

CONRADO AGUILAR, SR., PETITIONER, VS. COMMERCIAL SAVINGS BANK AND FERDINAND BORJA, RESPONDENTS.

G.R. No. 128705. June 29, 2001

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This petition^[1] seeks to annul and set aside the decision dated October 16, 1996, of the Court of Appeals in CA-G.R. CV No. 48793, reversing the decision of the Regional Trial Court of Makati, Branch 59, and dismissing the complaint insofar as respondent Commercial Savings Bank is concerned.

The facts in this case are uncomplicated.

Petitioner Conrado Aguilar, Sr. is the father of Conrado Aguilar, Jr., the victim in a vehicular accident involving a Lancer car registered in the name of respondent bank, but driven by co-respondent Ferdinand G. Borja.

On September 8, 1984, at around 11:15 P.M., Aguilar, Jr. and his companions, among them Nestor Semella, had just finished their snack at the Uncle Watt's Bakery along Zapote-Alabang Road. As they crossed the road, a Lancer with plate no. NNP 349 and driven by Ferdinand Borja, overtook a passenger jeepney. In so doing, the Lancer hit Aguilar and Semella. Aguilar was thrown upwards and smashed against the windshield of the Lancer, which did not stop. Aguilar and Semella were then brought to the Perpetual Help Hospital at Pamplona, Las Piñas, where Aguilar was pronounced dead on arrival.

On July 29, 1985, petitioner filed a complaint for damages against respondents in the Regional Trial Court of Makati, Branch 59. Borja did not file his answer within the reglementary period, hence, he was declared in default by the trial court.

At the trial, respondent bank admitted that the Lancer was registered in its name at the time of the incident. Petitioner's counsel also showed that Borja was negligent in driving the car.

On June 14, 1991, the trial court held defendants (herein respondents) liable for Aguilar's death, in its decision that reads:

Premises considered, judgment is hereby rendered ordering the defendants, jointly and severally, to pay to the plaintiff the following:

1. The amount of P18,900.00 representing actual expenses incurred by the plaintiff;
2. The amount of P50,000.00 representing moral damages;
3. The amount of P100,000.00 representing loss of earning capacity of the deceased victim, Conrado Aguilar, Jr.
4. The sum of P20,000.00 representing attorney's fees; and
5. With costs against the defendants.

Defendant bank's counterclaim is ordered DISMISSED for lack of merit.

On the cross-claim of the defendant bank, the cross-defendant Ferdinand Borja is hereby ordered to pay the cross-claimant Comsavings Bank whatever amount the latter may have paid or is required to pay to the plaintiff by virtue of this decision.

SO ORDERED.[2]

The trial court declared that Borja's negligence, carelessness and imprudence caused the victim's death. It also found that Borja was an assistant vice president of respondent bank at the time of the incident. It held that under Art. 2180[3] of the Civil Code, the negligence of the employee is presumed to be that of the employer, whose liability is primary and direct; and that respondent bank failed to exercise due diligence in the selection of its employees.

Respondent bank appealed to the Court of Appeals.

The Court of Appeals found the appeal meritorious. It said that before it can apply Art. 2180 on which private respondent anchored its claim of the bank's negligence, petitioner must first establish that Borja acted on the occasion or by reason of the functions entrusted to him by his employer. The appellate court found no evidence that Borja had acted as respondent bank's assistant vice-president at the time of the mishap. The Court of Appeals reversed the trial court's decision, thus:

WHEREFORE, the appealed decision is reversed only insofar as defendant-appellant bank is concerned. The complaint against it is DISMISSED. No award of damages on said appellant's counterclaim.

No costs.

SO ORDERED.[4]

Petitioner's motion for reconsideration was denied. Hence, this petition where petitioner avers that:

THE COURT OF APPEALS ERRED IN FINDING THAT RESPONDENT COMSAVINGS IS NOT LIABLE FOR DAMAGES DESPITE THE ESTABLISHED FACT THAT RESPONDENT COMSAVINGS IS THE REGISTERED OWNER OF THE CAR THAT HIT AND KILLED PETITIONER'S SON WHICH FINDING, COUPLED WITH THE DISMISSAL OF THE COMPLAINT AGAINST RESPONDENT COMSAVINGS, IS CONTRARY TO LAW AND EXISTING JURISPRUDENCE.[5]

The sole issue is whether or not respondent bank, as the Lancer's registered owner, is liable for damages.

Petitioner states that the Court of Appeals erred when it disregarded the fact that respondent bank was the registered owner of the car and concluded that the bank was not liable since there was "no iota of evidence that Borja was performing his assigned task at the time of the incident." [6] He insists that the existence or absence of employer-employee relationship between the bank and Borja is immaterial in this case for the registered owner of a motor vehicle is legally liable for the damages incurred by third persons for injuries sustained in the operation of said vehicle.

Respondent bank counters that the appellate court's decision is well supported by law and jurisprudence. According to respondent bank, under Article 2180 of the Civil Code, when the negligent employee commits the act outside the actual performance of his assigned tasks or duties, the employer has no vicarious liability. Further, the bank insists that it is not liable since at the time of the accident, Borja was driving the Lancer in his private capacity and was not performing functions in furtherance of the interest of Comsavings Bank. Additionally, according to the bank, Borja already bought the car on installment basis. Hence, at the time of the incident, the bank concluded it was no longer the owner of the car.[7]

We are, however, unimpressed by respondent bank's disquisition. It goes against established jurisprudence.

In *BA Finance Corporation vs. Court of Appeals*, 215 SCRA 715, we had already held that the registered owner of any vehicle, even if not for public service, is primarily responsible to third persons for deaths, injuries and damages it caused. This is true even if the vehicle is leased to third persons. In that case, petitioner's Isuzu ten-wheeler truck driven by an employee of a certain Lino Castro met an accident. Neither the driver nor Lino Castro was connected to petitioner, for at the time of the incident, the truck was on lease to Rock Component Philippines, Inc. The Court held petitioner liable as the truck's registered owner, despite the absence of employer-employee relationship between petitioner and the driver. Though petitioner in said case had a right of reimbursement against Rock Component for the total amount of its liability, the Court per Melo, .. made clear petitioner remained legally responsible to the victim of vehicular mishap on the basis of jurisprudential dogmas.

As early as *Erezo vs. Jepte*, 102 Phil. 103, the Court through Labrador, .. had synthesized the rationale for holding the registered owner of a vehicle directly liable. There we said:

Registration is required not to make said registration the operative act by which ownership in vehicles is transferred, as in land registration cases, because the administrative proceeding of registration does not bear any essential relation to the contract of sale between the parties (*Chinchilla vs. Rafael and Verdaguer*, 39 Phil. 888), but to permit the use and operation of the vehicle upon any public highway (section 5 [a], Act No. 3992, as amended.) The main aim of motor vehicle registration is to identify the owner so that if any accident happens, or that any damage or injury is caused by the vehicle on the public highways, responsibility therefor can be fixed on a definite individual, the registered owner. Instances are numerous where vehicles running on public highways caused accidents or injuries to pedestrians or other vehicles without positive identification of the owner or drivers, or with very scant means of identification. It is to forestall these circumstances, so inconvenient or prejudicial to the public, that the motor vehicle registration is primarily ordained, in the interest of the determination of persons responsible for damages or injuries caused on public highways.

"One of the principal purposes of motor vehicles legislation is identification of the vehicle and of the operator, in case of accident; and another is that the knowledge that means of detection are always available may act as a deterrent from lax observance of the law and of the rules of conservative and safe operation. Whatever purpose there may be in these statutes, it is subordinate at the last to the primary purpose of rendering it certain that the violator of the law or of the rules of safety shall not escape because of lack of means to discover him.' The purpose of the statute is thwarted, and the displayed number becomes a 'snare and delusion,' if courts would entertain such defenses as that put forward by appellee in this case. No responsible person or corporation could be held liable for the most outrageous acts of negligence, if they should be allowed to place a 'middleman' between them and the public, and escape liability by the manner in which they recompense their servants." (*King vs. Brenham Automobile Co.*, 145 S.W. 278, 279.)

With the above policy in mind, the question that defendant-appellant poses is: should not the registered owner be allowed at the trial to prove who the actual and real owner is, and in accordance with such proof escape or evade responsibility and lay the same on the person actually owning the vehicle? We hold with the trial court that the law does not allow him to do so; the law, with its aim and policy in mind, does not relieve him directly of the responsibility that the law fixes and places upon him as an incident or consequence of registration. Were a registered owner allowed to evade responsibility by proving who the supposed transferee or owner is, it would be easy for him, by collusion with others or otherwise, to escape said responsibility and transfer the same to an indefinite person, or to one who possesses no property with which to respond financially for the damage or injury done. A victim of recklessness on the public highways is usually without means to discover or identify the person actually causing the injury or damage. He has no means other than by a recourse to the registration in the Motor Vehicles Office to determine who is the owner. The protection that the law aims to extend to him would become illusory were the registered owner given the opportunity to escape liability by disproving his ownership. If the

policy of the law is to be enforced and carried out, the registered owner should not be allowed to prove the contrary to the prejudice of the person injured, that is, to prove that a third person or another has become the owner, so that he may thereby be relieved of the responsibility to the injured person.

The above policy and application of the law may appear quite harsh and would seem to conflict with truth and justice. We do not think it is so. A registered owner who has already sold or transferred a vehicle has the recourse to a third-party complaint, in the same action brought against him to recover for the damage or injury done, against the vendee or transferee of the vehicle. The inconvenience of the suit is no justification for relieving him of liability; said inconvenience is the price he pays for failure to comply with the registration that the law demands and requires.

In synthesis, we hold that the registered owner, the defendant-appellant herein, is primarily responsible for the damage caused to the vehicle of the plaintiff-appellee, but he (defendant-appellant) has a right to be indemnified by the real or actual owner of the amount that he may be required to pay as damage for the injury caused to the plaintiff-appellant.[8]

The rationale well postulated in Erezco applies in the present case. Thus far no change in jurisprudence has been brought to our attention. In our view, respondent bank, as the registered owner of the vehicle, is primarily liable for Aguilar, Jr.'s death. The Court of Appeals erred when it concluded that the bank was not liable simply because (a) petitioner did not prove that Borja was acting as the bank's vice president at the time of the accident; and (b) Borja had, according to respondent bank, already bought the car at the time of the mishap. For as long as the respondent bank remained the registered owner of the car involved in the vehicular accident, it could not escape primary liability for the death of petitioner's son.

WHEREFORE, the petition is GRANTED. The assailed decision of the Court of Appeals dated October 16, 1996 in CA-G.R. CV No. 48793 is REVERSED. The judgment of the Regional Trial Court of Makati, Branch 59 in Civil Case No. 11231 is UPHELD. Costs against respondent bank.

SO ORDERED.

Bellosillo (Chairman), Mendoza, Buena, and De Leon, Jr., JJ., concur.

[1] Rollo, pp. 3-15.

[2] Id. at 23-24.

[3] Art. 2180, Civil Code: The obligation imposed by article 2176 is demandable not only for one's own acts or omissions, but also for those of persons for whom one is responsible.

x x x

The owners and managers of an establishment or enterprise are likewise responsible for damages caused by their employees in the service of the branches in which the latter are employed or on the occasion of their functions.

Employers shall be liable for the damages caused by their employees and household helpers acting within the scope of their assigned tasks, even though the former are not engaged in any business or industry.

x x x

The responsibility treated of in this article shall cease when the persons herein mentioned prove that they observed all the diligence of a good father of a family to prevent damage.

[4] Rollo, p. 45.

[5] Id. at 9.

[6] Id. at 97.

[7] Id. at 124-126

[8] Erez vs. Jepte, 102 Phil. 103, 108-110 (1957).

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