

CARAVAN TRAVEL AND TOURS INTERNATIONAL, INC., PETITIONER, VS. ERMILINDA R. ABEJAR, RESPONDENT.

G.R. No. 170631. February 10, 2016

Ponente: LEONEN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-170631/>

LEONEN, J.:

The plaintiff may first prove the employer's ownership of the vehicle involved in a mishap by presenting the vehicle's registration in evidence. Thereafter, a disputable presumption that the requirements for an employer's liability under Article 2180[1] of the Civil Code have been satisfied will arise. The burden of evidence then shifts to the defendant to show that no liability under Article 2180 has ensued. This case, thus, harmonizes the requirements of Article 2180, in relation to Article 2176[2] of the Civil Code, and the so-called registered-owner rule as established in this court's rulings in *Aguilar, Sr. v. Commercial Savings Bank*,[3] *Del Carmen, Jr. v. Bacoy*,[4] *Filcar Transport Services v. Espinas*,[5] and *Mendoza v. Spouses Gomez*. [6]

Through this Petition for Review on Certiorari,[7] Caravel Travel and Tours International, Inc. (Caravan) prays that the Decision[8] dated October 3, 2005 and the Resolution[9] dated November 29, 2005 of the Court of Appeals Twelfth Division be reversed and set aside.[10]

On July 13, 2000, Jesmariane R. Reyes (Reyes) was walking along the west-bound lane of Sampaguita Street, United Parañaque Subdivision IV, Parañaque City.[11] A Mitsubishi L-300 van with plate number PKM 195[12] was travelling along the east-bound lane, opposite Reyes.[13] To avoid an incoming vehicle, the van swerved to its left and hit Reyes.[14] Alex Espinosa (Espinosa), a witness to the accident, went to her aid and loaded her in the back of the van.[15] Espinosa told the driver of the van, Jimmy Bautista (Bautista), to bring Reyes to the hospital.[16] Instead of doing so, Bautista appeared to have left the van parked inside a nearby subdivision with Reyes still in the van.[17] Fortunately for Reyes, an unidentified civilian came to help and drove Reyes to the hospital.[18]

Upon investigation, it was found that the registered owner of the van was Caravan.[19] Caravan is a corporation engaged in the business of organizing travels and tours.[20] Bautista was Caravan's employee assigned to drive the van as its service driver.[21]

Caravan shouldered the hospitalization expenses of Reyes.[22] Despite medical attendance, Reyes died two (2) days after the accident.[23]

Respondent Ermilinda R. Abejar (Abejar), Reyes' paternal aunt and the person who raised her since she was nine (9) years old,[24] filed before the Regional Trial Court of Parañaque a Complaint[25] for damages against Bautista and Caravan. In her Complaint, Abejar alleged that Bautista was an employee of Caravan and that Caravan is the registered owner of the van that hit Reyes.[26]

Summons could not be served on Bautista.[27] Thus, Abejar moved to drop Bautista as a defendant.[28] The Regional Trial Court granted her Motion.[29]

After trial, the Regional Trial Court found that Bautista was grossly negligent in driving the vehicle.[30] It awarded damages in favor of Abejar, as follows:

WHEREFORE, considering that the [respondent] was able to provide by preponderance of evidence her cause of action against the defendants, judgment is hereby rendered ordering defendants JIMMY BAUTISTA and CARAVAN TRAVEL and TOURS[,] INC., to jointly and solidarity pay the plaintiff, the following, to wit:

1. The amount of P35,000.00 representing actual damages;
2. The amount of P300,000.00 as moral damages;
3. The amount of P30,000.00 as exemplary damages;
4. The amount of P50,000.00 as and by way of attorney's fees; and
5. The cost of suit.

SO ORDERED.[31]

Caravan's Motion for Reconsideration[32] was denied through the October 20, 2003 Order[33] of the Regional Trial Court.

The Court of Appeals affirmed with modification the Regional Trial Court's July 31, 2003 Decision and October 20, 2003 Order, as follows:

WHEREFORE, premises considered, the instant appeal is DENIED for lack of merit. The assailed Decision dated 31 July 2003 and Order dated 20 October 2003 of the Regional Trial Court, City of Parañaque, Branch 258, in Civil Case No. 00-0447 are AFFIRMED with the following MODIFICATIONS:

- Moral Damages is REDUCED to Php 200,000.00;
- Death Indemnity of Php 50,000.00 is awarded;
- The Php 35,000.00 actual damages, Php 200,000.00 moral damages, Php 30,000.00 exemplary damages and Php 50,000.00 attorney's fees shall earn interest at the rate of 6% per annum computed from 31 July 2003, the date of the [Regional Trial Court's] decision; and upon finality of this Decision, all the amounts due shall earn interest at the rate of 12% per annum, in lieu of 6% per annum, until full payment; and
- The Php 50,000.00 death indemnity shall earn interest at the rate of 6% per annum computed from the date of promulgation of this Decision; and upon finality of this Decision, the amount due shall earn interest at the rate of 12% per annum, in lieu of 6% per annum, until full payment.

Costs against [Caravan].

SO ORDERED.[34]

Caravan filed a Motion for Reconsideration, but it was denied in the Court of Appeals' assailed November 29, 2005 Resolution.[35]

Hence, this Petition was filed.

Caravan argues that Abejar has no personality to bring this suit because she is not a real party in interest. According to Caravan, Abejar does not exercise legal or substitute parental authority. She is also not the judicially appointed guardian or the only living relative of the deceased.[36] She is also not "the executor or administrator of the estate of the deceased." [37] According to Caravan, only the victim herself or her heirs can enforce an action based on culpa aquiliana such as Abejar's action for damages.[38]

Caravan adds that Abejar offered no documentary or testimonial evidence to prove that Bautista, the driver, acted "within the scope of his assigned tasks"[39] when the accident occurred.[40] According to Caravan, Bautista's tasks only pertained to the transport of company personnel or products, and when the accident occurred, he had not been transporting personnel or delivering products of and for the company.[41]

Caravan also argues that "it exercised the diligence of a good father of a family in the selection and supervision of its employees." [42]

Caravan further claims that Abejar should not have been awarded moral damages, actual damages, death indemnity, exemplary damages, and attorney's fees.[43] It questions the Certificate provided by Abejar as proof of expenses since its signatory, a certain Julian Peñaloza (Peñaloza), was not presented in court, and Caravan was denied the right to cross-examine him.[44] Caravan argues that the statements in the Certification constitute hearsay.[45] It also contends that based on Article 2206(3)[46] of the Civil Code, Abejar is not entitled to moral damages.[47] It insists that moral and exemplary damages should not have been awarded to Abejar because Caravan acted in good faith.[48] Considering that moral and exemplary damages are unwarranted, Caravan claims that the award of attorney's fees should have also been removed.[49]

Lastly, Caravan argues that it should not be held solidarily liable with Bautista since Bautista was already dropped as a party.[50]

Abejar counters that Caravan failed to provide proof that it exercised the requisite diligence in the selection and supervision of Bautista.[51] She adds that the Court of Appeals' ruling that Caravan is solidarily liable with Bautista for moral damages, exemplary damages, civil indemnity ex delicto, and attorney's fees should be upheld.[52] Abejar argues that since Caravan is the registered owner of the van, it is directly, primarily, and solidarity liable for the tortious acts of its driver.[53]

For resolution are the following issues:

First, whether respondent Ermilinda R. Abejar is a real party in interest who may bring an action for damages against petitioner Caravan Travel and Tours International, Inc. on account of Jesmariane R. Reyes' death; and

Second, whether petitioner should be held liable as an employer, pursuant to Article 2180 of the Civil Code.

We deny the Petition.

I

Having exercised substitute parental authority, respondent suffered actual loss and is, thus, a real party in interest in this case.

In her Complaint, respondent made allegations that would sustain her action for damages: that she exercised substitute parental authority over Reyes; that Reyes' death was caused by the negligence of petitioner and its driver; and that Reyes' death caused her damage.[54] Respondent properly filed an action based on quasi-delict. She is a real party in interest.

Rule 3, Section 2 of the 1997 Rules of Civil Procedure defines a real party in interest:

RULE 3. Parties to Civil Actions

....

SECTION 2. Parties in Interest. — A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. Unless otherwise authorized by law or

these Rules, every action must be prosecuted or defended in the name of the real party in interest.

"To qualify a person to be a real party in interest in whose name an action must be prosecuted, he [or she] must appear to be the present real owner of the right sought to be enforced."^[55] Respondent's capacity to file a complaint against petitioner stems from her having exercised substitute parental authority over Reyes.

Article 216 of the Family Code identifies the persons who exercise substitute parental authority:

Art. 216. In default of parents or a judicially appointed guardian, the following persons shall exercise substitute parental authority over the child in the order indicated:

- (1) The surviving grandparent, as provided in Art. 214;^[56]
- (2) The oldest brother or sister, over twenty-one years of age, unless unfit or disqualified; and
- (3) The child's actual custodian, over twenty-one years of age, unless unfit or disqualified.

Whenever the appointment or a judicial guardian over the property of the child becomes necessary, the same order of preference shall be observed. (Emphasis supplied)

Article 233 of the Family Code provides for the extent of authority of persons exercising substitute parental authority, that is, the same as those of actual parents:

Art. 233. The person exercising substitute parental authority shall have the same authority over the person of the child as the parents. (Emphasis supplied)

Both of Reyes' parents are already deceased.^[57] Reyes' paternal grandparents are also both deceased.^[58] The whereabouts of Reyes' maternal grandparents are unknown.^[59] There is also no record that Reyes has brothers or sisters. It was under these circumstances that respondent took custody of Reyes when she was a child, assumed the role of Reyes' parents, and thus, exercised substitute parental authority over her.^[60] As Reyes' custodian, respondent exercised the full extent of the statutorily recognized rights and duties of a parent. Consistent with Article 220^[61] of the Family Code, respondent supported Reyes' education^[62] and provided for her personal needs.^[63] To echo respondent's words in her Complaint, she treated Reyes as if she were her own daughter.^[64]

Respondent's right to proceed against petitioner, therefore, is based on two grounds.

First, respondent suffered actual personal loss. With her affinity for Reyes, it stands to reason that when Reyes died, respondent suffered the same anguish that a natural parent would have felt upon the loss of one's child. It is for this injury—as authentic and personal as that of a natural parent—that respondent seeks to be indemnified.

Second, respondent is capacitated to do what Reyes' actual parents would have been capacitated to do.

In *Metro Manila Transit Corporation v. Court of Appeals*,^[65] *Tapdasan, Jr. v. People*,^[66] and *Aguilar, Sr. v. Commercial Savings Bank*,^[67] this court allowed natural parents of victims to recover damages for the death of their children. Inasmuch as persons exercising substitute parental authority have the full range of competencies of a child's actual parents, nothing prevents persons exercising substitute parental authority from similarly possessing the right to be indemnified for their ward's death.

We note that Reyes was already 18 years old when she died. Having reached the age of majority, she was already emancipated upon her death. While parental authority is terminated upon emancipation,^[68] respondent continued to support and care for Reyes even after she turned 18.^[69] Except for the legal technicality of Reyes' emancipation, her relationship with respondent remained the same. The anguish and damage caused to respondent by Reyes' death was no different because of Reyes' emancipation.

In any case, the termination of respondent's parental authority is not an insurmountable legal bar that precludes the filing of her Complaint. In interpreting Article 1902[70] of the old Civil Code, which is substantially similar to the first sentence of Article 2176[71] of the Civil Code, this court in *The Receiver For North Negros Sugar Company, Inc. v. Ybañez, et al.*[72] ruled that brothers and sisters may recover damages, except moral damages, for the death of their sibling.[73] This court declared that Article 1902 of the old Civil Code (now Article 2176) is broad enough to accommodate even plaintiffs who are not relatives of the deceased, thus:[74]

This Court said: "Article 1902 of the Civil Code declares that any person who by an act or omission, characterized by fault or negligence, causes damage to another shall be liable for the damage done ... a person is liable for damage done to another by any culpable act; and by any culpable act is meant any act which is blameworthy when judged by accepted legal standards. The idea thus expressed is undoubtedly broad enough to include any rational conception of liability for the tortious acts likely to be developed in any society." The word "damage" in said article, comprehending as it does all that are embraced in its meaning, includes any and all damages that a human being may suffer in any and all the manifestations of his life: physical or material, moral or psychological, mental or spiritual, financial, economic, social, political, and religious.

It is particularly noticeable that Article 1902 stresses the passive subject of the obligation to pay damages caused by his fault or negligence. The article does not limit or specify the active subjects, much less the relation that must exist between the victim of the culpa aquiliana and the person who may recover damages, thus warranting the inference that, in principle, anybody who suffers any damage from culpa aquiliana, whether a relative or not of the victim, may recover damages from the person responsible therefor[.][75] (Emphasis supplied, citations omitted)

II

Respondent's Complaint is anchored on an employer's liability for quasi-delict provided in Article 2180, in relation to Article 2176 of the Civil Code. Articles 2176 and 2180 read:

ARTICLE 2176. Whoever by act or omission causes damage to another, there being fault or negligence, is obliged to pay for the damage done. Such fault or negligence, if there is no pre-existing contractual relation between the parties, is called a quasi-delict and is governed by the provisions of this Chapter.

.....

ARTICLE 2180. 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.

The father and, in case of his death or incapacity, the mother, are responsible for the damages caused by the minor children who live in their company.

Guardians are liable for damages caused by the minors or incapacitated persons who are under their authority and live in their company.

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.

The State is responsible in like manner when it acts through a special agent; but not when the damage has been caused by the official to whom the task done properly pertains, in which case what is provided in article 2176 shall be applicable.

Lastly, teachers or heads of establishments of arts and trades shall be liable for damages caused by their pupils and students or apprentices, so long as they remain in their custody.

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. (Emphasis supplied)

Contrary to petitioner's position, it was not fatal to respondent's cause that she herself did not adduce proof that Bautista acted within the scope of his authority. It was sufficient that Abejar proved that petitioner was the registered owner of the van that hit Reyes.

The resolution of this case must consider two (2) rules. First, Article 2180's specification that "[e]mployers shall be liable for the damages caused by their employees . . . acting within the scope of their assigned tasks[.]" Second, the operation of the registered-owner rule that registered owners are liable for death or injuries caused by the operation of their vehicles.[76]

These rules appear to be in conflict when it comes to cases in which the employer is also the registered owner of a vehicle. Article 2180 requires proof of two things: first, an employment relationship between the driver and the owner; and second, that the driver acted within the scope of his or her assigned tasks. On the other hand, applying the registered-owner rule only requires the plaintiff to prove that the defendant-employer is the registered owner of the vehicle.

The registered-owner rule was articulated as early as 1957 in *Erezo, et al. v. Jepte*,[77] where this court explained that the registration of motor vehicles, as required by Section 5(a)[78] of Republic Act No. 4136, the Land Transportation and Traffic Code, was necessary "not to make said registration the operative act by which ownership in vehicles is transferred, . . . but to permit the use and operation of the vehicle upon any public highway[.]"[79] Its "main aim . . . 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." [80]

Erezo notwithstanding, *Castilex Industrial Corporation v. Vasquez, Jr.*[81] relied on Article 2180 of the Civil Code even though the employer was also the registered owner of the vehicle.[82] The registered-owner rule was not mentioned.

In *Castilex*, Benjamin Abad (Abad) was a manager of Castilex Industrial Corporation (Castilex). Castilex was also the registered owner of a Toyota Hi-Lux pick-up truck. While Abad was driving the pick-up truck, it collided with a motorcycle driven by Romeo Vasquez (Vasquez). Vasquez died a few days after. Vasquez's parents filed a case for damages against Abad and Castilex.[83] Castilex denied liability, arguing that Abad was acting in his private capacity at the time of the accident.[84]

This court absolved Castilex of liability, reasoning that it was incumbent upon the plaintiff to prove that the negligent employee was acting within the scope of his assigned tasks.[85] Vasquez's parents failed to prove this.[86] This court outlined the process necessary for an employer to be held liable for the acts of its employees and applied the process to the case:

Under the fifth paragraph of Article 2180, whether or not engaged in any business or industry, an employer is liable for the torts committed by employees within the scope of his assigned tasks. But it is necessary to establish the employer-employee relationship; once this is done, the plaintiff must show, to hold the employer liable, that the employee was acting within the scope of his assigned task when the tort complained of was committed. It is only then that the employer may find it necessary to interpose the defense of due diligence in the selection and supervision of the employee.

....

Since there is paucity of evidence that ABAD was acting within the scope of the functions entrusted to him, petitioner CASTILEX had no duty to show that it exercised the diligence of a good father of a family in providing ABAD with a service vehicle. Thus, justice and equity require that petitioner be relieved of vicarious liability for the consequences of the negligence of ABAD in driving its vehicle. (Emphasis supplied, citations omitted)[87]

Aguilar, Sr. v. Commercial Savings Bank recognized the seeming conflict between Article 2180 and the registered-owner rule and applied the latter.[88]

In Aguilar, Sr., a Mitsubishi Lancer, registered in the name of Commercial Savings Bank and driven by the bank's assistant vice-president Ferdinand Borja, hit Conrado Aguilar, Jr. The impact killed Conrado Aguilar, Jr. His father, Conrado Aguilar, Sr. filed a case for damages against Ferdinand Borja and Commercial Savings Bank. The Regional Trial Court found Commercial Savings Bank solidarity liable with Ferdinand Borja.[89]

However, the Court of Appeals disagreed with the trial court's Decision and dismissed the complaint against the bank. The Court of Appeals reasoned that Article 2180 requires the plaintiff to prove that at the time of the accident, the employee was acting within the scope of his or her assigned tasks. The Court of Appeals found no evidence that Ferdinand Borja was acting as the bank's assistant vice-president at the time of the accident.[90]

The Court of Appeals' ruling was reversed by this court.[91] Aguilar, Sr. reiterated the following pronouncements made in Erezon in ruling that the bank, as the registered owner of the vehicle, was primarily liable to the plaintiff:[92]

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....

....

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.[93]

Thus, Aguilar, Sr. concluded:

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.[94] (Emphasis supplied)

Preference for the registered-owner rule became more pronounced in Del Carmen, Jr. v. Bacoy:[95]

Without disputing the factual finding of the [Court of Appeals] that Allan was still his employee at the time of the accident, a finding which we see no reason to disturb, Oscar Jr. contends that Allan drove the jeep in his private capacity and thus, an employer's vicarious liability for the employee's fault under Article 2180 of the Civil Code cannot apply to him.

The contention is no longer novel. In Aguilar Sr. v. Commercial Savings Bank, the car of therein respondent

bank caused the death of Conrado Aguilar, Jr. while being driven by its assistant vice president. Despite Article 2180, we still held the bank liable for damages for the accident as said provision should defer to the settled doctrine concerning accidents involving registered motor vehicles, i.e., that the registered owner of any vehicle, even if not used for public service, would primarily be responsible to the public or to third persons for injuries caused the latter while the vehicle was being driven on the highways or streets. We have already ratiocinated that:

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.[96] (Emphasis supplied, citations omitted)

Filcar Transport Services v. Espinas[97] stated that the registered owner of a vehicle can no longer use the defenses found in Article 2180:[98]

Neither can Filcar use the defenses available under Article 2180 of the Civil Code - that the employee acts beyond the scope of his assigned task or that it exercised the due diligence of a good father of a family to prevent damage - because the motor vehicle registration law, to a certain extent, modified Article 2180 of the Civil Code by making these defenses unavailable to the registered owner of the motor vehicle. Thus, for as long as Filcar is the registered owner of the car involved in the vehicular accident, it could not escape primary liability for the damages caused to Espinas.[99]

Mendoza v. Spouses Gomez[100] reiterated this doctrine.

However, Aguilar, Sr., Del Carmen, Filcar, and Mendoza should not be taken to mean that Article 2180 of the Civil Code should be completely discarded in cases where the registered-owner rule finds application.

As acknowledged in Filcar, there is no categorical statutory pronouncement in the Land Transportation and Traffic Code stipulating the liability of a registered owner.[101] The source of a registered owner's liability is not a distinct statutory provision, but remains to be Articles 2176 and 2180 of the Civil Code:

While Republic Act No. 4136 or the Land Transportation and Traffic Code does not contain any provision on the liability of registered owners in case of motor vehicle mishaps, Article 2176, in relation with Article 2180, of the Civil Code imposes an obligation upon Filcar, as registered owner, to answer for the damages caused to Espinas' car.[102]

Thus, it is imperative to apply the registered-owner rule in a manner that harmonizes it with Articles 2176 and 2180 of the Civil Code. Rules must be construed in a manner that will harmonize them with other rules so as to form a uniform and consistent system of jurisprudence.[103] In light of this, the words used in Del Carmen are particularly notable. There, this court stated that Article 2180 "should defer to"[104] the registered-owner rule. It never stated that Article 2180 should be totally abandoned.

Therefore, the appropriate approach is that in cases where both the registered-owner rule and Article 2180 apply, the plaintiff must first establish that the employer is the registered owner of the vehicle in question. Once the plaintiff successfully proves ownership, there arises a disputable presumption that the requirements of Article 2180 have been proven. As a consequence, the burden of proof shifts to the defendant to show that no liability under Article 2180 has arisen.

This disputable presumption, insofar as the registered owner of the vehicle in relation to the actual driver is

concerned, recognizes that between the owner and the victim, it is the former that should carry the costs of moving forward with the evidence. The victim is, in many cases, a hapless pedestrian or motorist with hardly any means to uncover the employment relationship of the owner and the driver, or any act that the owner may have done in relation to that employment.

The registration of the vehicle, on the other hand, is accessible to the public.

Here, respondent presented a copy of the Certificate of Registration^[105] of the van that hit Reyes.^[106] The Certificate attests to petitioner's ownership of the van. Petitioner itself did not dispute its ownership of the van. Consistent with the rule we have just stated, a presumption that the requirements of Article 2180 have been satisfied arises. It is now up to petitioner to establish that it incurred no liability under Article 2180. This it can do by presenting proof of any of the following: first, that it had no employment relationship with Bautista; second, that Bautista acted outside the scope of his assigned tasks; or third, that it exercised the diligence of a good father of a family in the selection and supervision of Bautista.^[107]

On the first, petitioner admitted that Bautista was its employee at the time of the accident.^[108]

On the second, petitioner was unable to prove that Bautista was not acting within the scope of his assigned tasks at the time of the accident. When asked by the court why Bautista was at the place of the accident when it occurred, Sally Bellido, petitioner's accountant and supervisor,^[109] testified that she did not "have the personal capacity to answer [the question]"^[110] and that she had no knowledge to answer it:

COURT

:

Madam Witness, do you know the reason why your driver, Jimmy Bautista, at around 10:00 o' clock in the morning of July 13, 2000 was in the vicinity of Barangay Marcelo Green, United Parañaque Subdivision 4?

WITNESS

:

I don't have the personal capacity to answer that, Sir.

Q

:

So you don't have any knowledge why he was there?

A

:

Yes, Sir.^[111] (Emphasis supplied)

Sally Bellido's testimony does not affect the presumption that Article 2180's requirements have been satisfied. Mere disavowals are not proof that suffice to overturn a presumption. To this end, evidence must be adduced. However, petitioner presented no positive evidence to show that Bautista was acting in his private capacity at the time of the incident.

On the third, petitioner likewise failed to prove that it exercised the requisite diligence in the selection and supervision of Bautista.

In its selection of Bautista as a service driver, petitioner contented itself with Bautista's submission of a non-professional driver's license.[112] Hence, in Sally Balledo's cross-examination:

Q

:

. . . when he was promoted as service driver, of course, there were certain requirements and among other else, you made mention about a driver's license.

A

:

Yes, Sir.

Q

:

Would you be able to show to this Honorable Court whether indeed this person did submit a driver's license to your company?

A

:

Yes, Sir.

. . . .

Q

:

Do you recall what kind of driver's license is this?

A

:

The Land Transportation Office.

Q

:

Is it a professional driver's license or non-professional [sic] driver's license?

A

:

Non-professional.

Q

:

You are not sure?

COURT

:

Non professional, professional?

A

:

It's a non-professional.[113] (Emphasis supplied)

Employing a person holding a non-professional driver's license to operate another's motor vehicle violates Section 24 of the Land Transportation and Traffic Code, which provides:

SEC. 24. Use of driver's license and badge. — ...

....

No owner of a motor vehicle shall engage, employ, or hire any person to operate such motor vehicle, unless the person sought to be employed is a duly licensed professional driver.

Evidently, petitioner did not only fail to exercise due diligence when it selected Bautista as service driver; it also committed an actual violation of law.

To prove that it exercised the required diligence in supervising Bautista, petitioner presented copies of several memoranda and company rules.[114] These, however, are insufficient because petitioner failed to prove actual compliance. *Metro Manila Transit Corporation v. Court of Appeals*[115] emphasized that to establish diligence in the supervision of employees, the issuance of company policies must be coupled with proof of compliance:

Due diligence in the supervision of employees, on the other hand, includes the formulation of suitable rules and regulations for the guidance of employees and the issuance of proper instructions intended for the protection of the public and persons with whom the employer has relations through his or its employees and the imposition of necessary disciplinary measures upon employees in case of breach or as may be warranted to ensure the performance of acts indispensable to the business of and beneficial to their employer. To this, we add that actual implementation and monitoring of consistent compliance with said rules should be the constant concern of the employer, acting through dependable supervisors who should regularly report on their supervisory functions.

In order that the defense of due diligence in the selection and supervision of employees may be deemed sufficient and plausible, it is not enough to empty invoke the existence of said company guidelines and policies on hiring and supervision. As the negligence of the employee gives rise to the presumption of negligence on the part of the employer, the latter has the burden of proving that it has been diligent not only in the selection of employees but also in the actual supervision of their work. The mere allegation of the existence of hiring procedures and supervisory policies, without anything more, is decidedly not sufficient to overcome presumption.

We emphatically reiterate our holding, as a warning to all employers, that "(t)he mere formulation of various company policies on safety without showing that they were being complied with is not sufficient to exempt petitioner from liability arising from negligence of its employees. It is incumbent upon petitioner to show that in recruiting and employing the erring driver the recruitment procedures and company policies on efficiency and safety were followed." Paying lip-service to these injunctions or merely going through the motions of compliance therewith will warrant stern sanctions from the Court.[116] (Emphasis supplied, citations omitted)

For failing to overturn the presumption that the requirements of Article 2180 have been satisfied, petitioner must

be held liable.

III

Petitioner's argument that it should be excused from liability because Bautista was already dropped as a party is equally unmeritorious. The liability imposed on the registered owner is direct and primary.[117] It does not depend on the inclusion of the negligent driver in the action. Agreeing to petitioner's assertion would render impotent the rationale of the motor registration law in fixing liability on a definite person.

Bautista, the driver, was not an indispensable party under Rule 3, Section 7[118] of the 1997 Rules of Civil Procedure. Rather, he was a necessary party under Rule 3, Section 8.[119] Instead of insisting that Bautista—who was nothing more than a necessary party—should not have been dropped as a defendant, or that petitioner, along with Bautista, should have been dropped, petitioner (as a co-defendant insisting that the action must proceed with Bautista as party) could have opted to file a cross-claim against Bautista as its remedy.

The 1997 Rules of Civil Procedure spell out the rules on joinder of indispensable and necessary parties. These are intended to afford "a complete determination of all possible issues, not only between the parties themselves but also as regards to other persons who may be affected by the judgment." [120]

However, while an exhaustive resolution of disputes is desired in every case, the distinction between indispensable parties and necessary parties delineates a court's capacity to render effective judgment. As defined by Rule 3, Section 7, indispensable parties are "[p]arties in interest without whom no final determination can be had of an action[.]" Thus, their non-inclusion is debilitating: "the presence of indispensable parties is a condition for the exercise of juridical power and when an indispensable party is not before the court, the action should be dismissed." [121]

In contrast, a necessary party's presence is not imperative, and his or her absence is not debilitating. Nevertheless, it is preferred that they be included in order that relief may be complete.

The concept of indispensable parties, as against parties whose inclusion only allows complete relief, was explained in *Arcelona v. Court of Appeals*: [122]

An indispensable party is a party who has such an interest in the controversy or subject matter that a final adjudication cannot be made, in his absence, without injuring or affecting that interest, a party who has not only an interest in the subject matter of the controversy, but also has an interest of such nature that a final decree cannot be made without affecting his interest or leaving the controversy in such a condition that its final determination may be wholly inconsistent with equity and good conscience. It has also been considered that an indispensable party is a person in whose absence there cannot be a determination between the parties already before the court which is effective, complete, or equitable. Further, an indispensable party is one who must be included in an action before it may properly go forward.

A person is not an indispensable party, however, if his interest in the controversy or subject matter is separable from the interest of the other parties, so that it will not necessarily be directly or injuriously affected by a decree which does complete justice between them. Also, a person is not an indispensable party if his presence would merely permit complete relief between him and those already parties to the action, or if he has no interest in the subject matter of the action. It is not a sufficient reason to declare a person to be an indispensable party that his presence will avoid multiple litigation. [123]

Petitioner's interest and liability is distinct from that of its driver. Regardless of petitioner's employer-employee relationship with Bautista, liability attaches to petitioner on account of its being the registered owner of a vehicle that figures in a mishap. This alone suffices. A determination of its liability as owner can proceed independently

of a consideration of how Bautista conducted himself as a driver. While certainly it is desirable that a determination of Bautista's liability be made alongside that of the owner of the van he was driving, his non-inclusion in these proceedings does not absolutely hamper a judicious resolution of respondent's plea for relief.

IV

The Court of Appeals committed no reversible error when it awarded actual damages to respondent. Respondent's claim for actual damages was based on the Certificate[124] issued and signed by a certain Peñaloza showing that respondent paid Peñaloza P35,000.00 for funeral expenses.

Contrary to petitioner's claim, this Certificate is not hearsay. Evidence is hearsay when its probative value is based on the personal knowledge of a person other than the person actually testifying.[125] Here, the Certificate sought to establish that respondent herself paid Peñaloza P35,000.00 as funeral expenses for Reyes' death:[126]

- Na ang aking kontrata ay nagkakahalaga ng P35,000-00 [sic] sa lahat ng nagamit na materiales at labor nito kasama ang lote na ibinayad sa akin ni Gng. ERMILINDA REYES ABEJAR na siyang aking kakontrata sa pagsasagawa ng naturang paglilibingan.[127] (Emphasis supplied)

It was respondent herself who identified the Certificate. She testified that she incurred funeral expenses amounting to P35,000.00, that she paid this amount to Peñaloza, and that she was present when Peñaloza signed the Certificate:

[ATTY. LIM] :

Did you incur any expenses?

A :

Meron po.

Q :

How much did you spend for the death of Jesmarian [sic] Reyes?

A :

'Yun pong P35,000.00 na pagpapalibing at saka...

Q :

You said that you spent P35,000.00. Do you have any evidence or proof that you spent that amount?

A :

Meron po.

Q :

Showing to you this sort of certification. What relation has this...

A :

'Yan po' yung contractor nagumawa.

Q :

Contractor of what?

A :

'Yan po' yung mismong binilhan ko ng lupa at nitso.

....

ATTY. LIM :

There is a signature at the top of the printed name Julian Penalosa [sic]. Whose signature is this?

A :

'Yan po' yung mismong contractor.

....

Q :

Did you see him sign this?

A :

Opo.[128] (Emphasis supplied)

Respondent had personal knowledge of the facts sought to be proved by the Certificate, i.e. that she spent P35,000.00 for the funeral expenses of Reyes. Thus, the Certificate that she identified and testified to is not hearsay. It was not an error to admit this Certificate as evidence and basis for awarding P35,000.00 as actual damages to respondent.

The Court of Appeals likewise did not err in awarding civil indemnity and exemplary damages.

Article 2206 of the Civil Code provides:

ARTICLE 2206. The amount of damages for death caused by a crime or quasi-delict shall be at least three thousand pesos, even though there may have been mitigating circumstances[.]

Further, Article 2231 of the Civil Code provides:

ARTICLE 2231. In quasi-delicts, exemplary damages may be granted if the defendant acted with gross negligence.

Both the Court of Appeals and the Regional Trial Court found Bautista grossly negligent in driving the van and concluded that Bautista's gross negligence was the proximate cause of Reyes' death. Negligence and causation are factual issues.[129] Findings of fact, when established by the trial court and affirmed by the Court of Appeals, are binding on this court unless they are patently unsupported by evidence or unless the judgment is grounded on a misapprehension of facts.[130] Considering that petitioner has not presented any evidence disputing the findings of the lower courts regarding Bautista's negligence, these findings cannot be disturbed in this appeal. The evidentiary bases for the award of civil indemnity and exemplary damages stand. As such, petitioner must pay the exemplary damages arising from the negligence of its driver.[131] For the same reasons, the award of P50,000.00 by way of civil indemnity is justified.[132]

The award of moral damages is likewise proper.

Article 2206(3) of the Civil Code provides:

ARTICLE 2206. The amount of damages for death caused by a crime or quasi-delict shall be at least three thousand pesos, even though there may have been mitigating circumstances. In addition:

....

(3)

The spouse, legitimate and illegitimate descendants and ascendants of the deceased may demand moral damages for mental anguish by reason of the death of the deceased. (Emphasis supplied)

For deaths caused by quasi-delict, the recovery of moral damages is limited to the spouse, legitimate and illegitimate descendants, and ascendants of the deceased.[133]

Persons exercising substitute parental authority are to be considered ascendants for the purpose of awarding moral damages. Persons exercising substitute parental authority are intended to stand in place of a child's parents in order to ensure the well-being and welfare of a child.[134] Like natural parents, persons exercising substitute parental authority are required to, among others, keep their wards in their company,[135] provide for their upbringing,[136] show them love and affection,[137] give them advice and counsel,[138] and provide them with companionship and understanding.[139] For their part, wards shall always observe respect and obedience towards the person exercising parental authority.[140] The law forges a relationship between the ward and the person exercising substitute parental authority such that the death or injury of one results in the damage or prejudice of the other.

Moral damages are awarded to compensate the claimant for his or her actual injury, and not to penalize the wrongdoer.[141] Moral damages enable the injured party to alleviate the moral suffering resulting from the defendant's actions.[142] It aims to restore—to the extent possible—"the spiritual status quo ante[.]"[143]

Given the policy underlying Articles 216 and 220 of the Family Code as well as the purposes for awarding moral damages, a person exercising substitute parental authority is rightly considered an ascendant of the deceased, within the meaning of Article 2206(3) of the Civil Code. Hence, respondent is entitled to moral damages.

As exemplary damages have been awarded and as respondent was compelled to litigate in order to protect her interests, she is rightly entitled to attorney's fees.[144]

However, the award of interest should be modified. This modification must be consistent with *Nacar v. Gallery Frames*,[145] in which we ruled:

- When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages, except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code), but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.

- When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 6% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.[146] (Emphasis supplied)

WHEREFORE, the Decision of the Court of Appeals dated October 3, 2005 is AFFIRMED with the following MODIFICATIONS: (a) actual damages in the amount of P35,000.00 shall earn interest at the rate of 6% per annum from the time it was judicially or extrajudicially demanded from petitioner Caravan Travel and Tours International, Inc. until full satisfaction; (b) moral damages, exemplary damages, and attorney's fees shall earn interest at the rate of 6% per annum from the date of the Regional Trial Court Decision until full satisfaction; and (c) civil indemnity shall earn interest at the rate of 6% per annum from the date of the Court of Appeals Decision until full satisfaction.

SO ORDERED.

Carpio, (Chairperson), Brion, Del Castillo, and Mendoza, JJ., concur.

[1] CIVIL CODE, art. 2180 provides:

ARTICLE 2180. 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.

....

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.

....

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.

[2] CIVIL CODE, art. 2176 provides:

ARTICLE 2176. Whoever by act or omission causes damage to another, there being fault or negligence, is obliged to pay for the damage done. Such fault or negligence, if there is no pre-existing contractual relation between the parties, is called a quasi-delict and is governed by the provisions of this Chapter.

[3] 412 Phil. 834, 839-841 (2001) [Per J. Quisumbing, Second Division].

[4] 686 Phil. 799, 817 (2012) [Per J. Del Castillo, First Division].

[5] 688 Phil. 430, 436-442 (2012) [Per J. Brion, Second Division].

[6] G.R. No. 160110, June 18, 2014, 726 SCRA 505, 518-521 [Per J. Perez, Second Division].

[7] Rollo, pp. 91-131. The Petition was filed pursuant to Rule 45 of the 1997 Rules of Civil Procedure.

[8] Id. at 133-165. The Decision was penned by Associate Justice Celia C. Librea-Leagogo and concurred in by Associate Justices Renato C. Dacudao (Chair) and Lucas P. Bersamin (now Associate Justice of this court) of the Twelfth Division.

[9] Id. at 166-167. The Resolution was penned by Associate Justice Celia C. Librea-Leagogo and concurred in by Associate Justices Renato C. Dacudao (Chair) and Lucas P. Bersamin (now Associate Justice of this court) of the Twelfth Division.

[10] Id. at 129, Petition for Review on Certiorari.

[11] Id. at 134, Court of Appeals Decision.

[12] Id.

[13] TSN, May 31, 2002, p. 948.

[14] RTC records, p. 445, Regional Trial Court Decision.

[15] Id.

[16] CA rollo, p. 31, Regional Trial Court Decision.

[17] Id.

[18] Id.

[19] Rollo, p. 134, Court of Appeals Decision.

[20] RTC records, pp. 2, Complaint; and 47, Answer with Counterclaim.

[21] Rollo, p. 134, Court of Appeals Decision.

[22] Id. at 139.

[23] Id. at 134.

[24] Id. at 138.

[25] RTC records, pp. 1-5.

[26] Id. at 2.

[27] CA rollo, p. 48, Caravan's Reply Brief.

[28] Rollo, p. 138, Court of Appeals Decision.

[29] Rollo, p. 138, Court of Appeals Decision.

[30] RTC records, p. 447, Regional Trial Court Decision. The trial court included Bautista in the Decision even though it already granted Abejar's motion to drop him as a defendant.

[31] Id. at 449. The case was docketed as Civil Case No. 00-0447. The Decision, promulgated on July 31, 2003, was penned by Judge Raul E. De Leon of Branch 258.

[32] Id. at 450-462.

[33] Id. at 513.

[34] Rollo, p. 162, Court of Appeals Decision. The case was docketed as CA-G.R. CV No. 81694.

[35] Id. at 166-167, Court of Appeals Resolution.

[36] Id. at 231, Caravan's Memorandum.

[37] Id.

[38] Id. at 232.

[39] Id. at 42, Petition for Review on Certiorari.

[40] Id. at 42-43.

[41] Id. at 42.

[42] Id. at 31.

[43] Id. at 43.

[44] Id. at 44.

[45] Id. at 233, Caravan's Memorandum.

[46] CIVIL CODE, art. 2206(3) provides:

ARTICLE 2206. The amount of damages for death caused by a crime or quasi-delict shall be at least three thousand pesos, even though there may have been mitigating circumstances. In addition:

. . . .

(3) The spouse, legitimate and illegitimate descendants and ascendants of the deceased may demand moral damages for mental anguish by reason of the death of the deceased.

[47] Rollo, pp. 45-46, Petition for Review on Certiorari.

[48] Id. at 50.

[49] Id. at 50-51.

[50] Id. at 43.

[51] Id. at 203, Abejar's Memorandum.

[52] Id. at 206.

[53] Id. at 207.

[54] RTC records, pp. 1-3, Complaint.

[55] *National Housing Authority v. Magat*, 611 Phil. 742, 747 (2009) [Per J. Carpio, First Division], citing *Shipside Inc. v. Court of Appeals*, 404 Phil. 981, 998 (2001) [Per J. Melo, Third Division].

[56] FAMILY CODE, art. 214 provides:

Art. 214. In case of death, absence or unsuitability of the parents, substitute parental authority shall be exercised by the surviving grandparent. In case several survive, the one designated by the court, taking into account the same consideration mentioned in the preceding article, shall exercise the authority.

[57] RTC records, pp. 179, Abejar's Formal Offer of Documentary Exhibits; 187, Death Certificate of Edwin Cortez issued by the Municipal Civil Registrar of Calamba, Laguna; 188, Death Certificate of Leonora R. Landicho issued by the Municipal Civil Registrar of Candelaria, Quezon; and 189, Certificate of Death of Leonora R. Landicho issued by the Parish of San Pedro Bautista, Candelaria, Quezon.

[58] Id. at 179, Abejar's Formal Offer of Documentary Exhibits; 190, Death Certificate of Leticia Cortez Reyes issued by the Municipal Civil Registrar of Tiong, Quezon; and 191, Certificate of Death of Domingo Estiva Reyes issued by the City Civil Registrar of Manila.

[59] TSN, April 10, 2002, p. 760.

[60] TSN, June 22, 2001, p. 605.

[61] FAMILY CODE, art. 220 provides:

Art. 220. The parents and those exercising parental authority shall have with the respect to their unemancipated children on wards the following rights and duties:

(1)

To keep them in their company, to support, educate and instruct them by right precept and good example, and to provide for their upbringing in keeping with their means;

(2)

To give them love and affection, advice and counsel, companionship and understanding;

(3)

To provide them with moral and spiritual guidance, inculcate in them honesty, integrity, self- discipline, self-reliance, industry and thrift, stimulate their interest in civic affairs, and inspire in them compliance with the duties of citizenship;

(4)

To furnish them with good and wholesome educational materials, supervise their activities, recreation and association with others, protect them from bad company, and prevent them from acquiring habits detrimental to their health, studies and morals;

(5)

To represent them in all matters affecting their interests;

(6)

To demand from them respect and obedience;

(7)

To impose discipline on them as may be required under the circumstances; and

(8)

To perform such other duties as are imposed by law upon parents and guardians.

[62] TSN, June 22, 2001, p. 607.

[63] Id.

[64] RTC records, p. 2, Complaint.

[65] 359 Phil. 18, 26-27 (1998) [Per J. Mendoza, Second Division].

[66] 440 Phil. 864, 880 (2002) [Per J. Callejo, Sr., Second Division].

[67] 412 Phil. 834, 835 (2001) [Per J. Quisumbing, Second Division].

[68] FAMILY CODE, art. 236.

[69] Rollo, p. 138, Court of Appeals Decision.

[70] CIVIL CODE (1889), art. 1902 provides:

ARTICLE 1902. Any person who by an act or omission causes damage to another by his fault or negligence shall be liable for the damage so done.

[71] CIVIL CODE, art. 2176, first sentence, provides:

ARTICLE 2176: Whoever by act or omission causes damage to another, there being fault or negligence, is obliged to pay for the damage done.

[72] 133 Phil. 825 (1968) [Per J. Zaldivar, En Banc].

[73] Id. at 832-833.

[74] Id. at 831. This court ruled that while Article 1902 of the old Civil Code (now Article 2176) does not require any relation between the plaintiff and the victim of the quasi-delict, Article 2206(3) of the Civil Code does. Hence, the recovery of moral damages requires that the plaintiff is the victim's spouse, legitimate or illegitimate descendant or ascendant (Id. at 833).

[75] Id. at 831.

[76] See *Filcar Transport Services v. Espinas*, 688 Phil. 430, 435 (2012) [Per J. Brion, Second Division].

[77] 102 Phil. 103 (1957) [Per J. Labrador, En Banc].

[78] TRANSP. & TRAFFIC CODE, sec. 5 provides:

SECTION 5. Compulsory Registration of Motor Vehicles. - (a) All motor vehicles and trailer of any type used or operated on or upon any highway of the Philippines must be registered with the Bureau of Land Transportation for the current year in accordance with the provisions of this Act.

[79] *Erezo, et al. v. Jepte*, 102 Phil. 103, 108 (1957) [Per J. Labrador, En Banc].

[80] Id.

[81] 378 Phil. 1009 (1999) [Per C. J. Davide, Jr., First Division].

[82] Id. at 1016-1018.

[83] Id. at 1012-1013.

[84] Id. at 1018.

[85] Id. at 1022-1023.

[86] Id. at 1018.

[87] Id. at 1017-1022.

[88] *Aguilar, Sr. v. Commercial Savings Bank*, 412 Phil. 834, 839-841 (2001) [Per J. Quisumbing, Second Division].

[89] Id. at 835-837.

[90] Id. at 837.

[91] Id. at 841.

[92] *Aguilar, Sr. v. Commercial Savings Bank*, 412 Phil. 834, 839-841 (2001) [Per J. Quisumbing, Second Division].

[93] Id. at 839-840.

[94] Id. at 841.

[95] 686 Phil. 799 (2012) [Per J. Del Castillo, First Division].

[96] Id. at 817.

[97] 688 Phil. 430 (2012) [Per J. Brion, Second Division].

[98] Id. at 441.

[99] Id.

[100] G.R. No. 160110, June 18, 2014, 726 SCRA 505, 518-521 [Per J. Perez, Second Division].

[101] *Filcar Transport Services v. Espinas*, 688 Phil. 430, 441 (2012) [Per J. Brion, Second Division].

[102] Id. at 441-442.

[103] *Spouses Algura v. The Local Government Unit of the City of Naga*, 536 Phil. 819, 835 (2006) [Per J. Velasco, Jr., Third Division].

[104] *Del Carmen, Jr. v. Bacoy*, 686 Phil. 799, 817 (2012) [Per J. Del Castillo, First Division].

[105] RTC records, p. 182.

[106] Id. at 177, *Abejar's Formal Offer of Documentary Evidence*.

[107] A reading of Article 2180 reveals that in order for an employer to be liable for the acts of its employee, it is required that the employment relationship is established, that the employee acted within the scope of his or her assigned tasks, and that the employer failed to exercise the diligence of a good father of a family in the selection and supervision of the employee. See *Castilex Industrial Corp. v. Vasquez, Jr.*, 378 Phil. 1009, 1017 (1999) [Per C.J. Davide, Jr., First Division] and *Metro Manila Transit Corporation v. Court of Appeals*, G.R. No. 104408, June 21, 1993, 223 SCRA 521, 539 [Per J. Regalado, Second Division].

[108] RTC records, pp 2, Complaint; and 47, Answer with Counterclaim.

[109] TSN, September 25, 2002, pp. 1247-1248.

[110] Id. at 1284.

[111] Id. at 1284-1285.

[112] Id. at 1274-1275.

[113] Id. at 1273-1275.

[114] RTC records, pp. 227-229, *Caravan's Formal Offer of Evidence*.

[115] G.R. No. 104408, June 21, 1993, 223 SCRA 521 [Per J. Regalado, Second Division].

[116] Id. at 540-541.

[117] *Filcar Transport Services v. Espinas*, 688 Phil. 430, 439 (2012) [Per J. Brion, Second Division]; *Aguilar, Sr. v. Commercial Savings Bank*, 412 Phil. 834, 839-841 (2001) [Per J. Quisumbing, Second Division].

[118] 1997 RULES OF CIV. PROC., Rule 3, sec. 7 provides:

RULE 3. Parties to Civil Actions

....

SECTION 7. Compulsory Joinder of Indispensable Parties. — Parties in interest without whom no final determination can be had of an action shall be joined either as plaintiffs or defendants.

[119] 1997 RULES OF CIV. PROC., Rule 3, sec. 8 provides:

RULE 3. Parties to Civil Actions

SECTION 8. Necessary Party. — A necessary party is one who is not indispensable but who ought to be joined as a party if complete relief is to be accorded as to those already parties, or for a complete determination or settlement of the claim subject of the action.

[120] Director of Lands v. Court of Appeals, 181 Phil. 432, 440-441 (1979) [Per J. Guerrero, First Division].

[121] Lucman v. Malawi, 540 Phil. 289, 302 (2006) [Per J. Tinga, Third Division].

[122] 345 Phil. 250 (1997) [Per J. Panganiban, Third Division].

[123] Id. at 269-270.

[124] RTC records, p. 186.

[125] Valencia v. Atty. Cabanting, 273 Phil. 534, 545 (1991) [Per Curiam, En Banc].

[126] RTC records, pp. 178-179, Abejar's Formal Offer of Documentary Exhibits.

[127] Id. at 186, Certificate issued by Julian Peñaloza.

[128] TSN, June 22, 2001, pp. 615-616.

[129] Kierulf v. Court of Appeals, 336 Phil. 414, 423 (1997) [Per J. Panganiban, Third Division].

[130] Pangonorom v. People, 495 Phil. 195, 204 (2005) [Per J. Carpio, First Division], citing China Airlines, Ltd. v. Court of Appeals, 453 Phil. 959, 978 (2003) [Per J. Carpio, First Division]; Romago Electric Co., Inc. v. Court of Appeals, 388 Phil. 964, 974-975 (2000) [Per J. Gonzaga-Reyes, Third Division]; Austria v. Court of Appeals, 384 Phil. 408, 415 (2000) [Per J. Quisumbing, Second Division]; and Halili v. Court of Appeals, 350 Phil. 906, 912 (1998) [Per J. Panganiban, First Division].

[131] See Del Carmen, Jr. v. Bacoy, 686 Phil. 799 (2012) [Per J. Del Castillo, First Division].

[132] Mendoza v. Casumpang, et al., 684 Phil. 459, 462 (2012) [Per J. Abad, Third Division].

[133] The Receiver For North Negros Sugar Company, Inc. v. Ybañez, et al., 133 Phil. 825, 833 (1968) [Per J. Zaldivar, En Banc].

[134] See Murdock, Sr. and Murdock v. Chuidian, 99 Phil. 821, 824 (1956) [Per J. Padilla, En Banc].

[135] FAMILY CODE, art. 220(1).

[136] FAMILYCODE, art. 220(1).

[137] FAMILY CODE, art. 220(2).

[138] FAMILY CODE, art. 220(2).

[139] FAMILY CODE, art. 220(2).

[140] FAMILY CODE, art. 220(7).

[141] *Kierulf v. Court of Appeals*, 336 Phil. 414, 432 (1997) [Per J. Panganiban, Third Division].

[142] *Id.*

[143] *Id.*

[144] CIVIL CODE, art. 2208 (1) and (2).

[145] G.R. No. 189871, August 13, 2013, 703 SCRA 439 [Per J. Peralta, En Banc].

[146] *Id.* at 458.

SEPARATE CONCURRING OPINION

BRION, J.:

I concur with the ponencia's conclusions that, first, Ermilinda Abejar (Abejar) is a real party in interest and, second, Caravan Travel and Tours International, Inc. (Caravan) is vicariously liable for damages as Jimmy Bautista (Bautista)'s employer.

I write this Opinion (1) to express my reservation on the reasoning employed in resolving the first issue, and (2) to reflect my view on the interplay between Articles 2176 and 2180 of the Civil Code and the registered owner rule.

In resolving the first issue, the ponencia reasoned out that Abejar is a real party in interest because she exercised substitute parental authority over the victim, Jesmariane Reyes (Reyes).[1] Having acted as a parent to Reyes, Abejar suffered actual and personal loss due to her death.[2] Furthermore, Abejar was capacitated to do what Reyes' actual parents would have been capacitated to do.[3] In a number of cases, the Court allowed natural parents to recover damages for the death of their children.[4]

I disagree with the ponencia's reasoning. In my view, Abejar is a real party in interest, not because she exercised substitute parental authority over Reyes, but because she has an interest in claiming actual and exemplary damages from Caravan.

Parental authority has no bearing on one's status as a real party in interest in a quasi-delict case. Parental authority refers to the rights and obligations which parents have over their children's person and property until their majority age.[5] This authority is granted to parents to facilitate the performance of their duties to their children.[6] If a child has no parents, grandparents, or siblings, the child's actual custodian shall exercise substitute parental authority over him or her.[7] Moreover, the child's emancipation terminates parental authority.[8]

On the other hand, real party in interest refers to the person who is entitled to the avails of the suit.[9] He or she stands to be benefited or injured by the judgment.[10] The interest involved must be personal and not based on another person's rights.[11]

The fact that Abejar exercised substitute parental authority over Reyes does not translate to Abejar's legal interest to recover damages for Reyes' death. Furthermore, Abejar's parental authority over Reyes ceased when the latter turned eighteen. Thus, at the time of her death, Reyes was no longer under Abejar's parental authority.

Nevertheless, I agree that Abejar is a real party in interest, because she incurred actual damages when she paid for Reyes' funeral expenses. Courts may also impose exemplary damages, in addition to compensatory damages, if the defendant acted with gross negligence.[12] In the present case, Bautista's act of leaving Reyes rather than bringing her to a hospital amounts to gross negligence.[13] Thus, Abejar may recover these damages from Caravan.

On the second point, I discuss the registered owner rule in relation to Articles 2180 and 2176 of the Civil Code. To stress, I agree that Caravan is directly and primarily liable for damages as Bautista's employer and as the van's registered owner.

As early as 1957, this Court held in *Erezo v. Jepte*[14] that a vehicle's registered owner is primarily responsible for the damage caused to another person. The Revised Motor Vehicle Law[15] requires vehicles to be registered before they may be used in any public highway. The Court stressed that the main purpose of the registration is to identify the owner so that if any accident happens or damage is caused on the public highways, responsibility can be fixed on a definite individual - the registered owner.[16]

In *Filcar Transport Services v. Espinas*,[17] the Court had the opportunity to discuss the interplay between Articles 2176 and 2180 of the Civil Code and the registered owner rule. The Court ruled that the registered owner of a vehicle is deemed the employer of the vehicle's driver.[18] Thus, the vehicle's registered owner is vicariously liable for the driver's negligent acts pursuant to Articles 2176 and Article 2180 of the Civil Code.[19] The vicarious liability remains with the registered owner even when the vehicle had been sold to another person before the accident but the registration has not yet been transferred.[20] The Court emphasized in *R. Transport Corporation v. Yu*[21] that the employer's liability for the negligent acts of its subordinate is direct and primary.

Based on the foregoing, I concur with the ponencia's results.

[1] Reyes' parents and paternal grandparents are dead. The whereabouts of her maternal grandparents are unknown. There is no record that she has brothers or sisters. Abejar supported Reyes' education, provided her personal needs, and treated her as her own daughter. *Rollo*, pp. 719, 187-191, 605, 760.

[2] Ponencia, p. 7.

[3] *Ibid*.

[4] *Id.* at 7-9.

[5] Arturo Tolentino, *Civil Code of the Philippines*, Vol. 1. p. 603 (1990).

[6] *Ibid*.

[7] FAMILY CODE, Article 216 (3).

[8] *Id.*, Article 228 (3).

[9] Oscar M. Herrera, *Remedial Law*, Vol. I, p. 515 (2007).

[10] *Ibid*.

[11] *Ibid*.

[12] CIVIL CODE, Articles 2229 and 2231.

[13] *Rollo*, pp. 31 and 953.

[14] 102 Phil. 103, 107 (1957).

[15] Act No. 3992, as amended, Chapter II, Art. 1, Sec. 5(a).

[16] Erez v Jepte, supra note 14, at 108.

[17] G.R. No. 174156, June 20, 2012, 674 SCRA 117.

[18] Id. at 128-129.

[19] Ibid.

[20] Mendoza v. Gomez, G.R. No. 160110, June 18, 2014, 726 SCRA 505, 519-521.

[21] G.R. No. 174161, February 18, 2015.

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.