra, note 3.

[11] Supra, note 2.

[12] Annex "J" of the Petition, C.A. Rollo, p. 51.

[13] Annex "B" of the Petition, C.A. Rollo, p. 23.

[14] Supra, note 1, at p. 14.

[15] Supra, note 1.

[16] C.A. Rollo, p. 61.

[17] Alps Transportation v. Rodriguez, G.R. No. 186732, 13 June 2013; Excellent Quality Apparel, Inc. vs. Win Multi Rich Builders, Inc., G.R. No. 175048, 10 February 2009.

[18] Article 1431. Through estoppel an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying thereon.

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.