

Facts:

On April 14, 1990, Elmer Ouano, driving a Toyota Tamaraw owned by EK SEA Products and registered under the name Raul Cabahug, was involved in an accident in Basak, Lapulapu City that resulted in the death of Hector Cañete. Charged with “Reckless Imprudence Resulting In Homicide,” Ouano pleaded guilty, leading to his conviction on March 9, 1992, by the Regional Trial Court (RTC). The court sentenced him to imprisonment and ordered him to pay various sums to the heirs of the victim.

A writ of execution was issued on April 27, 1992, seeking to enforce the monetary awards. The sheriff reported Ouano’s inability to pay. Consequently, the heirs of Cañete filed a motion for a writ of subsidiary execution against Ouano’s employer, Evelyn Yonaha, without notifying her or setting a hearing. The RTC granted this on May 29, 1992.

Petitioner Yonaha filed a motion to stay and recall the subsidiary writ, citing lack of notice and due process, asserting that her liability as an employer had not been established. The RTC denied this motion on August 24, 1992, and subsequently denied a related motion for reconsideration on September 23, 1992.

Yonaha then elevated the matter to the Court of Appeals, which initially restrained the RTC’s orders by issuing a writ of preliminary injunction upon Yonaha’s posting of a bond. However, the Court of Appeals dismissed her petition on September 28, 1993, effectively lifting the preliminary injunction.

Issues:

1. Whether the RTC improperly granted a writ of subsidiary execution against the petitioner without notice and hearing in violation of due process.
2. Whether an employer’s subsidiary liability can be immediately enforced without a proper determination of the necessary legal relationship and conditions under Article 103 of the Revised Penal Code.

Court’s Decision:

1. Notice and Hearing: The Supreme Court found the lack of notice and hearing to be a significant procedural flaw. The Court reiterated the necessity of a hearing to provide due process to an employer when executing a subsidiary liability—especially since the employer had no prior indication that an execution against them was impending. The RTC’s assumption that no hearing was needed was erroneous. Therefore, the implementation of

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subsidiary liability without affording Yonaha an opportunity to contest (or establish) such liability was a denial of due process.

2. Conditions for Subsidiary Liability: The Court emphasized that the invocation of an employer's subsidiary liability under Article 103 requires clear foundational conditions: an established employer-employee relationship, the employer's engagement in industry, the employee committing an offense while conducting duties, and the employee's insolvency. The petitioner's inability to initially present defenses or contest the subsidiary liability claim highlighted the need for procedural protocol and proper hearings to establish these conditions prior to execution against the employer.

The Supreme Court set aside the RTC orders granting the writ of subsidiary execution and remanded the case back to the RTC for proceedings consistent with these principles, allowing Yonaha a meaningful hearing to address the claims of subsidiary liability.

Doctrine:

The Supreme Court restated that enforcement of an employer's subsidiary liability in criminal cases under Article 103 of the Revised Penal Code mandates proper due process, including notice and hearing, to ascertain the existence of essential elements of liability.

Class Notes:

- Key Elements of Subsidiary Liability under Article 103:

- a. Employer-Employee Relationship exists.
- b. Employer is engaged in an industry.
- c. Employee commits an offense while performing duties.
- d. Employee is insolvent.

- Judges must ensure employers have a chance for a hearing to contest subsidiary liability, even after an employee's criminal conviction.

Historical Background:

The legal principle of subsidiary liability of employers, as embodied in Article 103 of the Revised Penal Code, traces back to efforts to balance between an individual's criminal liability and the economic dynamics involving employer and employee relationships. This case arose against a background of Philippine legal jurisprudence focusing on ensuring procedural fairness and accurate imposition of liabilities that might impact entities beyond the directly involved criminal actor. This ensures that employers, teachers, and other persons in similar capacities have due process before secondary liabilities are adjudicated.