

CONSUELO DE PERALTA, PLAINTIFF AND APPELLEE, VS. WALTER MANGUSANG, ET AL., DEFENDANTS; TEOFILO COSTALES CROSS-DEFENDANT AND APPELLANT.

G.R. No. L-18110. July 31, 1964

Ponente: REGALA, J.

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REGALA, J.:

This is an appeal from a decision of the Court of First Instance of Baguio City. The following facts are not disputed.

Walter Mangusang was the holder of a certificate of public convenience for the operation of a jeepney line in Baguio City. Without the approval of the Public Service Commission, he sold his jeepney on February 1, 1958 to Teofilo Costales. On March 3, 1958, the jeepney crashed against a post on Session Road, as a result of which Consuelo de Peralta, one of the passengers, suffered injuries which disfigured her face.

De Peralta brought an action for damages for breach of contract of carriage against Mangusang, Mrs. Teofilo Costales and the driver, Bienvenido Soriano Mendoza. The case was filed in the Court of First Instance of Baguio City.

At the start of the trial, however, the court dismissed the case with respect to Mrs. Teofilo Costales and Bienvenido Soriano Mendoza on the ground that, the case being for breach of a contract of carriage, the action did not lie against the two. Thereafter, the court proceeded with the trial of the case, found Mangusang liable for breach of contract of carriage and accordingly ordered him to pay De Peralta the sums of P300 for damages and P200 for attorney's fees.

Mangusang did not appeal from the decision. Instead, he begged leave to file a cross claim against Mrs. Teofilo Costales on the theory that the latter, being the real owner of the jeepney in question, should ultimately be held liable for damages to the plaintiff. The court granted his request as well as his subsequent motion to amend the cross claim so as to substitute Teofilo Costales for his wife. After trial, the court rendered an "Amending Decision," making Teofilo Costales "subsidiarily liable to Mangusang for any payments the latter might have to make to the Plaintiff," it appearing that he was the actual owner of the jeepney in question at the time of the accident.

Costales appeals from this decision. He contends that in an action for breach of contract of carriage, the registered owner alone is responsible.

The law (Sec. 20 [g], Public Service Act) really requires the approval of the Public Service Commission in order that a franchise, or any privileges pertaining thereto, may be sold or leased without infringing the certificate issued to the grantee. The reason is obvious. Since a franchise is personal in nature any transfer or lease thereof should be submitted for approval of the Public Service Commission, so that the latter may take proper safeguards to protect the interest of the public. It follows that if the property covered by the franchise is transferred or leased

to another without obtaining the requisite approval, the transfer is not binding on the Public Service Commission and, in contemplation of law, the grantee continues to be responsible under the franchise in relation to the Commission and to the public for the consequences incident to the operation of the vehicle, one of them being the collision under consideration. (Montoya vs. Ignacio, 94 Phil., 182; 50 Off. Gaz. No. 1, 108; Vda. de Medina, et al. vs. Cresencia, et al., 99 Phil., 506; 52 Off. Gaz. No. 10, 4606; Erezzo vs. Jepte, et al., 102 Phil., 103; Tamayo vs. Aquino, 105 Phil., 949; 66 Off. Gaz. No. 36, 5617.)

This is exactly what the trial court did in dismissing the case filed by De Peralta as far as Mrs. Teofilo Costales and Bienvenido Soriano Mendoza are concerned. In fact, in its decision dated July 22, 1959, the court said in part:

"Defendant, placed on the stand, claims that he had already sold the jeepney at the time of the accident to one Costales. However, it is admitted that this sale was never approved by the Public Service Commission so that Defendant, in whose name the certificate, still exists, is liable to the public* * *.

But that is only as far as the public and the Public Service Commission are concerned. In Erezza vs. Jepte, supra, and Tamayo vs. Aquino, supra, this Court also upheld the right of the registered owner to be indemnified in turn by the real or actual owner for any amount that he may be required to pay as damage. Thus, in the Tamayo case, it was held that—

"The question that arises, therefore, is how should the holder of the certificate of public convenience Tamayo participate with his transferee, operator Kayos, in damages recoverable by the heirs of the deceased passenger, if their liability is not that of joint tortfeasors in accordance with Article 2194 of the Civil Code. The following considerations must be borne in mind in determining this question. As Tamayo is the registered owner of the truck, his responsibility to the public or to any passenger riding in the vehicle or truck must be direct for the reasons given in our decision in the case of Erezzo vs. Jente, supra, as above quoted. But as the transferee, who operated the vehicle when the passenger died, is the one directly responsible for the accident and death, he should in turn be made responsible to the registered owner for what the latter may have been adjudged to pay. In operating the truck without the transfer thereof having been approved by the Public Service Commission, the transferee acted merely as agent of the registered owner and should be responsible to him (the registered owner), for any damages that he may cause the latter by his negligence."

There is simply no merit in the claim that as the sale of the jeepney had not yet been approved by the Motor Vehicles Office at the time of the accident, it did not transfer ownership of the vehicle to the buyer (Costales). Registration of motor vehicles is required not because it is the operative act that transfers ownership in vehicles (as it is in land registration cases), but because it is the means by which to identify the owner, so that if any accident happens or any damage or injury is caused by the vehicle, responsibility for the same can be fixed. (See Erezzo et al. vs. Jepte, supra.) It is never essential for the validity of the sale.

Neither is there merit in the contention that the cross claim should have been filed before, and not after, judgment and that because it was filed after judgment, Costales was deprived of the opportunity to cross examine the witnesses for the plaintiff De Peralta. While Mangusang should have filed his cross claim during the pendency of the action before judgment or, at least, should have filed an independent civil action against Costales, yet, as the trial court correctly observed, the result would be the same. After all the Rules of Court should be liberally construed to secure substantial justice to the parties. Anent the point that because the cross claim was filed after judgment Costales was deprived of his right to cross examine witnesses for the plaintiff, suffice it to advert to the fact that his liability, as already stated, is not based on culpa contractual but on his own negligence as the agent of the registered owner. As agent, he is responsible for whatever amount the registered owner may be adjudged to pay, attorney's fees including, by reason of the agent's negligence. At any rate, the records show that Costales was given his day in court.

Wherefore, finding no error in the appealed decision, the same is affirmed, without pronouncement as to costs.

Bengzon, C. J., Padilla, Bautista Angelo, Concepcion, Reyes, J. B. L., Paredes and Makalintal, JJ., concur.

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