

**MYC-AGRO-INDUSTRIAL CORPORATION, PETITIONER, VS.
PURIFICACION CAMERINO VDA. DE CALDO, LEONILA, NEMENCIO,
YOLANDA, EDNA, LORNA AND GENY, ALL SURNAMED CALDO AND
REPRESENTED HEREIN...**

G.R. No. 57298. September 07, 1984

Ponente: RELOVA, J.

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RELOVA, J.:

This is a petition for review of the decision of the then Court of Appeals in CA. G. R. No. 56343-R, finding petitioner liable for damages.

About 4:30 in the afternoon of March 21, 1971, a Toyota truck with Plate No. 12-90-4 CT '70 owned by petitioner and operated by Ceferino Arevalo hit the right center side of a jeepney with Plate No. 24-97-40-3 1970 owned by Nicanor Silla and operated by Alfredo Rodolfo. There were fifteen (15) passengers of the jeepney, namely: (1) Laureano Lacson, (2) Salome Bautista, (3) Chona Alcaraz, (4) Ruby Gonzaga, (5) Felicitacion Gonzaga, (6) Epifania Bautista, (7) Avelino Ignacio, (8) Erlinda Candado, (9) Leniza Alcaraz, (10) Sotera Ramirez, (11) Rosario Ordoñez, (12) Maximina Bautista, (13) Cornelio Bautista, (14) Hermogena Bautista and (15) Felicidad Alcaraz. The jeepney, at the time of the impact, was parked at Regiment Street, Anabu, Imus, Cavite. As a consequence, said jeepney turned turtle and was pushed to a cemented fence owned by Lucila Reyes, pinning down to death Carlito Pakingan, Hipolito Caldo, Azucena Camaclang-Navarrete and Fortunato Bonifacio. Likewise, the passengers: Laureano Lacson, Salome Bautista and Chona Alcaraz died because of the injuries sustained in this incident; the other passengers suffered various injuries on the different parts of their bodies.

The aforementioned jeepney and the wall fence were also damaged.

Complaint for damages was filed by the owner of the wall fence, the aforementioned victims and the heirs of the deceased victims against petitioner MYC-AGRO-INDUSTRIAL CORPORATION, the registered owner of the Toyota truck; Ceferino Arevalo, the driver of said truck; and, Benedicto Kalaw-Katigbak, the general manager of petitioner corporation.

In its responsive pleading, petitioner admitted ownership of the Toyota truck but alleged that the same, together with nine (9) other units were leased to the Jaguar Transportation, Inc. and that Ceferino Arevalo, as well as Benedicto Kalaw-Katigbak are not its (petitioner) employees. Thereafter, petitioner, defendant in the damage suit, filed a third-party complaint against Jaguar Transportation Company.

Third-party Jaguar pleads that its liability is only secondary and that it had already complied with its obligation under its contract of lease with petitioner when it secured a third-party liability insurance from Federal Insurance Company, Inc. It then filed a fourth-party complaint against Federal Insurance Company, Inc., F. E. Zuellig, Inc. and Casto Madamba, claiming that Jaguar had obtained an insurance policy from Federal Insurance Company, Inc. of which F. E. Zuellig is its general manager, and fourth-party defendant Casto Madamba is the general agent

of defendant Federal Insurance Company, Inc.

In its answer to the fourth-party complaint, the fourth-party defendants alleged that Jaguar has no cause of action against them because F. E. Zuellig is only the general manager of Federal Insurance Company, Inc.; that Casto Madamba is only the general agent of Federal Insurance Company, Inc., and that the proper party in interest is herein petitioner, the registered owner of the Toyota truck.

Ceferino Arevalo, driver of the truck in question was named defendant in Criminal Case No. 53-71 of the then Court of First Instance of Cavite, Branch V. Upon arraignment, he pleaded guilty to the crimes of multiple homicide, multiple serious physical injuries, multiple less serious physical injuries, slight physical injuries and damage to property thru reckless imprudence.

Evidence is clear that the death of seven (7) persons and the injuries suffered by private respondents were due to the negligence and reckless operation of the Toyota truck, owned by herein petitioner and driven by Ceferino Arevalo. On March 21, 1971, when the accident happened, subject vehicle was registered in the name of petitioner which, however, would want to exculpate itself from liability because of the contract of lease with sale (Exhibit "1") allegedly executed on December 1, 1970 between it and Jaguar Transportation Company. Petitioner claims that because of the lease contract with sale to Jaguar it had no more control over the vehicle; that Ceferino Arevalo is not its employee but that of Jaguar. On this score, the trial court as well as the then Court of Appeals made the finding that –

"x x x A reading of said contract cannot but produce the conviction that the same was drawn up for no other purpose but to set up a buffer between MYC and the public. It is really nothing but a simulated contract, a subterfuge, intended to shift liability from MYC to Jaguar Transportation Company which appears to be nothing more than a conduit of MYC. The obvious purpose is to create an apparent relationship of employer-employee between Jaguar and the persons operating MYC's trucks. Thus, while the contract is denominated as one of lease with sale and the ten Toyota trucks were supposed to be leased to Jaguar; the right of Jaguar to use these trucks was subject to a hauling contract with defendant MYC. The supposed lessee Jaguar may use these trucks only if the lessor shall have no more need for the trucks herein leased. (Par. 3 of Exhibit 1) Even if Jaguar should be able to lease these trucks to other parties because the lessor MYC has no more need for the same as the milling season is over, said contract executed by Jaguar with a third party shall be terminated as soon as the milling season is over, said contract executed by Jaguar with a third party shall be terminable as soon as the lessor shall have a need for the leased motor vehicle. Par. 2 of the lease contract exposes the true nature of this alleged contract of lease with sale as nothing more than a disguise effected by defendant MYC to relieve itself of the burdens and responsibilities of an employer with respect to these trucks. That the defendant MYC remained the true and real owner and possessor of these trucks is further indicated by the fact that those trucks, altho purportedly sold to Jaguar on installment, were never mortgaged to MYC by way of security; the same trucks leased and sold to Jaguar were exclusively used for the business of MYC in the hauling of its agricultural products; said trucks may not be sold, leased, alienated or encumbered by Jaguar without MYC's written consent. During the 3 year period of the contract Exhibit I before full payment of the supposed installment price of P362,129.10 by Jaguar all these trucks continue to be under the effective dominion of MYC - all the rights of ownership - to use, enjoy and dispose of these - remained with MYC. As a matter of fact, the ownership was not to be transferred until after three years. After the incident of March 21, 1971, the trucks were all "repossessed" by defendant MYC, a mere ceremony since MYC never lost possession." (pp. 175-177, Record on Appeal)

After trial, the lower court rendered judgment ordering "defendants MYC Agro-Industrial Corporation and Ceferino Arevalo jointly and severally to pay to plaintiffs the following: P3,348.75 to Felicidad Alcaraz; P3,399.15 to Rodolfo, Felicidad and Leniza, all surnamed Alcaraz; P18,000.00 to Rodolfo and Felicidad Alcaraz; P4,689.80 for Sotera Ramirez; P20,300.00 for Teodora Sardido-Tabing and Petra de Aro; P45,485.00 for

Constancia Manalaysay Vda. de Lacson, Almario, Solidad, Susan, Elvira, Carolina, Cecilia, and Ariel, all surnamed Lacson; P22,760.00 for Purificacion Camerino Vda. de Caldo, Leonila, Nemencia, Yolanda, Edna, Lorna and Genie, all surnamed Caldo; P21,000.00 for Lucila Ramos Vda. de Pakingan, Geraldo, Rowena, and Isidro all surnamed Pakingan; P20,500.00 for plaintiff Bella Balajadia-Bonifacio; P1,989.49 for Erlinda Candado; P230.50 for Avelino Ignacio; P8,484.00 for Nicanor Silla; P2,150.00 for Aniano, Maximina, Epifania and Cornelio, all surnamed Bautista; P4,724.50 to plaintiffs Rogelio, Felicitacion and Ruby, all surnamed Gonzaga; P1,724.55 for the injuries sustained by Ruby Gonzaga; P850.00 for plaintiff Hermogena Bautista; P23,000.00 for plaintiffs Emiliano, Nemencio, Rodolfo, Eduardo, Melanio, Aida, Lualhati, and Dominador, all surnamed Navarrete; P221.10 for plaintiff Alfredo Rodolfo and P300.00 for plaintiff Rosila Reyes; by way of actual and compensatory damages; by way of exemplary damages, the amount of P50,000.00 likewise awarded to plaintiffs as exemplary damages to be divided among them in proportion of their share of actual and compensatory damages. Defendant is further ordered to pay to plaintiffs the amount of P20,000.00 as Attorney's fees and the costs of this suit. The Complaint against Benedicto Katigbak, the counterclaim, the third-party and fourth party complaint are dismissed." (pp. 181-182, Record on Appeal)

From the foregoing judgment which was affirmed in toto by respondent Court of Appeals, petitioner went to this Court alleging in substance that the appellate court erred in holding that Jaguar Transportation Company was a mere dummy or conduit of petitioner which should be considered as the true owner of the vehicle.

We cannot uphold the contention of petitioner. In the first place, Jaguar's answer to third party complaint tendered no genuine or real issue. Secondly, Jaguar's representative did not even appear in court after impleading fourth party defendants and its President, Benedicto Katigbak, did not adduce evidence in his behalf. Thirdly, the sign MYC which stands for petitioner still appears on subject vehicle and, as aptly observed by the appellate court "the agreement which allegedly transferred the truck from MYC to Jaguar failed to provide for a chattel mortgage to secure said transfer. The well-known practice is that motor vehicles acquired through installment payments are secured by a chattel mortgage over the vehicle sold. None exists in the instant case (p. 51, Rollo)." Finally, it is undisputed that the registered owner of the Toyota truck is petitioner. As held in *Vargas vs. Langcay*, 6 SCRA 174, "[t]he registered owner/operator of a passenger vehicle is jointly and severally liable with the driver for damages incurred by passengers or third persons as a consequence of injuries (or death) sustained in the operation of said vehicles. x x x Regardless of who the actual owner of a vehicle is, the operator of record continues to be the operator of the vehicles as regards the public and third persons, and as such is directly and primarily responsible for the consequences incident to its operation, so that, in contemplation of law, such owner/operator of record is the employer of the driver, the actual operator and employer being considered merely as his agent."

ACCORDINGLY, the petition is hereby DENIED for lack of merit.

SO ORDERED.

Teehankee, (Chairman), Melencio Herrera, Plana, Gutierrez, Jr., and De la Fuente, JJ., concur.

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