481 Phil. 837

THIRD DIVISION

[G.R. No. 144274, September 20, 2004]

NOSTRADAMUS VILLANUEVA PETITIONER, VS. PRISCILLA R. DOMINGO AND LEANDRO LUIS R. DOMINGO, RESPONDENTS.

D E C I S I O N

CORONA, J.:

This is a petition to review the decision[1] of the Court of Appeals in CA-G.R. CV No. 52203 affirming in turn the decision of the trial court finding petitioner liable to respondent for damages. The dispositive portion read:

> WHEREFORE, the appealed decision is hereby AFFIRMED except the award of attorney's fees including appearance fees which is DELETED.
>
> SO ORDERED.[2]

The facts of the case, as summarized by the Court of Appeals, are as follows:

> [Respondent] Priscilla R. Domingo is the registered owner of a silver Mitsubishi Lancer Car model 1980 bearing plate No. NDW 781 '91 with [co-respondent] Leandro Luis R. Domingo as authorized driver. [Petitioner] Nostradamus Villanueva was then the registered "owner" of a green Mitsubishi Lancer bearing Plate No. PHK 201 '91.
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> On 22 October 1991 at about 9:45 in the evening, following a green traffic light, [respondent] Priscilla Domingo's silver Lancer car with Plate No. NDW 781 '91 then driven by [co-respondent] Leandro Luis R. Domingo was cruising along the middle lane of South Superhighway at moderate speed from north to south. Suddenly, a green Mitsubishi Lancer with plate No. PHK 201 '91 driven by Renato Dela Cruz Ocfemia darted from Vito Cruz Street towards the South Superhighway directly into the path of NDW 781 '91 thereby hitting and bumping its left front portion. As a result of the impact, NDW 781 '91 hit two (2) parked vehicles at the roadside, the second hitting another parked car in front of it.
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> Per Traffic Accident Report prepared by Traffic Investigator Pfc. Patrocinio N. Acido, Renato dela Cruz Ocfemia was driving with expired license and positive for alcoholic breath. Hence, Manila Assistant City Prosecutor Oscar A. Pascua recommended the filing of information for reckless imprudence resulting to (sic) damage to property and physical injuries.
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> The original complaint was amended twice: first, impleading Auto Palace Car Exchange as commercial agent and/or buyer-seller and second, impleading Albert Jaucian as principal defendant doing business under

the name and style of Auto Palace Car Exchange.

Except for Ocfemia, all the defendants filed separate answers to the complaint. [Petitioner] Nostradamus Villanueva claimed that he was no longer the owner of the car at the time of the mishap because it was swapped with a Pajero owned by Albert Jaucian/Auto Palace Car Exchange. For her part, Linda Gonzales declared that her presence at the scene of the accident was upon the request of the actual owner of the Mitsubishi Lancer (PHK 201 '91) [Albert Jaucian] for whom she had been working as agent/seller. On the other hand, Auto Palace Car Exchange represented by Albert Jaucian claimed that he was not the registered owner of the car. Moreover, it could not be held subsidiary liable as employer of Ocfemia because the latter was off-duty as utility employee at the time of the incident. Neither was Ocfemia performing a duty related to his employment.[3]

After trial, the trial court found petitioner liable and ordered him to pay respondent actual, moral and exemplary damages plus appearance and attorney's fees:

WHEREFORE, judgment is hereby rendered for the plaintiffs, ordering Nostradamus Villanueva to pay the amount of ₱99,580 as actual damages, ₱25,000.00 as moral damages, ₱25,000.00 as exemplary damages and attorney's fees in the amount of ₱10,000.00 plus appearance fees of ₱500.00 per hearing with legal interest counted from the date of judgment. In conformity with the law on equity and in accordance with the ruling in First Malayan Lending and Finance Corporation vs. Court of Appeals (*supra*), Albert Jaucian is hereby ordered to indemnify Nostradamus Villanueva for whatever amount the latter is hereby ordered to pay under the judgment.

SO ORDERED.[4]

The CA upheld the trial court's decision but deleted the award for appearance and attorney's fees because the justification for the grant was not stated in the body of the decision. Thus, this petition for review which raises a singular issue:

MAY THE REGISTERED OWNER OF A MOTOR VEHICLE BE HELD LIABLE FOR DAMAGES ARISING FROM A VEHICULAR ACCIDENT INVOLVING HIS MOTOR VEHICLE WHILE BEING OPERATED BY THE EMPLOYEE OF ITS BUYER WITHOUT THE LATTER'S CONSENT AND KNOWLEDGE?[5]

Yes.

We have consistently ruled that the registered owner of *any* vehicle is directly and primarily responsible to the public and third persons while it is being operated.[6] The rationale behind such doctrine was explained way back in 1957 in *Erezo vs. Jepte*[7]:

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 his 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 Vehicle Law (Act No. 3992, as amended) provides that no vehicle may be used or operated upon any public highway unless the same is property 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 thee 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 therefore 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 "share 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 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 by 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