720 Phil. 828

THIRD DIVISION

[G.R. No. 199067, November 11, 2013]

NISSAN GALLERY-ORTIGAS, PETITIONER, VS. PURIFICACION F. FELIPE, RESPONDENT.

D E C I S I O N

MENDOZA, J.:

This petition for review on *certiorari* under Rule 45 of the Rules of Court seeks to review, reverse and set aside the June 30, 2011 Decision[1] of the Court of Appeals *(CA)* in CA-G.R. SP No. 120100,[2] and its October 21, 2011 Resolution,[3] for being issued in a manner not in accord with law and jurisprudence.

This case stemmed from a criminal complaint for violation of Batas Pambansa Blg. 22 *(BP 22)* filed by petitioner Nissan Gallery-Ortigas *(Nissan)*, an entity engaged in the business of car dealership, against respondent Purificacion F. Felipe *(Purificacion)* with the Office of the City Prosecutor of Quezon City. The said office found probable cause to indict Purificacion and filed an Information before the Metropolitan Trial Court, (raffled to Branch 41), Quezon City *(MeTC)*, for her issuance of a postdated check in the amount of P1,020,000.00, which was subsequently dishonored upon presentment due to "STOP PAYMENT."

Purificacion issued the said check because her son, Frederick Felipe *(Frederick)*, attracted by a huge discount of P220,000.00, purchased a Nissan Terrano 4x4 sports and utility vehicle *(SUV)* from Nissan. The term of the transaction was Cash-on-Delivery and no downpayment was required. The SUV was delivered on May 14, 1997, but Frederick failed to pay upon delivery. Despite non-payment, Frederick took possession of the vehicle.[4]

Since then, Frederick had used and enjoyed the SUV for more than four (4) months without paying even a single centavo of the purchase price. This constrained Nissan to send him two (2) demand letters, on different dates, but he still refused to pay. Nissan, through its retained counsel, was prompted to send a final demand letter. Reacting to the final demand, Frederick went to Nissan's office and asked for a grace period until October 30, 1997 within which to pay his full outstanding obligation amounting to P1,026,750.00. Through further negotiation, the amount was eventually reduced to P1,020,000.00.[5]

Frederick reneged on his promise and again failed to pay. On November 25, 1997, he asked his mother, Purificacion, to issue the subject check as payment for his obligation. Purificacion acceded to his request. Frederick then tendered her postdated check in the amount of P1,020,000.00. The check, however, was dishonored upon presentment due to "STOP PAYMENT."[6]

A demand letter was served upon Purificacion, through Frederick, who lived with her. The letter informed her of the dishonor of the check and gave her five (5) days from receipt within which to replace it with cash or manager's check. Despite receipt of the demand letter, Purificacion refused to replace the check giving the reason that she was not the one who purchased the vehicle. On January 6, 1998, Nissan filed a criminal case for violation of BP 22 against her.[7]

During the preliminary investigation before the Assistant City Prosecutor, Purificacion gave P200,000.00 as partial payment to amicably settle the civil aspect of the case. Thereafter, however, no additional payment had been made.

After trial, the MeTC rendered its judgment acquitting Purificacion of the charge, but holding her civilly liable to Nissan. The dispositive portion of the judgment states that:

> WHEREFORE, judgment is hereby rendered ACQUITTING accused PURIFICACION FELIPE of the crime of Violation of Batas Pambansa 22. However, accused PURIFICACION FELIPE is ordered to pay private complainant Nissan Gallery Ortigas the amount of SIX HUNDRED SEVENTY FIVE THOUSAND PESOS (P675,000.00) with legal interest per annum, from the filing of the information until the finality of this decision.
>
> SO ORDERED. [8]

Purificacion appealed to the Regional Trial Court *(RTC)*. Branch 105 thereof affirmed the MeTC decision on December 22, 2008. The RTC ruled that Purificacion was estopped from denying that she issued the check as a "show check" to boost the credit standing of Frederick and that Nissan agreed not to deposit the same.[9] Further, the RTC considered Purificacion to be an accommodation party who was "liable on the instrument to a holder for value even though the holder at the time of taking the instrument knew him or her to be merely an accommodation party."[10]

Purificacion moved for a reconsideration, but her motion was denied.

The CA, before whom the case was elevated via a petition for review, granted the petition on May 20, 2009. In so deciding, the CA reasoned out that there was no privity of contract between Nissan and Purificacion. No civil liability could be adjudged against her because of her acquittal from the criminal charge. It was Frederick who was civilly liable to Nissan.[11]

It added that Purificacion could not be an accommodation party either because she only came in after Frederick failed to pay the purchase price, or six (6) months after the execution of the contract between Nissan and Frederick. Her liability was limited to her act of issuing a worthless check, but by her acquittal in the criminal charge, there was no more basis for her to be held civilly liable to Nissan.[12] Purificacion's act of issuing the subject check did not, by itself, assume the civil obligation of Frederick to Nissan or automatically made her a party to the contract.[13] Thus, the decretal portion of the judgment reads:

WHEREFORE, finding merit therefrom, the instant petition is **GIVEN DUE COURSE** and is hereby **GRANTED**. The Decision and Order dated December 22, 2008 and May 20, 2009, respectively, of the Regional Trial Court (RTC), Branch 105, Quezon City, in Crim. Case No. Q-08-151734, affirming the Judgment of the Metropolitan Trial Court (MeTC), Branch 41, Quezon City, for Violation of B.P. 22, acquitting petitioner of the crime charged but ordering the latter to pay respondent the amount of Six Hundred Seventy Five Thousand Pesos (P675,000.00) with 12% legal interest, is **SET ASIDE** and petitioner is **EXONERATED** from any civil liability by reason of her issuance of the subject check.

x x x

SO ORDERED. [14]

Nissan filed a motion for reconsideration, but it was later denied.

Hence, this petition, with Nissan presenting the following

GROUNDS

A.

BOTH THE METROPOLITAN TRIAL COURT AND THE REGIONAL TRIAL COURT CONCURRED THAT THE ISSUANCE BY RESPONDENT PURIFICACION OF THE SUBJECT BOUNCED CHECK WAS FOR AND IN PAYMENT OF HER SON'S OUTSTANDING OBLIGATION TO NISSAN GALLERY ORIGINATING FROM HIS PURCHASE OF THE SUBJECT MOTOR VEHICLE, NOT MERELY AS A "SHOW CHECK", HENCE, EVEN IF PURIFICACION IS NOT A PARTY TO THE SALES TRANSACTION BETWEEN NISSAN GALLERY, AS SELLER, AND FREDERICK, AS BUYER, PURIFICACION, AS THE ONE WHO DREW THE BOUNCED CHECK AS AND IN PAYMENT OF THE LONG-UNPAID MOTOR VEHICLE PURCHASED BY HER SON, COULD NOT ESCAPE LIABILITY ON THE CIVIL ASPECT OF THE CASE.

B.

WHILE IT MAY BE TRUE THAT RESPONDENT PURIFICACION MAY BE ACQUITTED OF THE CRIME CHARGED (VIOLATION OF B.P. 22), ONLY BECAUSE THE PROSECUTION FAILED TO PROVE THAT RESPONDENT PURIFICACION WAS PROPERLY NOTIFIED OF THE DISHONOR OF THE SUBJECT BOUNCED CHECK, IT IS NOT CORRECT TO EXONERATE HER FROM THE CIVIL ASPECT OF THE CASE.[15]

Ultimately, the question presented before the Court is whether or not Purificacion is civilly liable for the issuance of a worthless check despite her acquittal from the criminal charge.

Ruling of the Court

The Court rules in the affirmative.

Well-settled is the rule that a civil action is deemed instituted upon the filing of a criminal action, subject to certain exceptions. Section 1, Rule 111 of the Rules of Court specifically provides that:

> **SECTION 1**. *Institution of criminal and civil actions.* — (a) When a criminal action is instituted, the **civil action for the recovery of civil liability arising from the offense charged** shall be deemed instituted with the criminal action unless the offended party waives the civil action, reserves the right to institute it separately or institutes the civil action prior to the criminal action (unless the offended party waives the civil action, reserves the right to institute it separately or institutes the civil action prior to the criminal action).
>
> x x x x.
>
> (b) The criminal action for **violation of Batas Pambansa Blg. 22** shall be *deemed to include the corresponding civil action. No reservation to file such civil action separately shall be allowed.*
>
> x x x x.

As can be gleaned from the foregoing, with respect to criminal actions for violation of BP 22, it is explicitly clear that the corresponding civil action is deemed included and that a reservation to file such separately is not allowed.

The rule is that every act or omission punishable by law has its accompanying civil liability. The civil aspect of every criminal case is based on the principle that every person criminally liable is also civilly liable.[16] If the accused, however, is not found to be criminally liable, it does not necessarily mean that he will not likewise be held civilly liable because extinction of the penal action does not carry with it the extinction of the civil action.[17] This rule more specifically applies when (a) the acquittal is based on reasonable doubt as only preponderance of evidence is required; (b) the court declares that the liability of the accused is only civil; and (c) the civil liability of the accused does not arise from or is not based upon the crime of which the accused was acquitted.[18] The civil action based on the delict is extinguished if there is a finding in the final judgment in the criminal action that the act or omission from which the civil liability may arise did not exist or where the accused did not commit the acts or omission imputed to him.[19]

It can, therefore, be concluded that if the judgment is conviction of the accused, then the necessary penalties and civil liabilities arising from the offense or crime shall be imposed. On the contrary, if the judgment is of acquittal, then the imposition of the civil liability will depend on whether or not the act or omission from which it might arise exists.