

BA FINANCE CORPORATION, PETITIONER, VS. HON. COURT OF APPEALS, REGIONAL TRIAL COURT OF ANGELES CITY, BRANCH LVI, CARLOS OCAMPO, INOCENCIO TURLA, SPOUSES MOISES AGAPITO AND SOCOR...

G.R. No. 98275. November 13, 1992

Ponente: MELO, J.

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MELO, J.:

The question of petitioner's responsibility for damages when on March 6, 1983, an accident occurred involving petitioner's Isuzu ten-wheeler truck then driven by an employee of Lino Castro is the thrust of the petition for review on certiorari now before Us considering that neither the driver nor Lino Castro appears to be connected with petitioner.

On October 13, 1988, the disputed decision in the suit below was rendered by the court of origin in this manner:

"1. Ordering Rock, B.A. and Rogelio Villar y Amare jointly and severally to pay the plaintiffs as follows:

a) To the plaintiff Carlos Ocampo - P121, 650.00;

b) to the plaintiff Moises Ocampo ? P298,500.00

c) To the plaintiff Nicolas Cruz - P154,740.00

d) To the plaintiff Inocencio Turla, Sr. - 48,000.00

2. Dismissing the case against Lino Castro

3. Dismissing the third-party complaint against STRONGHOLD

4. Dismissing all the counterclaims of the defendants and third-party defendants.

5. Ordering ROCK to reimburse B.A. the total amount of P622,890.00 which the latter is adjudged to pay to the plaintiffs." (p. 46, Rollo)

Respondent Court of Appeals affirmed the appealed disposition in toto through Justice Rasul, with Justices De Pano, Jr. and Imperial concurring, on practically the same grounds arrived at by the court a quo (p. 28, Rollo). Efforts exerted towards re?evaluation of the adverse judgment were futile (p. 37, Rollo). Hence, the instant petition.

The lower court ascertained after due trial that Rogelio Villar y Amare, the driver of the Isuzu truck, was at fault when the mishap occurred in as much as he was found guilty beyond reasonable doubt of reckless imprudence resulting in triple homicide with multiple physical injuries with damage to property in a decision rendered on February 16, 1984 by the Presiding Judge of Branch 6 of the Regional Trial Court stationed at Malolos, Bulacan. Petitioner was adjudged liable for damages in as much as the truck was registered in its name during the incident

in question, following the doctrines laid down by this Court in *Perez vs. Gutierrez* (53 SCRA 149 [1973]) and *Erezo, et al. vs. Jepte* (102 Phil. 103 [1957]). In the same breadth, *Rock Component Philippines, Inc.* was ordered to reimburse petitioner for any amount that the latter may be adjudged liable to pay herein private respondents as expressly stipulated in the contract of lease between petitioner and *Rock Component Philippines, Inc.* Moreover, the trial court applied Article 2194 of the new Civil Code on solidary accountability of joint tortfeasors insofar as the liability of the driver, herein petitioner and *Rock Component Philippines* was concerned (pp. 6-7, Decision; pp. 44-45, Rollo).

To the question of whether petitioner can be held responsible to the victims albeit the truck was leased to *Rock Component Philippines* when the incident occurred, the appellate court answered in the affirmative on the basis of the jurisprudential dogmas which, as aforesaid, were relied upon by the trial court although respondent court was quick to add the caveat embodied in the lease covenant between petitioner and *Rock Component Philippines* relative to the latter's duty to reimburse any amount which may be adjudged against petitioner (pp. 32-33, Rollo).

Petitioner asseverates that it should not have been haled to court and ordered to respond for the damage in the manner arrived at by both the trial and appellate courts since paragraph 5 of the complaint lodged by the plaintiffs below would indicate that petitioner was not the employer of the negligent driver who was under the control and supervision of Lino Castro at the time of the accident, apart from the fact that the Isuzu truck was in the physical possession of *Rock Component Philippines* by virtue of the lease agreement.

Aside from casting clouds of doubt on the propriety of invoking the *Perez* and *Erezo* doctrines, petitioner continues to persist with the idea that the pronouncements of this Court in *Duavit vs. Court of Appeals* (173 SCRA 490 [1989]) and *Duquillo vs. Bayot* (67 Phil 131 [1939]) dovetail with the factual and legal scenario of the case at hand. Furthermore, petitioner assumes, given the so-called hiatus on the basis for the award of damages as decreed by the lower and appellate courts, that Article 2180 of the new Civil Code on vicarious liability will divest petitioner of any responsibility absent as there is any employer-employee relationship between petitioner and the driver.

Contrary to petitioner's expectations, the recourse instituted from the rebuffs it encountered may not constitute a sufficient foundation for reversal of the impugned judgment of respondent court. Petitioner is of the impression that the *Perez* and *Erezo* cases are inapplicable due to the variance of the generative facts in said cases as against those obtaining in the controversy at bar. A contrario, the lesson imparted by Justice Labrador in *Erezo* is still good law, thus:

“ . . . In previous decisions, We already have held that the registered owner of a certificate of public convenience is liable to the public for the injuries or damages suffered by passengers or third persons caused by the operation of said vehicle, even though the same had been transferred to a third person. (*Montoya vs. Ignacio*, 94 Phil., 182, 50 Off. Gaz., 108; *Roque vs. Malibay Transit, Inc.*, G.R. No. L?8561, November 18, 1955; *Vda. de Medina vs. Cresencia*, 99 Phil., 506, 52 Off. Gaz., [10], 4606.) The principle upon which this doctrine is based is that in dealing with vehicles registered under the Public Service Law, the public has the right to assume or presume that the registered owner is the actual owner thereof, for it would be difficult for the public to enforce the actions that they may have for injuries caused to them by the vehicles being negligently operated if the public should be required to prove who the actual owner is. How would the public or third persons know against whom to enforce their rights in case of subsequent transfers of the vehicles? We do not imply by this doctrine, however, that the registered owner may not recover whatever amount he had paid by virtue of his liability to third persons from the person to whom he had actually sold, assigned or conveyed the vehicle.

"Under the same principle the registered owner of any vehicle, even if not used for a public service, should primarily be responsible to the public or to third persons for injuries caused the latter while the vehicle is being

driven on the highways or streets. The members of the Court are in agreement that the defendant-appellant should be held liable to plaintiff-appellee for the injuries occasioned to the latter because of the negligence of the driver, even if the defendant-appellant was no longer the owner of the vehicle at the time of the damage because he had previously sold it to another. What is the legal basis for his (defendant-appellant's) liability?

"There is a presumption that the owner of the guilty vehicle is the defendant-appellant as he is the registered owner in the Motor Vehicles Office. Should he not be allowed to prove the truth, that he had sold it to another and thus shift the responsibility for the injury to the real and actual owner? The defendant holds the affirmative of this proposition; the trial court held the negative.

"The Revised Motor Vehicles Law (Act No. 3992, as amended) provides that no vehicle may be used or operated upon any public highway unless the same is properly registered. It has been stated that the system of licensing and the requirement that each machine must carry a registration number, conspicuously displayed, is one of the precautions taken to reduce the danger of injury to pedestrians and other travelers from the careless management of automobiles, and to furnish a means of ascertaining the identity of persons violating the laws and ordinances, regulating the speed and operation of machines upon the highways (2 R. C. L.1176). Not only are vehicles to be registered and that no motor vehicles are to be used or operated without being properly registered for the current year, but that dealers in motor vehicles shall furnish the Motor Vehicles Office a report showing the name and address of each purchaser of motor vehicle during the previous month and the manufacturer's serial number and motor number. (Section 5[c], Act No. 3992, as amended.)

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

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

"With the above policy in mind, the question that defendant-appellant poses is: should not the registered owner be allowed at the trial to prove who the actual and real owner is, and in accordance with such proof escape or evade responsibility and lay the same on the person actually owning the vehicle? We hold with the trial court that the law does not allow him to do so; the law, with its aim and policy in mind, does not relieve him directly of the responsibility that the law fixes and places upon him as an incident or consequence of registration. Were a registered owner allowed to evade responsibility by proving who the supposed transferee or owner is, it would be easy for him, by collusion with others or otherwise, to escape said responsibility and transfer the

same to an indefinite person, or to one who possesses no property with which to respond financially for the damage or injury done. A victim of recklessness on the public highways is usually without means to discover or identify the person actually causing the injury or damage. He has no means other than by a recourse to the registration in the Motor Vehicles Office to determine who is the owner. The protection that the law aims to extend to him would become illusory were the registered owner given the opportunity to escape liability by disproving his ownership. If the policy of the law is to be enforced and carried out, the registered owner should not be allowed to prove the contrary to the prejudice of the person injured, that is, to prove that a third person or another has become the owner, so that he may thereby be relieved of the responsibility to the injured person.

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

"In synthesis, we hold that the registered owner, the defendant-appellant herein, is primarily responsible for the damage caused to the vehicle of the plaintiff-appellee, but he (defendant-appellant) has a right to be indemnified by the real or actual owner of the amount that he may be required to pay as damage for the injury caused to the plaintiff-appellant." (at pp. 106-110.)

If the foregoing words of wisdom were applied in solving the circumstance whereof the vehicle had been alienated or sold to another, there certainly can be no serious exception against utilizing the same rationale to the antecedents of this case where the subject vehicle was merely leased by petitioner to Rock Component Philippines, Inc., with petitioner retaining ownership over the vehicle.

Petitioner's reliance on the rulings of this Court in *Duavit vs. Court of Appeals* and in *Duquillo vs. Bayot* (*supra*) is legally unpalatable for the purpose of the present discourse. The vehicles adverted to in the two cases shared a common thread, so to speak, in that the jeep and the truck were driven in reckless fashion without the consent or knowledge of the respective owners. Cognizant of the inculpatory testimony spewed by defendant Sabiniano when he admitted that he took the jeep from the garage of defendant Duavit without the consent or authority of the latter, Justice Gutierrez, Jr. in *Duavit* remarked:

"... Herein petitioner does not deny ownership of the vehicle involved in the mishap but completely denies having employed the driver Sabiniano or even having authorized the latter to drive his jeep. The jeep was virtually stolen from the petitioner's garage. To hold, therefore, the petitioner liable for the accident caused by the negligence of Sabiniano who was neither his driver nor employee would be absurd as it would be like holding liable the owner of a stolen vehicle for an accident caused by the person who stole such vehicle. In this regard, we cannot ignore the many cases of vehicles forcibly taken from their owners at gunpoint or stolen from garages and parking areas and the instances of service station attendants or mechanics of auto repair shops using, without the owner's consent, vehicles entrusted to them for servicing or repair." (at p. 496.)

In the *Duquillo* case, the defendant therein cannot, according to Justice Diaz, be held liable for anything because of circumstances which indicated that the truck was driven without the consent or knowledge of the owner thereof.

Consequently, there is no need for Us to discuss the matter of imputed negligence because petitioner merely presumed, erroneously, however, that judgment was rendered against it on the basis of such doctrine embodied under Article 2180 of the new Civil Code.

WHEREFORE, the petition is hereby DISMISSED and decision under review AFFIRMED without special

pronouncement as to costs.

SO ORDERED.

Gutierrez, Jr., Acting C.J., (Chairman), Bidin, Davide, Jr., and Romero, JJ., concur.

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