

RCJ BUS LINES, INCORPORATED, PETITIONER, VS. STANDARD INSURANCE COMPANY, INCORPORATED, RESPONDENT.

G.R. No. 193629. August 17, 2011

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-193629/>

CARPIO, J.:

The Case

G.R. No. 193629 is a petition for review[1] assailing the Decision[2] promulgated on 11 March 2010 as well as the Resolution[3] promulgated on 3 September 2010 by the Court of Appeals (appellate court) in CA-G.R. SP No. 105338. The appellate court affirmed with modification the 27 May 2008 Decision[4] of Branch 37 of the Regional Trial Court of Manila (RTC) in Civil Case No. 00-99410. The RTC dismissed RCJ Bus Lines' appeal from the 12 July 2000 Decision[5] of the Metropolitan Trial Court of Manila (MeTC) in Civil Case No. 153566. The MeTC rendered judgment in favor of Standard Insurance Company, Incorporated (Standard) and ordered Flor Bola Mangoba (Mangoba) and RCJ Bus Lines, Incorporated (RCJ) to pay damages.

The Facts

The appellate court narrated the facts as follows:

On 01 December 2000, respondent Standard Insurance Co., Inc. (STANDARD) filed an amended complaint against the petitioners Flor Bola Mangoba and RCJ Bus Lines, Inc. (docketed as Civil Case No. 153566-CV before the Metropolitan Trial Court of Manila, Branch 29). Said amended complaint alleged, among others:

"2. On June 19, 1994 along the National Highway at Brgy. Amlang, Rosario, La Union, defendant Flor B. Mangoba while driving [sic] an RCJ HINO BLUE RIBBON PASSENGER BUS bearing Plate No. NYG-363 in a reckless and imprudent manner, bumped and hit a 1991 Mitsubishi Lancer GLX bearing Plate No. TAJ-796, a photocopy of the police report is attached hereto and made an integral part hereof as Annex `A.'

3. The subject Mitsubishi Lancer which is owned by Rodelene Valentino was insured for loss and damage with plaintiff [Standard Insurance Co. Inc.] for P450,000.00, a photocopy of the insurance policy is attached hereto and made an integral part hereof as Annex `B.'

4. Defendant RCJ Bus Lines, Inc. is the registered owner of the Passenger Bus bearing Plate No. NYG-363 while defendant Flor Mangoba was the driver of the subject Passenger Bus when the accident took place.

5. As a direct and proximate cause of the vehicular accident, the Mitsubishi Lancer was extensively damaged, the costs of repairs of which were borne by the plaintiff [Standard Insurance Co. Inc.] at a cost of P162,151.22.

6. By virtue of the insurance contract, plaintiff [Standard Insurance Co. Inc.] paid Rodelene Valentino the amount of P162,151.22 for the repair of the Mitsubishi Lancer car.

7. After plaintiff [Standard Insurance Co. Inc.] has complied with its obligation under the policy mentioned above, plaintiff's assured executed in plaintiff's favor a Release of Claim thereby subrogating the latter to all his rights of recovery on all claims, demands and rights of action on account of loss, damage or injury as a

consequence of the accident from any person liable therefor.

8. Despite demands, defendants have failed and refused and still continue to fail and refuse to reimburse plaintiff the sum of P162,151.22. A photocopy of the demand letter is attached hereto and made an integral part hereof as Annex 'C.'

9. As a consequence, plaintiff [Standard Insurance Co. Inc.] has been compelled to resort to court action and thereby hire the services of counsel as well as incur expenses of litigation for all of which it should be indemnified by the defendant in the amount of at least P30,000.00.

10. In order that it may serve as a deterrent for others and by way of example for the public good, defendants should be adjudged to pay plaintiff [Standard Insurance Co. Inc.] exemplary damages in the amount of P20,000.00."

Thus, STANDARD prayed:

"WHEREFORE, plaintiff respectfully prays that after due trial on the issues, this court render judgment against the defendants adjudging them jointly and severally liable to pay plaintiff the following amounts:

1. The principal claim of P162,151.22 with interest at 12% per annum from September 1, 1995 until fully paid.
2. P30,000.00 as and by way of indemnification for attorney's fees.
3. P25,000.00 as exemplary damages.

Plaintiff prays for such further or other reliefs as may be deemed just and equitable under the premises."

In its answer, RCJ Bus Lines, Inc. maintained:

- "1. That the complaint states no cause of action against it;
2. That venue was improperly laid; and,
3. That the direct, immediate and proximate cause of the accident was the negligence of the driver of the Mitsubishi Lancer when, for no reason at all, it made a sudden stop along the National Highway, as if to initiate and/or create an accident."

Flor Bola Mangoba, in his own answer to the complaint, also pointed his finger at the driver of the Mitsubishi Lancer as the one who caused the vehicular accident on the time, date and place in question.

For his failure to appear at the pre-trial despite notice, Flor Bola Mangoba was declared in default on 14 November 1997. Accordingly, trial proceeded sans his participation.

At the trial, the evidence adduced by the parties established the following facts:

In the evening of 19 June 1994, at around 7:00 o'clock, a Toyota Corolla with Plate No. PHU-185 driven by Rodel Chua, cruised along the National Highway at Barangay Amlang, Rosario, La Union, heading towards the general direction of Bauan, La Union. The Toyota Corolla travelled at a speed of 50 kilometers per hour as it traversed the downward slope of the road, which curved towards the right.

The Mitsubishi Lancer GLX with Plate No. TAJ-796, driven by Teodoro Goki, and owned by Rodelene Valentino, was then following the Toyota Corolla along the said highway. Behind the Mitsubishi Lancer GLX was the passenger bus with Plate No. NYG-363, driven by Flor Bola Mangoba and owned by RCJ Bus Lines, Inc. The bus followed the Mitsubishi Lancer GLX at a distance of ten (10) meters and traveled at the speed of 60 to 75 kilometers per hour.

Upon seeing a pile of gravel and sand on the road, the Toyota Corolla stopped on its tracks. The Mitsubishi

Lancer followed suit and also halted. At this point, the bus hit and bumped the rear portion of the Mitsubishi Lancer causing it to move forward and hit the Toyota Corolla in front of it.

As a result of the incident, the Mitsubishi Lancer sustained damages amounting to P162,151.22, representing the costs of its repairs. Under the comprehensive insurance policy secured by Rodelene Valentino, owner of the Mitsubishi Lancer, STANDARD reimbursed to the former the amount she expended for the repairs of her vehicle. Rodelene then executed a Release of Claim and Subrogation Receipt, subrogating STANDARD to all rights, claims and actions she may have against RCJ Bus Lines, Inc. and its driver, Flor Bola Mangoba.[6]

The MeTC's Ruling

On 12 July 2000, the MeTC rendered its decision in favor of Standard, the dispositive portion of which reads:

WHEREFORE, consistent with Section 1, Rule 131 and Section 1, Rule 133 of the Revised Rules on Evidence, judgment is hereby rendered in favor of the plaintiff, ordering defendants Flor Bola Mangoba and RCJ Bus Lines, Inc.:

1. To pay the principal sum of ONE HUNDRED SIXTY TWO THOUSAND ONE HUNDRED FIFTY ONE PESOS and 22/100 (P162,151.22), with legal rate of interest at 12% per annum from September 1, 1995 until full payment;
2. To pay the sum of TWENTY THOUSAND PESOS (P20,000.00) as exemplary damages;
3. To pay the sum of TWENTY THOUSAND PESOS (P20,000.00) as reasonable attorney's fees; and
4. To pay the costs of suit.

For want of merit, the separate Counterclaim is hereby DISMISSED.[7]

In an Order[8] dated 2 May 2002, the RTC dismissed Mangoba and RCJ's appeal for filing their pleading beyond the reglementary period. The appellate court, however, in a Decision[9] in CA-G.R. SP No. 77598 dated 23 April 2004, granted RCJ's petition and remanded the case to the RTC for further proceedings.

The RTC's Ruling

In its Decision dated 27 May 2008, the RTC affirmed with modification the MeTC's Decision dated 12 July 2000. The RTC deleted the award for exemplary damages.

RCJ failed to convince the RTC that it observed the diligence of a good father of a family to prevent damages sustained by the Mitsubishi Lancer. The RTC ruled that the testimony of Conrado Magno, RCJ's Operations Manager, who declared that all applicants for employment in RCJ were required to submit clearances from the barangay, the courts and the National Bureau of Investigation, is insufficient to show that RCJ exercised due diligence in the selection and supervision of its drivers. The allegation of the conduct of seminars and training for RCJ's drivers is not proof that RCJ examined Mangoba's qualifications, experience and driving history. Moreover, the testimony of Noel Oalog, the bus conductor, confirmed that the bus was travelling at a speed of 60 to 75 kilometers per hour, which was beyond the maximum allowable speed of 50 kilometers per hour for a bus on an open country road. The RTC, however, deleted the award of exemplary damages because it found no evidence that Mangoba acted with gross negligence.

In an Order[10] dated 27 August 2008, the RTC partially reconsidered its 27 May 2008 Decision and modified the MeTC's Decision to read as follows:

WHEREFORE, the Decision dated May 27, 2008 is partially reconsidered and the Decision of the court a quo dated July 12, 2000 is MODIFIED. Appellant RCJ Bus Lines, Inc. and defendant Flor Bola Mangoba are

ordered to pay jointly and severally the appellee [Standard Insurance Co., Inc.] the following:

1. ONE HUNDRED SIXTY TWO THOUSAND ONE FIFTY ONE PESOS and 22/100 (P162,151.22), with legal rate of interest at 6% per annum from September 1, 1995 until full payment;
2. TWENTY THOUSAND PESOS (P20,000.00) as reasonable attorney's fees; and
3. Cost of suit.

SO ORDERED.[11]

The Appellate Court's Ruling

Mangoba and RCJ filed a petition for review before the appellate court. The appellate court found that the RTC committed no reversible error in affirming RCJ's liability as registered owner of the bus and employer of Mangoba, as well as Mangoba's negligence in driving the passenger bus. The appellate court, however, deleted the award for attorney's fees and modified the legal interest imposed by the MeTC.

The dispositive portion of the appellate court's decision reads:

WHEREFORE, the instant petition for review is DENIED. The assailed Decision of the Regional Trial Court of Manila, Branch 37, in Civil Case No. 00-99410 is hereby AFFIRMED with MODIFICATION that the legal interest that should be imposed on the actual damages awarded in favor of respondent Standard Insurance, Co., Inc. should be at the rate of 6% per annum computed from the time of extra judicial demand until the finality of the 12 July 2000 Decision of the MeTC and thereafter, the legal interest shall be at the rate of 12% per annum until the full payment of the actual damages. The award of attorney's fees is DELETED.

SO ORDERED.[12]

The appellate court denied RCJ's Motion for Reconsideration[13] for lack of merit.[14]

The Issues

RCJ assigns the following as errors of the appellate court:

1. The Court of Appeals erroneously awarded the amount of P162,151.22 representing actual damages based merely on the proof of payment of policy/insurance claim and not on an official receipt of payment of actual cost of repair;
2. The Court of Appeals erroneously disregarded the point that petitioner RCJ's defense of extraordinary diligence in the selection and supervision of its driver was made as an alternative defense;
3. The Court of Appeals erroneously disregarded the legal principle that the supposed violation of Sec. 35 of R.A. 4136 merely results in a disputable presumption; and
4. The Court of Appeals erroneously held that petitioner RCJ is vicariously liable for the claim of supposed actual damages incurred by respondent Standard Insurance.[15]

The Court's Ruling

The petition has no merit. We see no reason to overturn the findings of the lower courts. We affirm the ruling of the appellate court.

RCJ's Liability

RCJ argues that its defense of extraordinary diligence in the selection and supervision of its employees is a mere alternative defense. RCJ's initial claim was that Standard's complaint failed to state a cause of action against RCJ.

Standard may hold RCJ liable for two reasons, both of which rely upon facts uncontroverted by RCJ. One, RCJ is the registered owner of the bus driven by Mangoba. Two, RCJ is Mangoba's employer.

Standard's allegation in its amended complaint that RCJ is the registered owner of the passenger bus with plate number NYG 363 was sufficient to state a cause of action against RCJ. The registered owner of a vehicle should be primarily responsible to the public for injuries caused while the vehicle is in use.[16] 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.[17]

Moreover, in its efforts to extricate itself from liability, RCJ proffered the defense of the exercise of the diligence of a good father of a family. The MeTC characterized RCJ's defense against negligence in this manner:

To repel the idea of negligence, defendant [RCJ] bus company's operations manager at the Laoag City Terminal was presented on the witness stand on January 5, 2000 in regard to the company's seminars and dialogues with respect to its employees, and the absence of any record of a vehicular accident involving the co-defendant driver [Mangoba] (TSN, January 5, 2000, pp. 2-17; TSN, February 16, 2000, pp. 2-9). As the last witness of defendant [RCJ] bus company, Noel Oalog, bus conductor who was allegedly seated to the right side of the bus driver during the incident, was presented on March 22, 2000 (TSN, March 22, 2000, page 2). He confirmed on direct examination and cross examination that it was defendant's bus, then running at 60-75 [kph] and at a distance of 10 meters, which bumped a Mitsubishi Lancer without a tail light. According to him, the incident occurred when the driver of the Toyota Corolla, which was ahead of the Lancer, stepped on the brakes due to the pile of gravel and sand in sight (TSN, Vide at pp. 3-11). Subsequent to the proffer of exhibits (TSN, Vide, at page 14), and in default of any rebuttal, the parties were directed to file the Memoranda within thirty days from March 23, 2000.[18]

RCJ, by presenting witnesses to testify on its exercise of diligence of a good father of a family in the selection and supervision of its bus drivers, admitted that Mangoba is its employee. Article 2180[19] of the Civil Code, in relation to Article 2176,[20] makes the employer vicariously liable for the acts of its employees. When the employee causes damage due to his own negligence while performing his own duties, there arises the *juris tantum* presumption that the employer is negligent, rebuttable only by proof of observance of the diligence of a good father of a family. For failure to rebut such legal presumption of negligence in the selection and supervision of employees, the employer is likewise responsible for damages, the basis of the liability being the relationship of *pater familias* or on the employer's own negligence.[21]

Mangoba, per testimony of his conductor, was ten meters away from the Mitsubishi Lancer before the collision and was driving 60 to 75 kilometers per hour when the speed limit was 50 kilometers per hour.[22] The presumption under Article 2185[23] of the Civil Code was thus proven true: Mangoba, as driver of the bus which collided with the Mitsubishi Lancer, was negligent since he violated a traffic regulation at the time of the mishap. We see no reason to depart from the findings of the MeTC, RTC and appellate court that Mangoba was negligent. The appellate court stated:

To be sure, had not the passenger bus been speeding while traversing the downward sloping road, it would not have hit and bumped the Mitsubishi Lancer in front of it, causing the latter vehicle to move forward and hit and bump, in turn, the Toyota Corolla. Had the bus been moving at a reasonable speed, it could have avoided hitting and bumping the Mitsubishi Lancer upon spotting the same, taking into account that the distance between the two vehicles was ten (10) meters. As fittingly opined by the MeTC, the driver of the passenger bus, being the rear vehicle, had full control of the situation as he was in a position to observe the vehicle in front of him. Had he observed the diligence required under the circumstances, the accident would not have occurred.[24]

Subrogation

In the present case, it cannot be denied that the Mitsubishi Lancer sustained damages. Moreover, it cannot also be denied that Standard paid Rodelene Valentino P162,151.22 for the repair of the Mitsubishi Lancer pursuant to a Release of Claim and Subrogation Receipt. Neither RCJ nor Mangoba cross-examined Standard's claims evaluator when he testified on his duties, the insurance contract between Rodelene Valentino and Standard, Standard's payment of insurance proceeds, and RCJ and Mangoba's refusal to pay despite demands. After being lackadaisical during trial, RCJ cannot escape liability now. Standard's right of subrogation accrues simply upon its payment of the insurance claim.[25]

Article 2207 of the Civil Code reads:

Art. 2207. If the plaintiff's property has been insured and he has received indemnity from the insurance company for the injury or loss arising out of the wrong or breach of contract complained of, the insurance company shall be subrogated to the rights of the insured against the wrongdoer or the person who has violated the contract. If the amount paid by the insurance company does not fully cover the injury or loss, the aggrieved party shall be entitled to recover the deficiency from the person causing the loss or injury.

Subrogation is the substitution of one person by another with reference to a lawful claim or right, so that he who substitutes another succeeds to the rights of the other in relation to a debt or claim, including its remedies or securities. The principle covers a situation wherein an insurer who has paid a loss under an insurance policy is entitled to all the rights and remedies belonging to the insured against a third party with respect to any loss covered by the policy.[26]

WHEREFORE, we DENY the petition. We AFFIRM the Decision of the Court of Appeals in CA-G.R. SP No. 105338 promulgated on 11 March 2010 as well as the Resolution promulgated on 3 September 2010.

SO ORDERED.

Leonardo-De Castro,[*] Brion, Peralta,** and Sereno, JJ., concur.

.

* Designated Acting Member per Special Order No. 1006 dated 10 June 2011.

** Designated Acting Member per Special Order No. 1062 dated 16 August 2011.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 41-62. Penned by Associate Justice Mariflor P. Punzalan Castillo, with Associate Justices Juan Q. Enriquez and Elihu A. Ybañez, concurring.

[3] Id. at 77-79. Penned by Associate Justice Mariflor P. Punzalan Castillo, with Associate Justices Juan Q. Enriquez and Elihu A. Ybañez, concurring.

[4] Id. at 120-128. Penned by Judge Virgilio V. Macaraig.

[5] Id. at 102-108. Penned by Judge Eduardo B. Peralta, Jr.

[6] Id. at 43-46.

[7] Id. at 108.

[8] Id. at 109.

[9] Id. at 110-119. Penned by Associate Justice Bienvenido L. Reyes, with Associate Justices Ruben T. Reyes (retired Supreme Court Justice) and Jose C. Mendoza (now Supreme Court Justice) concurring.

[10] Id. at 129-131. Penned by Judge Virgilio V. Macaraig.

[11] Id. at 131.

[12] Id. at 61-62.

[13] Id. at 63-75.

[14] Id. at 77-79.

[15] Id. at 17-18.

[16] See FEB Leasing and Finance Corporation (now BPI Leasing Corporation) v. Spouses Baylon, G.R. No. 181398, 29 June 2011; Guillang v. Bedania, G.R. No. 162987, 21 May 2009, 588 SCRA 73; Villanueva v. Domingo, 481 Phil. 837 (2004); MYC-Agro-Industrial Corp. v. Camerino, 217 Phil. 11 (1984); Erez v. Jepte, 102 Phil. 103 (1957).

[17] Erez v. Jepte, supra at 108.

[18] Rollo, p. 103.

[19] The pertinent portions of Article 2180 read: "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 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."

[20] Article 2176 states: "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."

[21] Metro Manila Transit Corp. v. Court of Appeals, G.R. No. 104408, 21 June 1993, 223 SCRA 521, 539. Citations omitted.

[22] Section 35, Article I, Chapter IV, Republic Act No. 4136.

[23] Unless there is proof to the contrary, it is presumed that a person driving a motor vehicle has been negligent if at the time of the mishap, he was violating any traffic regulation.

[24] Rollo, pp. 57-58.

[25] See Delsan Transport Lines, Inc. v. Court of Appeals, 420 Phil. 824 (2001).

[26] Keppel Cebu Shipyard, Inc. v. Pioneer Insurance and Surety Corporation, G.R. Nos. 180880-81, 25 September 2009, 601 SCRA 96, 141.

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.