

SECOND DIVISION

[G.R. No. 160110, June 18, 2014]

**MARIANO C. MENDOZA AND ELVIRA LIM, PETITIONERS, VS.
SPOUSES LEONORA J. GOMEZ AND GABRIEL V. GOMEZ
RESPONDENTS.**

D E C I S I O N

PEREZ, J.:

Assailed in the present appeal by *certiorari* is the Decision^[1] dated 29 September 2003 of the Special Fourth Division of the Court of Appeals (CA) in CA-G.R. CV No. 71877, which affirmed with modification the Decision^[2] dated 31 January 2001 of the Regional Trial Court (RTC), Branch 172, Valenzuela City in Civil Case No. 5352-V-97, and which effectively allowed the award of actual, moral, and exemplary damages, as well as attorney's fees and costs of the suit in favor of respondent Spouses Leonora and Gabriel Gomez (respondents).

Antecedent Facts

On 7 March 1997, an Isuzu Elf truck (Isuzu truck) with plate number UAW 582,^[3] owned by respondent Leonora J. Gomez (Leonora)^[4] and driven by Antenojenes Perez (Perez),^[5] was hit by a Mayamy Transportation bus (Mayamy bus) with temporary plate number 1376-1280,^[6] registered under the name of petitioner Elvira Lim (Lim)^[7] and driven by petitioner Mariano C. Mendoza (Mendoza).^[8]

Owing to the incident, an Information for reckless imprudence resulting in damage to property and multiple physical injuries was filed against Mendoza.^[9] Mendoza, however, eluded arrest, thus, respondents filed a separate complaint for damages against Mendoza and Lim, seeking actual damages, compensation for lost income, moral damages, exemplary damages, attorney's fees and costs of the suit.^[10] This was docketed as Civil Case No. 5352-V-97.

According to PO1 Melchor F. Rosales (PO1 Rosales), investigating officer of the case, at around 5:30 a.m., the Isuzu truck, coming from Katipunan Road and heading towards E. Rodriguez, Sr. Avenue, was travelling along the downward portion of Boni Serrano Avenue when, upon reaching the corner of Riviera Street, fronting St. Ignatius Village, its left front portion was hit by the Mayamy bus.^[11] According to PO1 Rosales, the Mayamy bus, while traversing the opposite lane, intruded on the lane occupied by the Isuzu truck.^[12]

PO1 Rosales also reported that Mendoza tried to escape by speeding away, but he was apprehended in Katipunan Road corner C. P. Garcia Avenue by one Traffic Enforcer Galante and a security guard of St. Ignatius Village.^[13]

As a result of the incident, Perez, as well as the helpers on board the Isuzu truck, namely Melchor V. Anla (Anla), Romeo J. Banca (Banca), and Jimmy Repisada (Repisada), sustained injuries necessitating medical treatment amounting to P11,267.35, which amount was shouldered by respondents. Moreover, the Isuzu truck sustained extensive damages on its cowl, chassis, lights and steering wheel, amounting to P142,757.40.^[14]

Additionally, respondents averred that the mishap deprived them of a daily income of P1,000.00. Engaged in the business of buying plastic scraps and delivering them to recycling plants, respondents claimed that the Isuzu truck was vital in the furtherance of their business.

For their part, petitioners capitalized on the issue of ownership of the bus in question. Respondents argued that although the registered owner was Lim, the actual owner of the bus was SPO1 Cirilo Enriquez (Enriquez), who had the bus attached with Mayamy Transportation Company (Mayamy Transport) under the so-called "*kabit* system." Respondents then impleaded both Lim and Enriquez.

Petitioners, on the other hand, presented Teresita Gutierrez (Gutierrez), whose testimony was offered to prove that Mayamy Bus or Mayamy Transport is a business name registered under her name, and that such business is a sole proprietorship. Such was presented by petitioners to rebut the allegation of respondents that Mayamy Transport is a corporation;^[15] and to show, moreover, that although Gutierrez is the sole proprietor of Mayamy Transport, she was not impleaded by respondents in the case at bar.^[16]

After weighing the evidence, the RTC found Mendoza liable for direct personal negligence under Article 2176 of the Civil Code, and it also found Lim vicariously liable under Article 2180 of the same Code.

As regards Lim, the RTC relied on the Certificate of Registration issued by the Land Transportation Office on 9 December 1996^[17] in concluding that she is the registered owner of the bus in question. Although actually owned by Enriquez, following the established principle in transportation law, Lim, as the registered owner, is the one who can be held liable.

Thus, the RTC disposed of the case as follows:

WHEREFORE, judgment is hereby rendered in favor of the [respondents] and against the [petitioners]:

1. Ordering the [petitioners] except Enriquez to pay [respondents], jointly and severally, the costs of repair of the damaged vehicle in the amount of P142,757.40;
2. Ordering the defendants except Enriquez to pay [respondents], jointly and severally, the amount of P1,000.00 per day from March 7, 1997 up to November 1997 representing the unrealized income of the [respondents] when the incident transpired up to the time the damaged Isuzu truck was repaired;

3. Ordering the [petitioners] except Enriquez to pay [respondents], jointly and severally, the amount of P100,000.00 as moral damages, plus a separate amount of P50,000.00 as exemplary damages;
4. Ordering the [petitioners] except Enriquez to pay [respondents], jointly and severally, the amount of P50,000.00 as attorney's fees;
5. Ordering the [petitioners] except Enriquez to pay [respondents] the costs of suit.^[18]

Displeased, petitioners appealed to the CA, which appeal was docketed as CA-G.R. CV No. 71877. After evaluating the damages awarded by the RTC, such were affirmed by the CA with the exception of the award of unrealized income which the CA ordered deleted, *viz*:

WHEREFORE, premises considered, the appeal is **PARTLY GRANTED**. The judgment of the Regional Trial Court of Valenzuela City, Branch 172 dated January 31, 2001, is **MODIFIED**, in that the award of P1,000.00 per day from March 1997 up to November 1997 representing unrealized income is **DELETED**. The award of P142,757.40 for the cost of repair of the damaged vehicle, the award of P100,000.00 as moral damages, the award of P50,000.00 as exemplary damages, the award of P50,000.00 as attorney's fees and the costs of the suit are hereby **MAINTAINED**.^[19]

The Present Petition

Unsatisfied with the CA ruling, petitioners filed an appeal by *certiorari* before the Court, raising the following issues:^[20]

1. The court a quo has decided questions of substance in a way not in accord with law or with the applicable decisions of the Supreme Court when it awarded:
 - a. Moral damages in spite of the fact that the [respondents'] cause of action is clearly based on **quasi-delict** and [respondents] **did not sustain physical injuries** to be entitled thereto pursuant to Article 2219 (2) of the New Civil Code and pertinent decisions of the Supreme Court to that effect. The court a quo erroneously concluded that the driver acted in bad faith and erroneously applied the provision of Article 21 of the same code to justify the award for bad faith is not consistent with quasi-delict which is founded on fault or negligence.
 - b. Exemplary damages in spite of the fact that there is no finding that the vehicular accident was due to petitioner-driver's gross negligence to be entitled thereto pursuant to Article 2231 of the New Civil Code and pertinent decisions of the Supreme Court to that effect. The factual basis of the court a quo that "the act of the driver of the bus in attempting to escape after causing the accident

in wanton disregard of the consequences of his negligent act is such gross negligence that justifies an award of exemplary damages” is an act after the fact which is not within the contemplation of Article 2231 of the New Civil Code.

c. Attorney’s fees in spite of the fact that the assailed decisions of the trial court and the court a quo are bereft with jurisdictions for the award of attorney’s fees pursuant to the pertinent decisions of the Supreme Court on the matter and provision Article 2208 of the New Civil Code. The court a quo erroneously applied the decision of the Supreme Court in Bañas, Jr. vs. Court of Appeals, 325 SCRA 259.

The Court’s Ruling

The petition is partially meritorious.

Respondents anchor their claim for damages on Mendoza’s negligence, banking on Article 2176 of the Civil Code, to wit:

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.

In impleading Lim, on the other hand, respondents invoke the latter’s vicarious liability as espoused in Article 2180 of the same Code:

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 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 of industry.

The first question to address, then, is whether or not Mendoza’s negligence was duly proven. Negligence is defined as the failure to observe for the protection of the interests of another person, that degree of care, precaution and vigilance which the circumstances justly demand, whereby such other person suffers injury.^[21]

As found by the RTC, and affirmed by the CA, Mendoza was negligent in driving the subject Mayamy bus, as demonstrated by the fact that, at the time of the collision, the bus intruded on the lane intended for the Isuzu truck. Having encroached on the opposite lane, Mendoza was clearly in violation of traffic laws. Article 2185 of the Civil Code provides that 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. In the case at bar, Mendoza's violation of traffic laws was the proximate cause of the harm.

Proximate cause is defined as that cause, which, in natural and continuous sequence, unbroken by any efficient intervening cause, produces the injury, and without which the result would not have occurred. And more comprehensively, the proximate legal cause is that acting first and producing the injury, either immediately or by setting other events in motion, all constituting a natural and continuous chain of events, each having a close causal connection with its immediate predecessor, the final event in the chain immediately effecting the injury as a natural and probable result of the cause which first acted, under such circumstances that the person responsible for the first event should, as an ordinary prudent and intelligent person, have reasonable ground to expect at the moment of his act or default that an injury to some person might probably result therefrom.^[22]

The evidence on record shows that before the collision, the Isuzu truck was in its rightful lane, and was even at a stop, having been flagged down by a security guard of St. Ignatius Village.^[23] The mishap occurred when the Mayamy bus, travelling at a fast speed as shown by the impact of the collision, and going in the opposite direction as that of the Isuzu truck, encroached on the lane rightfully occupied by said Isuzu truck, and caused the latter to spin, injuring Perez, Anla, Banca, and Repisada, and considerably damaging the Isuzu truck.

Having settled the fact of Mendoza's negligence, then, the next question that confronts us is who may be held liable. According to Manresa, liability for personal acts and omissions is founded on that indisputable principle of justice recognized by all legislations that when a person by his act or omission causes damage or prejudice to another, a juridical relation is created by virtue of which the injured person acquires a right to be indemnified and the person causing the damage is charged with the corresponding duty of repairing the damage. The reason for this is found in the obvious truth that man should subordinate his acts to the precepts of prudence and if he fails to observe them and causes damage to another, he must repair the damage.^[24] His negligence having caused the damage, Mendoza is certainly liable to repair said damage.

Additionally, Mendoza's employer may also be held liable under the doctrine of vicarious liability or imputed negligence. Under such doctrine, a person who has not committed the act or omission which caused damage or injury to another may nevertheless be held civilly liable to the latter either directly or subsidiarily under certain circumstances.^[25] In our jurisdiction, vicarious liability or imputed negligence is embodied in Article 2180 of the Civil Code and the basis for damages in the action under said article is the direct and primary negligence of the employer in the selection or supervision, or both, of his employee.^[26]

In the case at bar, who is deemed as Mendoza's employer? Is it Enriquez, the actual owner of the bus or Lim, the registered owner of the bus?

In *Filcar Transport Services v. Espinas*,^[27] we held that the registered owner is deemed the employer of the negligent driver, and is thus vicariously liable under Article 2176, in relation to Article 2180, of the Civil Code. Citing *Equitable Leasing*