Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

BENJAMIN T. DE LEON, JR.,* Petitioner,

-versus-

ROQSON INDUSTRIAL SALES, INC., Respondent.

G.R. No. 234329

Present:

GESMUNDO, *C.J., Chairperson,*
CAGUIOA,
HERNANDO,*
LAZARO-JAVIER, and
LOPEZ, M., *JJ.***

Promulgated:

NOV 23 2021

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DECISION

CAGUIOA, *J.*:

This is a Petition for Review on *Certiorari*[1] under Rule 45 seeking to reverse and set aside the Decision[2] of the Court of Appeals Special Fifteenth Division (CA) in CA-G.R. SP No. 139973 dated April 20, 2017. Said Decision affirmed the Judgment[3] of Branch 226, Regional Trial Court of Quezon City (RTC) which adjudged Benjamin T. De Leon, Jr. (petitioner) civilly liable to Roqson Industrial Sales, Inc. (respondent) with modification as to the imposition of legal interest.

• "Benjamin T. De Leon" in some parts of the record.

* Additional Member per Raffle dated October 6, 2021, in lieu of Associate Justice Jhosep Y. Lopez.

** On wellness leave.

1 *Rollo,* at 13-21.

2 Id. at 25-33. Penned by Associate Justice Maria Filomena D. Singh, and concurred in by Associate Justices Ricardo R. Rosario and Jhosep Y. Lopez (now both Members of the Court).

3 Id. at 34-36. Penned by Presiding Judge Manuel B. Sta. Cruz, Jr.

Facts

Petitioner was charged with violation of Batas Pambansa Blg. 22 (B.P. 22) in Criminal Case No. Q-07-145218 titled "*People of the Philippines vs. Benjamin T. De Leon, Jr.*" before Branch 40, Metropolitan Trial Court of Quezon City (METC), for issuing RCBC Check No. 0201234 dated August 25, 2006, in the amount of ₱436,800.00 which, upon presentment, was dishonored for having been drawn from a "closed account."[4]

Respondent's Complaint-Affidavit detailed that sometime prior to August 25, 2006, petitioner allegedly defrauded respondent by issuing the said postdated check in exchange for deliveries of oil products made by respondent[5] while fully aware that the account from which the check was drawn was unfunded.[6]

Upon the dishonor of the check, respondent sent its first demand letter dated September 15, 2006 addressed to RB Freight International, Inc. (RB Freight) and petitioner, to which a certain Ms. Mean Ramos, the administrative manager of RB Freight, sent a letter-reply dated September 18, 2006 proposing a settlement. Respondent, through its collection officer, Alfredo D. Crisostomo, sent a second letter to RB Freight and petitioner, where it agreed to the proposed settlement.[7] Then, on October 14, 2006, respondent received a letter from RB Freight, where it communicated its Board Resolution's rejection of the former proposal, along with a request for a "debt moratorium" instead.[8]

With no settlement agreed upon over the outstanding obligation in the amount of ₱436,800.00, respondent sent RB Freight and petitioner its final demand letter, which was sent via registered mail, as shown by its corresponding registry receipt and return card. This last demand letter went unheeded,[9] which prompted respondent to file a criminal complaint for violation of B.P. 22 against petitioner. After the conduct of a preliminary investigation, the City Prosecutor of Quezon City later found probable cause to prosecute petitioner on said charge.

During the trial, respondent presented Alfredo Crisostomo's testimony as well as documentary evidence consisting of the postdated check in question, along with the demand letters sent to RB Freight and petitioner.

Petitioner, in his defense, testified that he received no written notice of the dishonor of the check he admitted to issuing.[10]

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4 Id. at 39, 76.
5 Id. at 64.
6 CA *rollo*, p. 163.
7 *Rollo*, p. 65.
8 Id.
9 Id.
10 Id. at 66.

METC Ruling

In its Decision[11] dated May 28, 2013, the METC acquitted petitioner of violation of B.P. 22 on the ground of reasonable doubt, for failure of the prosecution to prove the presence of all elements of the crime charged, *viz.*:

> **WHEREFORE**, premises considered, judgment is hereby rendered finding accused BENJAMIN T. DE LEON **ACQUITTED** of **Violation of Batas Pambansa Bilang 22** on the ground of **REASONABLE DOUBT** for failure of the prosecution to prove the presence of all the elements for the crime charged.
>
> That as and by way of civil liability, accused is hereby ordered to pay private complainant:
>
> 1. The face value of the RCBC Check No. 0201234 dated August 25, 2006, in the amount of Four Hundred Thirty Six Thousand Eight Hundred Pesos (Php436,800.00), with legal interest of 6% per annum from date of last demand which was on November 3, 2006 until such time the whole obligation shall have been fully paid;
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> 2. The sum of Thirty Thousand Pesos (Php30,000.00) by way of attorney's fees plus Two Thousand Pesos (Php2,000.00) per Court appearance; and
>
> 3. Cost of suit.
>
> **SO ORDERED.**[12]

The METC, however, found petitioner civilly liable to respondent, and ordered him to pay the latter: (1) the face value of RCBC Check No. 0201234 dated August 25, 2006, in the amount of ₱436,800.00, with legal interest of 6% *per annum* from date of last demand which was on November 3, 2006 until full payment thereof; (2) the sum of ₱30,000.00 by way of attorney's fees plus ₱2,000.00 per court appearance; and (3) cost of suit.[13]

In acquitting petitioner, the METC found that although petitioner was shown to have issued the check in question,[14] and said check was proven to have been dishonored,[15] the prosecution failed to prove that petitioner knew of the insufficiency of funds and the resulting dishonor of the check.[16] It ruled that the prosecution merely presented a copy of the demand letter together with the registry return receipt, the signature on which was unauthenticated. It held that the presentation of the registry card with an unauthenticated signature does not meet the required proof beyond reasonable doubt that petitioner received the notice of dishonor.[17]

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[11] Id. at 39-45. Penned by Judge Josephus Joannes H. Asis.
[12] Id. at 45.
[13] Id.
[14] Id. at 42
[15] Id.
[16] Id. at 43.
[17] Id.

However, the METC also found that since the acquittal was on the ground of reasonable doubt, said acquittal did not necessarily extinguish petitioner's civil liability.[18] It also noted that petitioner never denied, and in fact admitted having contracted obligations from respondent in behalf of RB Freight as its managing director, representing unpaid purchases for 12,000 liters of diesel in the amount of ₱436,800.00. Therefore, the METC acquitted petitioner of the criminal charge, but found him civilly liable to respondent for the face value of RCBC Check No. 0201234, which petitioner likewise issued in respondent's favor.

RTC Ruling

On appeal before it, the RTC affirmed with modifications the METC Decision through its Judgment[19] dated February 23, 2015, the dispositive portion of which reads:

> **WHEREFORE**, in view of the foregoing, the present appeal is DISMISSED for lack of merit. The judgment appealed from is hereby **AFFIRMED with modifications** and should read as follows:
>
> > **WHEREFORE**, premises considered, judgment is hereby rendered finding accused BENJAMIN T. DE LEON **ACQUITTED** of **Violation of Batas Pambansa Bilang 22** on the ground of **REASONABLE DOUBT** for failure of the prosecution to prove the presence of all the elements for the crime charged.
> >
> > That as and by way of civil liability, accused is hereby ordered to pay private complainant:
> >
> > 1. The face value of the RCBC Check No. 0201234 dated August 25, 2006, in the amount of Four Hundred Thirty Six Thousand Eight Hundred Pesos (Php436,800.00), with legal interest of **12% per annum** from date of judicial demand on **October 3, 2007** until such **time the whole obligation shall have been fully paid**;
> >
> > 2. The sum of Thirty Thousand Pesos (Php30,000.00) by way of attorney's fees plus Two Thousand Pesos (Php2,000.00) per Court appearance; and
> >
> > 3. Cost of suit.
> >
> > SO ORDERED.
>
> The rest of the trial court's decision **stays**.[20]

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[18] Id. at 44.

[19] Supra note 3.

[20] *Rollo*, p. 36.

It upheld the METC's acquittal of petitioner, and likewise affirmed its finding of civil liability, only modifying the same with respect to the rate of legal interest imposed and the reckoning date of said legal interest.[21] It found that pursuant to the Supreme Court's ruling in the case of *Eastern Shipping Lines, Inc. v. Court of Appeals*,[22] the applicable legal interest rate is 12% *per annum*, since the case falls under those that involve loans or forbearance of money, goods, or credits. It further found that since the prosecution failed to prove when petitioner actually received the notice of dishonor, it was most prudent to reckon the date of interests from the time petitioner was considered to be in default, *i.e.*, from judicial demand, or the filing of the Information on October 3, 2007.[23]

The RTC dismissed petitioner's argument that the amount of ₱436,800.00 was in the form of a corporate debt owed by RB Freight to respondent,[24] and that he could not be correctly held personally liable for such debts. The RTC ruled instead that petitioner was rightly found personally liable on the face value of the check since he was the one who personally and actually signed the check, pursuant to Section 1 of B.P. 22.[25] The RTC reminded that B.P. 22 punishes the mere issuance of a bouncing check, without regard for the purpose for which such check was issued or the terms and conditions relating to its issuance.[26] It found that since in the case at bar, petitioner admittedly issued and signed a personal check as managing director of RB Freight, he was correctly held civilly liable to respondent for the face value of the check issued.[27]

CA Ruling

When brought before *via* a petition for review under Rule 42 of the Rules of Court, the CA, in its Decision[28] dated April 20, 2017, affirmed the RTC Judgment, with modification as to the applicable legal interest rate, thus:

> **WHEREFORE**, the petition is hereby **DENIED**. The Regional Trial Court Judgment dated February 23, 2015 in Criminal Case No. QZN-13-03749 is hereby AFFIRMED with MODIFICATION that the amount of Four Hundred Thirty Six Thousand Eight Hundred Pesos (Php436,800,00) due to private respondent Roqson Industrial Sales, Inc. from petitioner Benjamin T. De Leon, Jr. shall earn interest of 12% *per annum* from October 3, 2007 up to June 30, 2013, and interest of 6% *per annum* shall be applied from July 1, 2013 until full payment.[29]

The CA ruled that with the more recent ruling in *Nacar v. Gallery Frames*,[30] the amount of ₱436,800.00 due to respondent from petitioner by

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[21] Id.
[22] 304 Phil. 236 (1994).
[23] *Rollo*, p. 36.
[24] Id. at 34.
[25] Id. at 35.
[26] Id.
[27] Id.
[28] Supra note 2.
[29] *Rollo*, pp. 32-33.
[30] 716 Phil. 267 (2013).

way of civil liability shall earn interest of 12% *per annum* from October 3, 2007 up to June 30, 2013, and thereafter earn the interest of 6% *per annum* from July 1, 2013 until full payment.[31]

In upholding the lower courts' findings, the CA likewise found petitioner personally liable for the amount of the dishonored check.[32] It held that petitioner, by his act of issuing his own personal check, effectively represented to respondent that he was personally answerable for the face value thereof, and that he had funds for said purpose. The CA held that he could not now go back on this representation to the damage and prejudice of respondent.[33]

Petition sought a reconsideration of the CA's Decision, which the latter denied through its Resolution dated September 15, 2017.[34]

Hence the instant petition.

Petitioner here first argues that since the contract of sale of the liters of diesel which were paid for by the check in question was between respondent and RB Freight, and that since he was only the managing director of RB Freight, it is RB Freight which should be civilly liable for the amount equivalent to the face value of the check, since the payment of the check was for its corporate debt.[35] Petitioner adds that the lower courts did not make any finding of fraud or bad faith attributable to him, so that he may not be held solidarily liable with RB Freight for the face value of the check.[36] He finally avers that since he was acquitted on the criminal charge of violation of B.P. 22, he may not be found civilly answerable therefor.[37]

In its Comment,[38] respondent counters that petitioner may not insist that he cannot be held civilly liable for the face value of the check since the same was a personal check, which petitioner himself admitted to having issued. It added that by petitioner's issuance of his personal check, he assumed any and all civil liability that may arise from the wrong act of having drawn said check despite the known insufficiency of funds.[39] Respondent submits that the civil liability of petitioner for the act of issuing an unfunded check is different from the civil liability that may attach to RB Freight, for the very obligation which the check was issued for, *i.e.*, the payment of the purchased diesel from respondent.[40] Citing the case of *Aglibot v. Santia*,[41] it adds that petitioner, as managing director of RB Freight, agreed to accommodate the existing debt of

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[31] *Rollo*, pp. 32-33.
[32] Id. at 28.
[33] Id. at 31.
[34] Id. at 8-10.
[35] Id. at 17.
[36] Id. at 18.
[37] Id. at 19.
[38] Id. at 50-63.
[39] Id. at 55.
[40] Id.
[41] 700 Phil. 404 (2012).

the latter by issuing his own personal checks in payment thereof.[42] It finally maintains that in all, petitioner should still be held liable for the face value of the check he issued, and that he may not escape liability on this plain undisputed fact.[43]

Petitioner, in his Reply,[44] repeats his contention that the debt for which the check was paid was for a purchase made by RB Freight, and that he merely issued his personal check as a "hold-out" check for RB Freight's obligation, without any intention to be an accommodation party or surety of the latter.[45]

Issue

The threshold issue for the Court's resolution is whether the CA erred in affirming petitioner's civil liability in favor of respondent for the face value of the check amounting to ₱436,800.00.

The Court's Ruling

The petition is unmeritorious. The CA was correct in affirming petitioner's civil liability for the face value of the check amounting to ₱436,800.00.

In resolving the question of whether any civil liability on the part of petitioner survives his acquittal beyond reasonable doubt, the Court anchors its analysis on two primary sequential premises that must guide the facts of the instant case: (1) the civil liability arising from a violation of B.P. 22 is *ex delicto* in character, and necessarily rises out of a finding of a crime having been committed,[46] and (2) if no crime is found to have been committed, as in this case, civil liability *ex delicto* is not obtained, and any surviving civil liability to be proven by mere preponderance of evidence must be grounded on another source of the civil obligation to pay, *i.e.*, an underlying source of obligation by virtue of which petitioner, though acquitted of the criminal charge, remains civilly liable therefor.[47]

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[42] *Rollo*, p. 60.
[43] Id. at 62.
[44] Id. at 92-94.
[45] Id. at 93.
[46] REVISED PENAL CODE, Art. 100, in relation to CIVIL CODE, Art. 1157 and Art. 1161.
[47] See *Chiok v. People*, G.R. Nos. 179814 & 180021, December 7, 2015, 776 SCRA 120; *Lumantas v. Calapiz*, 724 Phil. 248 (2014); *Manantan v. Court of Appeals*, G.R. 107125, January 29, 2001, 350 SCRA 387; See also REVISED PENAL CODE, Art. 112 and Art. 113, which provide:

EXTINCTION AND SURVIVAL OF CIVIL LIABILITY

Article 112. *Extinction of civil liability.* — Civil liability established in Articles 100, 101, 102, and 103 of this Code shall be extinguished in the same manner as obligations, in accordance with the provisions of the Civil Law.

Article 113. *Obligation to satisfy civil liability.* — Except in case of extinction of his civil liability as provided in the next preceding article the offender shall continue to be obliged to satisfy the civil liability resulting from the crime committed by him, notwithstanding the fact that he has served his sentence consisting of deprivation of liberty or other rights, or has not been required to serve the same by reason of amnesty, pardon, commutation of sentence or any other reason.

Going by these premises, the Court finds that (1) the acquittal of petitioner by reasonable doubt foreclosed any finding of civil liability *ex delicto*; but (2) he remains civilly liable for although the evidence on record unequivocally shows that the underlying transaction for which the check in question was issued was one between respondent and RB Freight, the same records are equally unambiguous with respect to the fact that, as correctly found by the CA, petitioner stood as an accommodation party within the definition of Section 29 of the Negotiable Instruments Law (NIL) for RB Freight when he issued a personal check and delivered the same to respondent in exchange for the deliveries made by respondent; and that (3) in any case, petitioner may proceed against RB Freight for reimbursement of the amount he will pay to respondent upon the enforcement of this Decision.

Petitioner's acquittal precludes a finding of civil liability ex delicto

First, the lead premise that must be remembered in resolving the instant petition is the fact of petitioner's acquittal, for the reason that not all of the elements of the crime of violation of B.P. 22 were proven. As the METC reasoned:

> After a careful evaluation of the prosecution's evidence, both documentary and testimonial, the court believes and so rule[s] that all the elements of violation of Batas Pambansa Bilang 22 were not established beyond reasonable doubt.
>
> x x x x
>
> 3. THE ELEMENT THAT ACCUSED KNEW OF THE INSUFFICIENCY OF FUNDS WAS NOT PROVEN.
>
> To prove that accused knew of the insufficiency of funds, the prosecution must prove that accused Benjamin T. De Leon actually received the notice of dishonor personally. The prosecution presented the demand letter dated September 15, 2006 marked as exhibit "C" as one of the proof that accused received such notice of dishonor. However, upon closer examination, said documentary evidence was just a mere reminder of the unpaid obligations of the accused. This was not the notice of dishonor as contemplated by B.P. 22.
>
> The prosecution then presented Exhibit "F." This time, the Court observed that it failed to show that accused personally or his authorized agent received the notice that the check he (accused) issued had been dishonored. Given the accused['s] denial of receipt of the demand letter, it behooved the prosecution to present proof that the demand letter was indeed sent through registered mail and that the same was received by accused. This, the prosecution miserably failed to do.
>
> The prosecution merely presented a copy of the demand letter, together with the Registry Return Receipt, allegedly sent to accused. However, there was no attempt to authenticate or identify the signature on the registry return receipt. Receipts for registered letters and return receipts

> do not by themselves prove receipt; they must be properly authenticated to serve as proof of receipt of the letter, claimed to be a notice of dishonor. To be sure, the presentation of the registry card with an unauthenticated signature, does not meet the required proof beyond reasonable doubt that petitioner received such notice. It is not enough for the prosecution to prove that a notice of dishonor was sent to the drawer of the check. The prosecution must also prove actual receipt of said notice, because the fact of service provided for in the law is reckoned from receipt of such notice of dishonor by the drawee of the check. The burden of proving notice rests upon the party asserting its existence. Ordinarily, preponderance of evidence is sufficient to prove notice. In criminal cases, however, the quantum of proof required is proof beyond reasonable doubt. Hence, for B.P. Blg. 22 cases, there should be clear proof of notice. The failure of the prosecution to prove the receipt of petitioner of the requisite notice of dishonor and that he was given at least five (5) banking days within which to settle his account constitutes sufficient ground for his acquittal.
>
> x x x x
>
> Thus to create the prima facie presumption that the issuer knew of the reason for the dishonor of the checks, it must be shown that he received the notice of dishonor and after the required period of time thereafter, failed to satisfy the amount on the checks or make arrangement for its payment. Since the accused himself did not actually receive the notice of dishonor, then he should not be liable under the first paragraph of Section 1 of B.P. 22, that he knew at the presentment of the check that it was not sufficiently funded. This element of knowledge of the insufficiency of funds was not proven by the prosecution beyond reasonable doubt.[48]

This acquittal precludes the finding of civil liability on the part of petitioner *ex delicto*. Consequently, any civil liability that survives the acquittal of petitioner in the instant case must therefore be rooted on some other source of obligation, and must be imputed to the party that factually owes it. Of particular guidance are the sources of obligation, which are outlined in Article 1157 of the Civil Code, thus:

> Article 1156. An obligation is a juridical necessity to give, to do or not to do.
>
> Article 1157. Obligations arise from:
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> (1) Law;
> (2) Contracts;
> (3) Quasi-contracts;
> (4) Acts or omissions punished by law; and
> (5) Quasi-delicts.

Of import as well is the rule on civil liability *vis-à-vis* criminal actions as provided in Article 29 of the Civil Code:

> Article 29. When the accused in a criminal prosecution is acquitted on the ground that his guilt has not been proved beyond reasonable doubt, a civil action for damages for the same act or omission may be instituted.

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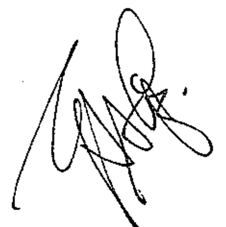
[48] Id. at 41-44.



> Such action requires only a preponderance of evidence. Upon motion of the defendant, the court may require the plaintiff to file a bond to answer for damages in case the complaint should be found to be malicious.
>
> If in a criminal case the judgment of acquittal is based upon reasonable doubt, the court shall so declare. In the absence of any declaration to that effect, it may be inferred from the text of the decision whether or not the acquittal is due to that ground.

Relatedly, Article 1161 of the Civil Code further provides for the regulations on civil obligations arising from criminal offenses:

> Article 1161. Civil obligations arising from criminal offenses shall be governed by the penal laws, subject to the provisions of article 2177, and of the pertinent provisions of Chapter 2, Preliminary Title, on Human Relations, and of Title XVIII of this Book, regulating damages.

Stated differently, in case of a criminal conviction, the basis of civil liability is the criminal liability itself. This is predicated on the rule provided for in Article 100 of the Revised Penal Code[49] that every person liable for a felony is also civilly liable, which in turn rests on the premise that a crime has both the criminal as well as the civil aspect.[50] On the other hand, in the event of an acquittal, there is no criminal liability to speak of, as well as no civil obligation arising from acts or omissions punished by law or delicts. With criminal absolution, Article 29 contemplates an "act or omission" from which liability may arise based on the other sources of obligations which are independent of the delict. Since the civil liability that may remain to be attributable in this case cannot rise from a delict since none was found by the lower courts, the only remaining possible source under the facts is the purchase contract, which was entered into by RB Freight and respondent. This applicable source of obligation hereby dictates the nature of the same and the party that may be held liable therefor.

Petitioner remains civilly liable for the face value of the check in his capacity as an accommodation party who accommodated RB Freight's clearly corporate debt

Second, to be sure, an acquittal beyond reasonable doubt does not automatically extinguish civil liability for the dishonored checks. The Court

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49 Article 100 of the Revised Penal Code provides:
Civil liability of a person guilty of felony. — Every person criminally liable for a felony is also civilly liable.

50 Desiderio P. Jurado, COMMENTS AND JURISPRUDENCE ON OBLIGATIONS AND CONTRACTS (1987 Ninth Revised Edition), p. 11. On the matter of the dual nature of criminal offenses, Jurado elaborates:
x x x Although these two aspects are separate and distinct from each other in the sense that one affects the social order and the other, private rights, so that the purpose of the first is to punish or correct the offender, while the purpose of the second is to repair the damages suffered by the aggrieved party, it is evident that the basis of the civil liability is the criminal liability itself.

here finds, however, that in tracing the source and accountability for the civil liability that survives the acquittal of petitioner on the charge against him under B.P. 22 by preponderance of evidence, the reason must go into the very obligation that underlies the issuance of the bad check in question, and the party that must answer for the face value thereof.

Illustratively, the Court has already made pronouncements on the survival of a civil liability despite an acquittal when the latter is based on reasonable doubt. The Court observes though that in these pronouncements, the Court nevertheless affirmed the attribution of civil liability on the acquitted accused in these cases since it has been shown that although the accusations were not established with moral certainty for purposes of criminal convictions, the underlying transactions or events that gave rise to the damage sustained by the complaining party, at the very least, ascribed responsibility or benefit on the part of the acquitted, thereby justifying a finding of civil liability.

A case in point is *Chiok v. People*,[51] which involved one Wilfred Chiok (Chiok) who was acquitted of the charge of estafa under Article 315, paragraph 1(b) of the Revised Penal Code. In this case, the Court held that although the allegation of misappropriation of the private complainant's money was not proven beyond reasonable doubt, it nevertheless found that since the monetary transaction between Chiok and the private complainant was shown by preponderance of evidence, the amount which changed hands between them, and was shown to have been given to Chiok, was sufficient basis for a finding that he was liable to return said amount to the private complainant, to wit:

> While the CA acquitted Chiok on the ground that the prosecution's evidence on his alleged misappropriation of Chua's money did not meet the quantum of proof beyond reasonable doubt, we hold that the monetary transaction between Chua and Chiok was proven by preponderance of evidence.
>
> Chua presented in evidence a bank deposit slip dated June 9, 1995 to Chiok's Far East Bank, Annapolis account in the amount of P7,100,000.00. She also testified that she delivered to him in cash the amount of P2,463,900.00. Chiok's admission that he issued the interbank checks in the total amount of P9,563,900.00 to Chua, albeit claiming that it was "for safekeeping purposes only" and to assure her that she will be paid back her investment, corroborates Chua's evidence. In any event, as found by the appellate court, Chiok admitted that he received from Chua the amount of "P7.9" million in June 1995 and for (*sic*) "P1.6" million at an earlier time. It is on this basis that the CA found Chiok civilly liable in the amount of P9,500,000.00 only.
>
> However, we find that during the direct and cross-examination of Chiok on September 15, 1997 and October 13, 1997, the reference to "P9.5" million is the amount in issue, which is the whole of P9,563,900.00.[52]

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[51] Supra note 47.
[52] *Chiok v. People*, supra note 47, at 146.

Similarly, in the case of *Lumantas v. Calapiz, Jr.*,[53] which involved an eight-year-old boy who suffered from a damaged urethra immediately after undergoing both appendectomy and circumcision with therein accused, the attending physician, the Court held that although the latter was acquitted of the charge of serious physical injuries due to the prosecution's failure to show the required standard of care to be observed in the private complainant's procedures, it nevertheless ruled that since the injury sustained was on the occasion of or incidental to the medical procedure which the accused therein performed, the accused, though acquitted, was still civilly liable, *viz.*:

> The petitioner's contention that he could not be held civilly liable because there was no proof of his negligence deserves scant consideration. The failure of the Prosecution to prove his criminal negligence with moral certainty did not forbid a finding against him that there was preponderant evidence of his negligence to hold him civilly liable. With the RTC and the CA both finding that Hanz had sustained the injurious trauma from the hands of the petitioner on the occasion of or incidental to the circumcision, and that the trauma could have been avoided, the Court must concur with their uniform findings. In that regard, the Court need not analyze and weigh again the evidence considered in the proceedings *a quo*. The Court, by virtue of its not being a trier of facts, should now accord the highest respect to the factual findings of the trial court as affirmed by the CA in the absence of a clear showing by the petitioner that such findings were tainted with arbitrariness, capriciousness or palpable error.[54]

Finally, helpful is the case of *Manantan v. Court of Appeals*[55] which involved a driver who was charged with the crime of homicide through reckless imprudence resulting from a vehicular accident where he allegedly sideswept a passenger jeepney, which killed one of its passengers. The Court there held that even though the accused was acquitted of the crime charged since the records did not fully support a finding of negligence, he was nonetheless held civilly liable by virtue of the fact that on preponderance of evidence, his negligence was likely, thus:

> Our law recognizes two kinds of acquittal, with different effects on the civil liability of the accused. First is an acquittal on the ground that the accused is not the author of the act or omission complained of. This instance closes the door to civil liability, for a person who has been found to be not the perpetrator of any act or omission cannot and can never be held liable for such act or omission. There being no delict, civil liability *ex delicto* is out of the question, and the civil action, if any, which may be instituted must be based on grounds other than the delict complained of. This is the situation contemplated in Rule 111 of the Rules of Court. The second instance is an acquittal based on reasonable doubt on the guilt of the accused. In this case, even if the guilt of the accused has not been satisfactorily established, he is not exempt from civil liability which may be proved by preponderance of evidence only.[56]

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53 Supra note 47.
54 *Lumantas v. Capiz*, supra note 47, at 254-255.
55 Supra note 47.
56 *Manantan v. Court of Appeals*, supra note 47, at 397-398.

The Rules of Court requires that in case of an acquittal, the judgment shall state "whether the evidence of the prosecution absolutely failed to prove the guilt of the accused or merely failed to prove his guilt beyond reasonable doubt. In either case, the judgment shall determine if the act or omission from which the civil liability might arise did not exist."[57]

Conformably with the foregoing, therefore, the acquittal of an accused does not prevent a judgment from still being rendered against him or her on the civil aspect of the criminal case unless the court finds and declares that the fact from which the civil liability might arise did not exist. As the Court held in the case of *Manantan v. Court of Appeals*:

> Private respondents counter that a closer look at the trial court's judgment shows that the judgment of acquittal did not clearly and categorically declare the non-existence of petitioner's negligence or imprudence. Hence, they argue that his acquittal must be deemed based on reasonable doubt, allowing Article 29 of the Civil Code to come into play.
>
> Our scrutiny of the lower court's decision in Criminal Case No. 066 supports the conclusion of the appellate court that the acquittal was based on reasonable doubt; hence, petitioner's civil liability was not extinguished by his discharge. We note the trial court's declaration that did not discount the possibility that "the accused was really negligent." However, it found that "a hypothesis inconsistent with the negligence of the accused presented itself before the Court" and since said "hypothesis is consistent with the record x x x the Court's mind cannot rest on a verdict of conviction." The foregoing clearly shows that petitioner's acquittal was predicated on the conclusion that his guilt had not been established with moral certainty. Stated differently, it is an acquittal based on reasonable doubt and a suit to enforce civil liability for the same act or omission lies.[58]

The aforementioned cases illustrate how in cases where the civil liability survives an acquittal based on reasonable doubt, the Court found civil liability based on other sources of obligation other than *ex delicto, i.e.*, contract as the source of liability in the estafa case of *Chiok v. People*, and tort or quasi-delict in the cases of *Lumantas v. Calapiz, Jr.* and *Manantan v. Court of Appeals*. It is therefore clear that although an acquittal on reasonable doubt does not necessarily extinguish civil liability, it also does not mean that the civil liability of the acquitted nonetheless automatically survives. Instead, care must still be taken in determining whether a civil liability persists as traced back to another source of obligation under Article 1157 of the Civil Code.

With the foregoing as the framing through which the Court resolves this case, it finds that the corporate nature of the debt and the accommodation of the same by petitioner through his personal check lead to no other solid conclusion than that petitioner is civilly liable for the corporate debt precisely as an accommodation party.

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57 RULES OF COURT, Rule 120, Sec. 2.

58 *Manantan v. Court of Appeals*, supra note 47, at 398-399.

First, the Court recognizes that the debt for which the dishonored check was issued was clearly a corporate one. Particularly, a review of the entire records of the case categorically reveals, as was admitted by both respondent and petitioner, that the bad check was issued in consideration of RB Freight's purchase from respondent of 12,000 liters of diesel in the amount of ₱436,800.00. For one, this is shown by the fact that when respondent sought the payment of the amount which was not made due to the dishonor of the check in question, it addressed its first demand letter to RB Freight and petitioner.[59] For another, it was not petitioner but RB Freight's administrative manager, Mean Ramos, who responded on behalf of RB Freight concerning the demand for said payment. Most revealing is the very tenor of the letter response of RB Freight, through Mean Ramos, which doubtlessly shows that the amount was a corporate debt, thus:

> Mr. Crisostomo,
>
> This is in response to your letter dated 15 September 2006 regarding our outstanding amount payable in the amount of PESOS four hundred thirty-six thousand eight hundred pesos (PHP436,800.00).
>
> Thank you very much for bearing with us but in as much as we wanted to pay you soonest, we are not in a position to pay you immediately because our loan application is still in process.
>
> To show our good faith and our intention to pay our obligation to you we would like to propose the following payment scheme:
>
> 1. Assignment of a certain real estate property valued approximately at PHP 2.5 Million to cover our obligation;
> 2. Four (4) Installment Payment Plan payable weekly beginning 06 October 06, as follows: x x x x
> 3. Pay 2% monthly interest computed on the diminishing balance;
> 4. Upon full payment, the security or assigned property will be released, accordingly.
>
> Thank you for your kind attention and hoping that you grant above request.
>
> Very truly yours,
>
> (signed)
> Mean Ramos
> Administrative
> Manager[60]

More, on October 14, 2006, it was RB Freight's Board of Directors which wrote respondent communicating its rejection of the latter's counter-

[59] Id. at 77. Demand Letter dated September 15, 2006, addressed to "RB Freight International Inc." with attention called on "Mr. Benjamin T. De Leon, Jr."

[60] Id. at 78.

proposal on the payment scheme. It was also RB Freight, not petitioner, who made a request to respondent for a "debt moratorium."[61]

Second, and more importantly, in the process of discerning the underlying obligation or surviving civil liability on the part of petitioner, if any, it is imperative to determine the capacity and nature of petitioner's act of issuing the check in question. On this matter, it was raised during the deliberations that as respondent argues, petitioner may not be absolved of civil liability for the check in question since he acted as an accommodation party for RB Freight in the latter's purchase of diesel products from respondent. Section 29 of the NIL defines an accommodation party by its elements, thus:

> Section 29. *Liability of accommodation party.* — An accommodation party is one who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder, at the time of taking the instrument, knew him to be only an accommodation party.

The American Law Institute on Surety and Guaranty outlines the role of an accommodation party, thus:

> x x x Suretyship relationships are often created by the use of negotiable instruments. Frequently, the secondary obligor is an indorser of an instrument of which the principal obligor is the maker, or the secondary obligor and principal obligor are comakers. Occasionally, the secondary obligor will be the maker of a note that the principal obligor indorses or the secondary obligor will be the acceptor of a draft drawn by the principal obligor. When both the secondary obligor and the principal obligor are parties to the instrument, the secondary obligor is an "accommodation party" to the instrument.[62]

In other words, for one to be deemed an accommodation party and held liable to fulfill the outstanding obligation of the accommodated party, the person must not only sign an instrument and not receive value therefor, but the person must have done the same for the purpose of lending his or her name for the credit of the accommodated party.

Given the above definition, the Court finds that considering the entire factual context within which the dishonored check is situated, it is persuaded that petitioner here in fact acted as an accommodation party for RB Freight by virtue of his singular act of issuing a personal check in exchange for the deliveries of diesel products which were made by respondent to RB Freight.

While the Court notes that petitioner consistently denied any intendment towards guarantying or otherwise extending an accommodation to RB Freight, the overt act of issuing a personal check to pay the outstanding debt of RB Freight in favor of respondent clearly belies the same. The Court

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[61] Id. at 80.

[62] The American Law Institute at Chicago, *Restatement of the Law: Surety and Guaranty*, American Law Institute Publishers (1996), pp. 24-25.

notes that petitioner consistently alleges that he was only required by respondent to issue his personal check in question in view of the accumulated payables of RB Freight, and in order for the latter to continue purchasing diesel products from respondent on credit.[63] However, the Court here finds that what he insists upon, *i.e.*, that the issuance of the check was a mere "hold out," is actually an admission that such issuance can only be legally characterized as an accommodation within the definition of Section 29 of the NIL. To be sure, had petitioner failed to issue the check in question, respondent would not have delivered any more diesel products to RB Freight. Said effect of extending a purchase on credit falls squarely within the typical situations where an accommodation party assists in. What is more, while all the parties involved, most particularly respondent and RB Freight, behaved in a manner which showed that they were all aware that it was RB Freight that benefited from the purchase of the diesel products for which the debt arose, the Court is unable to absolve petitioner of the civil liability. In the earlier case of *Crisologo-Jose v. Court of Appeals*,[64] the Court clarified that the fact that the accommodation party did not benefit from the accommodation or otherwise receive any valuable consideration for the same does not bar a holder for value from recovering from said accommodation party, to wit:

> Consequently, to be considered an accommodation party, a person must (1) be a party to the instrument, signing as maker, drawer, acceptor, or indorser, (2) not receive value therefor, and (3) sign for the purpose of lending his name for the credit of some other person.
>
> Based on the foregoing requisites, it is not a valid defense that the accommodation party did not receive any valuable consideration when he executed the instrument. From the standpoint of contract law, he differs from the ordinary concept of a debtor therein in the sense that he has not received any valuable consideration for the instrument he signs. Nevertheless, he is liable to a holder for value as if the contract was not for accommodation, in whatever capacity such accommodation party signed the instrument, whether primarily or secondarily. Thus, it has been held that in lending his name to the accommodated party, the accommodation party is in effect a surety for the latter.[65]

In other words, despite the clear demonstration of the corporate nature of the debt in question, petitioner nevertheless remains personally civilly liable for the face value of the dishonored check in question because his act of issuing his personal check was the overt act of accommodation of RB Freight's outstanding balance, and made him the accommodation party of the latter within the contemplation of Section 29 of the NIL. Stated differently, although petitioner's civil liability may no longer be *ex delicto* by virtue of his acquittal, he nonetheless remains civilly liable since his obligation can be traced back to the law as his source of obligation, specifically Section 29 of the NIL.

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[63] *Rollo*, p. 15.
[64] G.R. No. 80599, September 15, 1989, 177 SCRA 594.
[65] Id. at 598.

Third and finally, the Court understands that to leave the present disposition at a finding that petitioner here remains personally civilly liable for the debt of RB Freight by virtue of his role as an accommodation party would be unjust in its incompleteness. The Court, therefore, finds it imperative to remind that petitioner may, in a separate action, avail of his right of recourse against the accommodated party, RB Freight, for reimbursement of the amount that he shall pay to respondent as a result of the enforcement of this Decision. With petitioner as an accommodation party and surety of RB Freight, his recourse for reimbursement against the latter is in accordance with the Court's jurisprudential affirmation of such right to reimbursement, as in the early case of *Philippine National Bank v. Maza*:[66]

> The defense is made to the action that the defendants never received the value of the promissory notes. It is, of course, fundamental that an instrument given without consideration does not create any obligation at law or in equity in favor of the payee. However, to fasten liability upon an accommodation maker, it is not necessary that any consideration should move to him. The consideration which supports the promise of the accommodation maker is that parted with by the person taking the note and received by the person accommodated. (5 Uniform Laws, Annotated, pp. 140 *et seq.*; Clark *vs.* Sellner [1921], 42 Phil., 384; First National Bank of Hancock *vs.* Johnson [1903], 133 Mich., 700; 103 Am. St. Rep., 468; Marling *vs.* Jones [1909], 138 Wis., 82; 131 Am. St. Rep., 996; Schoenwetter *vs.* Schoenwetter [1916], 164 Wis., 131.)
>
> While perhaps unnecessary to this decision, it may properly be remarked that when the accommodation parties make payment to the holder of the notes, they have the right to sue the accommodated party for reimbursement, since the relation between them is in effect that of principal and sureties, the accommodation parties being the sureties.[67]

Furthermore, if the respondent has, during the pendency of this Decision, already successfully recovered from RB Freight the payment of the face value of the dishonored check in question, petitioner may offer as a defense against a second payment of the face value of the check in question the proscription against double recovery as provided for in Article 1161 in relation to Article 2177 of the Civil Code, thus:

> Article 2177. Responsibility for fault or negligence under the preceding article is entirely separate and distinct from the civil liability arising from negligence under the Penal Code. But the plaintiff cannot recover damages twice for the same act or omission of the defendant.

To the Court's mind, a double recovery for the same face value of the dishonored check would be neither fair nor right, but would only allow for unjust enrichment on the part of the respondent. Such a fallout is farthest from the intendments of the law, which dictate that all manners of retribution and recompense must still remain circumscribed by the elementary notions of

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[66] 48 Phil. 207 (1926).

[67] Id. at 210-211. The same right of reimbursement was also held in the case of *Republic v. Central Surety & Insurance Co.*, 134 Phil. 631 (1968).

justice and fair play. For although the law may be deemed harsh and unflinching with its straightforward ascription of civil liability to an accommodation party for a corporate debt, it cannot be faulted as unjust since it is not blind to the realities of each case, and affords the right of recourse to parties to ensure no failure of justice.

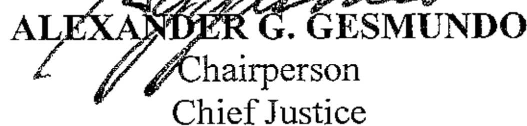
WHEREFORE, in view of the foregoing, the petition is hereby **DENIED**. The Decision of the Court of Appeals Special Fifteenth Division dated April 20, 2017 and its Resolution dated September 15, 2017 in CA-G.R. SP No. 139973 are hereby **AFFIRMED** with **MODIFICATION**, in that petitioner Benjamin T. De Leon, Jr. is found civilly liable as an accommodation party for RB Freight International, Inc., without prejudice to a civil action which petitioner Benjamin T. De Leon, Jr. may pursue against RB Freight International, Inc. pursuant to the former's right of recourse.

The award of attorney's fees and costs are also deleted.

SO ORDERED.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

WE CONCUR:



ALEXANDER G. GESMUNDO
Chairperson
Chief Justice

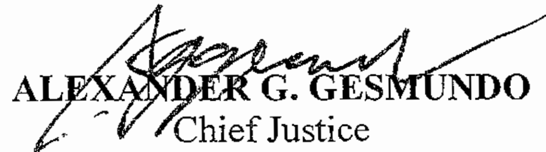
RAMON PAUL L. HERNANDO
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

(on wellness leave)
MARIO V. LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice