

## SECOND DIVISION

[ G.R. No. 193629, August 17, 2011 ]

**RCJ BUS LINES, INCORPORATED, PETITIONER, VS. STANDARD INSURANCE COMPANY, INCORPORATED, RESPONDENT.**

### DECISION

**CARPIO, J.:**

#### The Case

G.R. No. 193629 is a petition for review<sup>[1]</sup> assailing the Decision<sup>[2]</sup> promulgated on 11 March 2010 as well as the Resolution<sup>[3]</sup> promulgated on 3 September 2010 by the Court of Appeals (appellate court) in CA-G.R. SP No. 105338. The appellate court affirmed with modification the 27 May 2008 Decision<sup>[4]</sup> of Branch 37 of the Regional Trial Court of Manila (RTC) in Civil Case No. 00-99410. The RTC dismissed RCJ Bus Lines' appeal from the 12 July 2000 Decision<sup>[5]</sup> of the Metropolitan Trial Court of Manila (MeTC) in Civil Case No. 153566. The MeTC rendered judgment in favor of Standard Insurance Company, Incorporated (Standard) and ordered Flor Bola Mangoba (Mangoba) and RCJ Bus Lines, Incorporated (RCJ) to pay damages.

#### The Facts

The appellate court narrated the facts as follows:

On 01 December 2000, respondent Standard Insurance Co., Inc. (STANDARD) filed an amended complaint against the petitioners Flor Bola Mangoba and RCJ Bus Lines, Inc. (docketed as Civil Case No. 153566-CV before the Metropolitan Trial Court of Manila, Branch 29). Said amended complaint alleged, among others:

"2. On June 19, 1994 along the National Highway at Brgy. Amlang, Rosario, La Union, defendant Flor B. Mangoba while driving [sic] an RCJ HINO BLUE RIBBON PASSENGER BUS bearing Plate No. NYG-363 in a reckless and imprudent manner, bumped and hit a 1991 Mitsubishi Lancer GLX bearing Plate No. TAJ-796, a photocopy of the police report is attached hereto and made an integral part hereof as Annex `A.'

3. The subject Mitsubishi Lancer which is owned by Rodelene Valentino was insured for loss and damage with plaintiff [Standard Insurance Co. Inc.] for P450,000.00, a photocopy of the insurance policy is attached hereto and made an integral part hereof as Annex `B.'

4. Defendant RCJ Bus Lines, Inc. is the registered owner of the Passenger Bus bearing Plate No. NYG-363 while defendant Flor Mangoba was the driver of the subject Passenger Bus when the accident took place.

5. As a direct and proximate cause of the vehicular accident, the Mitsubishi Lancer was extensively damaged, the costs of repairs of which were borne by the plaintiff [Standard Insurance Co. Inc.] at a cost of P162,151.22.

6. By virtue of the insurance contract, plaintiff [Standard Insurance Co. Inc.] paid Rodelene Valentino the amount of P162,151.22 for the repair of the Mitsubishi Lancer car.

7. After plaintiff [Standard Insurance Co. Inc.] has complied with its obligation under the policy mentioned above, plaintiff's assured executed in plaintiff's favor a Release of Claim thereby subrogating the latter to all his rights of recovery on all claims, demands and rights of action on account of loss, damage or injury as a consequence of the accident from any person liable therefor.

8. Despite demands, defendants have failed and refused and still continue to fail and refuse to reimburse plaintiff the sum of P162,151.22. A photocopy of the demand letter is attached hereto and made an integral part hereof as Annex `C.'

9. As a consequence, plaintiff [Standard Insurance Co. Inc.] has been compelled to resort to court action and thereby hire the services of counsel as well as incur expenses of litigation for all of which it should be indemnified by the defendant in the amount of at least P30,000.00.

10. In order that it may serve as a deterrent for others and by way of example for the public good, defendants should be adjudged to pay plaintiff [Standard Insurance Co. Inc.] exemplary damages in the amount of P20,000.00."

Thus, STANDARD prayed:

"WHEREFORE, plaintiff respectfully prays that after due trial on the issues, this court render judgment against the defendants adjudging them jointly and severally liable to pay plaintiff the following amounts:

1. The principal claim of P162,151.22 with interest at 12% per annum from September 1, 1995 until fully paid.

2. P30,000.00 as and by way of indemnification for attorney's

fees.

3. P25,000.00 as exemplary damages.

Plaintiff prays for such further or other reliefs as may be deemed just and equitable under the premises."

In its answer, RCJ Bus Lines, Inc. maintained:

"1. That the complaint states no cause of action against it;

2. That venue was improperly laid; and,

3. That the direct, immediate and proximate cause of the accident was the negligence of the driver of the Mitsubishi Lancer when, for no reason at all, it made a sudden stop along the National Highway, as if to initiate and/or create an accident."

Flor Bola Mangoba, in his own answer to the complaint, also pointed his finger at the driver of the Mitsubishi Lancer as the one who caused the vehicular accident on the time, date and place in question.

For his failure to appear at the pre-trial despite notice, Flor Bola Mangoba was declared in default on 14 November 1997. Accordingly, trial proceeded *sans* his participation.

At the trial, the evidence adduced by the parties established the following facts:

In the evening of 19 June 1994, at around 7:00 o'clock, a Toyota Corolla with Plate No. PHU-185 driven by Rodel Chua, cruised along the National Highway at Barangay Amlang, Rosario, La Union, heading towards the general direction of Bauan, La Union. The Toyota Corolla travelled at a speed of 50 kilometers per hour as it traversed the downward slope of the road, which curved towards the right.

The Mitsubishi Lancer GLX with Plate No. TAJ-796, driven by Teodoro Goki, and owned by Rodelene Valentino, was then following the Toyota Corolla along the said highway. Behind the Mitsubishi Lancer GLX was the passenger bus with Plate No. NYG-363, driven by Flor Bola Mangoba and owned by RCJ Bus Lines, Inc. The bus followed the Mitsubishi Lancer GLX at a distance of ten (10) meters and traveled at the speed of 60 to 75 kilometers per hour.

Upon seeing a pile of gravel and sand on the road, the Toyota Corolla stopped on its tracks. The Mitsubishi Lancer followed

suit and also halted. At this point, the bus hit and bumped the rear portion of the Mitsubishi Lancer causing it to move forward and hit the Toyota Corolla in front of it.

As a result of the incident, the Mitsubishi Lancer sustained damages amounting to P162,151.22, representing the costs of its repairs. Under the comprehensive insurance policy secured by Rodelene Valentino, owner of the Mitsubishi Lancer, STANDARD reimbursed to the former the amount she expended for the repairs of her vehicle. Rodelene then executed a Release of Claim and Subrogation Receipt, subrogating STANDARD to all rights, claims and actions she may have against RCJ Bus Lines, Inc. and its driver, Flor Bola Mangoba.<sup>[6]</sup>

### **The MeTC's Ruling**

On 12 July 2000, the MeTC rendered its decision in favor of Standard, the dispositive portion of which reads:

WHEREFORE, consistent with Section 1, Rule 131 and Section 1, Rule 133 of the Revised Rules on Evidence, judgment is hereby rendered in favor of the plaintiff, ordering defendants Flor Bola Mangoba and RCJ Bus Lines, Inc.:

1. To pay the principal sum of ONE HUNDRED SIXTY TWO THOUSAND ONE HUNDRED FIFTY ONE PESOS and 22/100 (P162,151.22), with legal rate of interest at 12% per annum from September 1, 1995 until full payment;
2. To pay the sum of TWENTY THOUSAND PESOS (P20,000.00) as exemplary damages;
3. To pay the sum of TWENTY THOUSAND PESOS (P20,000.00) as reasonable attorney's fees; and
4. To pay the costs of suit.

For want of merit, the separate Counterclaim is hereby DISMISSED.<sup>[7]</sup>

In an Order<sup>[8]</sup> dated 2 May 2002, the RTC dismissed Mangoba and RCJ's appeal for filing their pleading beyond the reglementary period. The appellate court, however, in a Decision<sup>[9]</sup> in CA-G.R. SP No. 77598 dated 23 April 2004, granted RCJ's petition and remanded the case to the RTC for further proceedings.

### **The RTC's Ruling**

In its Decision dated 27 May 2008, the RTC affirmed with modification the MeTC's

Decision dated 12 July 2000. The RTC deleted the award for exemplary damages.

RCJ failed to convince the RTC that it observed the diligence of a good father of a family to prevent damages sustained by the Mitsubishi Lancer. The RTC ruled that the testimony of Conrado Magno, RCJ's Operations Manager, who declared that all applicants for employment in RCJ were required to submit clearances from the barangay, the courts and the National Bureau of Investigation, is insufficient to show that RCJ exercised due diligence in the selection and supervision of its drivers. The allegation of the conduct of seminars and training for RCJ's drivers is not proof that RCJ examined Mangoba's qualifications, experience and driving history. Moreover, the testimony of Noel Oalog, the bus conductor, confirmed that the bus was travelling at a speed of 60 to 75 kilometers per hour, which was beyond the maximum allowable speed of 50 kilometers per hour for a bus on an open country road. The RTC, however, deleted the award of exemplary damages because it found no evidence that Mangoba acted with gross negligence.

In an Order<sup>[10]</sup> dated 27 August 2008, the RTC partially reconsidered its 27 May 2008 Decision and modified the MeTC's Decision to read as follows:

WHEREFORE, the Decision dated May 27, 2008 is partially reconsidered and the Decision of the court a quo dated July 12, 2000 is MODIFIED. Appellant RCJ Bus Lines, Inc. and defendant Flor Bola Mangoba are ordered to pay jointly and severally the appellee [Standard Insurance Co., Inc.] the following:

1. ONE HUNDRED SIXTY TWO THOUSAND ONE FIFTY ONE PESOS and 22/100 (P162,151.22), with legal rate of interest at 6% per annum from September 1, 1995 until full payment;
2. TWENTY THOUSAND PESOS (P20,000.00) as reasonable attorney's fees; and
3. Cost of suit.

SO ORDERED.<sup>[11]</sup>

### **The Appellate Court's Ruling**

Mangoba and RCJ filed a petition for review before the appellate court. The appellate court found that the RTC committed no reversible error in affirming RCJ's liability as registered owner of the bus and employer of Mangoba, as well as Mangoba's negligence in driving the passenger bus. The appellate court, however, deleted the award for attorney's fees and modified the legal interest imposed by the MeTC.

The dispositive portion of the appellate court's decision reads:

WHEREFORE, the instant petition for review is DENIED. The assailed Decision of the Regional Trial Court of Manila, Branch 37, in Civil Case No. 00-99410 is hereby AFFIRMED with MODIFICATION that the legal interest