



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

PILIPINAS SHELL PETROLEUM
CORPORATION,

G.R. No. 216467

Petitioner,

Present:

- versus -

CARPIO, J., Chairperson,
PERALTA,
MENDOZA,
REYES,** and
LEONEN, JJ.

CARLOS* DUQUE & TERESA
DUQUE,

Promulgated:

Respondents.

.15 FEB 2017

X-----X

DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* seeking the reversal and setting aside of the Decision¹ and Resolution² of the Court of Appeals (CA), dated August 18, 2014 and January 14, 2015, respectively, in CA-G.R. SP No. 124925. The assailed Decision reversed and set aside the March 23, 2012 Order of the Regional Trial Court (RTC) of Makati City, which revived its March 16, 2011 Decision in Criminal Case No. 10-1757, while the questioned CA Resolution denied petitioner's Motion for Reconsideration.

The pertinent factual and procedural antecedents of the case are as follows:

* Referred to as "Carlo."

** Designated Additional Member per Special Order No. 2416-K, dated January 4, 2017.

¹ Penned by Associate Justice Apolinario D. Bruselas, Jr., with the concurrence of Presiding Justice Andres B. Reyes and Associate Justice Samuel H. Gaerlan, Annex "A" to Petition, *rollo*, pp. 58-67.

² Annex "B" to Petition, *id.* at 68-70.

The instant petition arose from an Information for violation of Batas Pambansa Blg. 22 (*BP 22*) filed with the Metropolitan Trial Court (*MeTC*) of Makati City against herein respondents. The Information reads as follows:

That on or about the 16th day of November 2001, in the City of Makati, Metro Manila, Philippines, a place within the jurisdiction of this Honorable Court, the above-named accused being then the authorized signatories of FITNESS CONSULTANTS INC. did then and there wilfully, unlawfully and feloniously make out, draw and issue to PILIPINAS SHELL PETROLEUM CORP., to apply on account or for value the check described below:

Check No.	: 6000012386
Drawn Against	: International Exchange Bank
In the amount of	: ₱105,518.55
Postdated/Dated	: November 16, 2001
Payable to	: Pilipinas Shell Corporation

said accused well knowing that at the time of issue thereof, said accused did not have sufficient funds in or credit with the drawee bank for the payment in full of the face amount of such check upon its presentment which check when presented for payment within reasonable time from date thereof, was subsequently dishonored by the drawee bank for the reason "ACCOUNT CLOSED" and despite receipt of notice of such dishonor, the said accused failed to pay said payee the face amount of said check or to make arrangement for full payment thereof within five (5) banking days after receiving notice.

CONTRARY TO LAW.³

It appears from the records at hand that herein petitioner Pilipinas Shell Petroleum Corporation (*PSPC*) is a lessee of a building known as Shell House at 156 Valero Street, Salcedo Village, Makati City. On August 23, 2000, *PSPC* subleased a 500-meter portion of the 2nd Floor of the Shell Building to the The Fitness Center (*TFC*).⁴ Thereafter, *TFC* encountered problems in its business operations. Thus, with the conformity of *PSPC*, *TFC* assigned to Fitness Consultants, Inc, (*FCI*) all its rights and obligations under the contract of sublease executed by *PSPC* in its favor.⁵ Respondent Carlos Duque is the proprietor, while respondent Teresa Duque is the corporate secretary of *FCI*. Subsequently, *FCI* failed to pay its rentals to *PSPC*. *FCI* subsequently issued a check, with respondents as signatories, which would supposedly cover *FCI*'s obligations to *PSPC*. However, the check was dishonored, thus, leading to the filing of a criminal complaint against respondents for their alleged violation of *BP 22*.

³ See CA Decision, *rollo*, p. 60.

⁴ Annex "E" to Petition, *rollo*, pp. 151-160.

⁵ Annex "F" to Petition, *id.* at 161-162.

The parties then went to trial, which subsequently resulted in a verdict finding herein respondents guilty as charged. The dispositive portion of the Decision of the MeTC of Makati City, Branch 66, dated May 17, 2010, reads thus:

WHEREFORE, in view of the foregoing, the prosecution having proven the guilt of the accused beyond reasonable doubt, the Court renders judgment finding accused **Carlo Duque** and **Teresa Duque** **GUILTY** of the offense of Violation of B.P. 22 and hereby sentences them to pay a **FINE** of ₱105,516.55 with subsidiary imprisonment in case of insolvency. Both accused are further ordered to civilly indemnify the private complainant Pilipinas Shell Petroleum Corporation (PSPC) the amount of ₱105,516.55 with interest of 12% *per annum* from the time the complaint was filed on October 4, 2002 until the amount is fully paid, attorney's fees of ₱50,000.00 and to pay the costs.

SO ORDERED.⁶

Respondents appealed the above MeTC Decision with the RTC of Makati.

On March 16, 2011, the RTC of Makati City, Branch 143, rendered judgment acquitting respondents and disposing the case as follows:

WHEREFORE, premised considered, the [MeTC] Decision dated May 17, 2010 is modified as follows:

The Court hereby renders judgment ACQUITTING the accused CARLO DUQUE and TERESA DUQUE of violation of B.P. Blg. 22. However, the Court maintains the court *a quo's* finding in ordering the accused to pay the complainant Pilipinas Shell Petroleum Corporation (PSC) the amount of One Hundred Five Thousand Five Hundred Sixteen Pesos and Fifty Five Centavos (Php105,516.55) as civil indemnity with interest of 12% *per annum* from the time the complaint was filed on 04 October 2002 until the amount is fully paid, attorney's fees of Fifty Thousand Pesos (Php50,000.00) and to pay the costs.

SO ORDERED.⁷

Respondents filed a Motion for Partial Reconsideration⁸ of the RTC Decision contending that they could not be held civilly liable because their acquittal was due to the failure of the prosecution to establish the elements of the offense charged. In addition, they assert that they, being corporate officers, may not be held personally and civilly liable for the debts of the corporation they represent, considering that they had been acquitted of criminal liability.

⁶ Annex "W" to Petition, *rollo*, pp. 200-201. (Emphasis in the original)

⁷ Annex "X" to Petition, *id.* at 208.

⁸ *Rollo*, pp. 106-109.

In an Order⁹ dated September 2, 2011, the RTC found merit in respondents' Motion for Partial Reconsideration. The RTC ruled, in essence, that respondents may not be held civilly liable for the value of the subject check because they have not been convicted of the offense with which they had been charged. In addition, the RTC found that the check was drawn against the current account of FCI and the obligations sought to be paid were corporate debts and, as such, FCI, not respondents, should be held civilly liable. The RTC likewise held that the veil of corporate fiction was not used as cloak for fraud as there was no evidence that respondents agreed to be personally liable for the corporation's obligations.

PSPC filed a Motion for Reconsideration¹⁰ citing the rule that the extinction of the penal action does not carry with it the extinction of the civil action and alleging that the RTC erred in ruling that respondents may not be held liable for the obligations of FCI on the ground that there was no basis to pierce the corporate veil.

On March 23, 2012, the RTC issued an Order¹¹ granting PSPC's motion for reconsideration, thus, reviving the RTC Decision of March 16, 2011. The RTC ruled that respondents' acquittal, the same having been based on the prosecution's failure to prove all the elements of the offense charged, did not include the extinguishment of their civil liability. Citing Section 1 of BP 22, the RTC held that the person who actually signed the corporate check shall be held liable, without any condition, qualification or limitation. The RTC also found that the records show that FCI, through respondents, was civilly liable to PSPC.

Aggrieved by the March 23, 2012 Order of the RTC, respondents filed a petition for review with the CA contending that the RTC erred in holding them liable for the civil liability of FCI even if they were acquitted of the crime of violating BP 22.¹²

In its assailed Decision, the CA ruled in favor of respondents and disposed of the case as follows:

WHEREFORE, the petition is **GRANTED** and the assailed 23 March 2012 RTC decision is **REVERSED** and **SET ASIDE**. The Order dated 2 September 2011 is **REINSTATED**.

IT IS SO ORDERED.¹³



⁹ *Id.* at 110-111.

¹⁰ *Id.* at 112-123.

¹¹ *Id.* at 128-129.

¹² Annex "C" to Petition, *id.* at 71-82.

¹³ *Rollo*, p. 66. (Emphasis in the original)

The CA basically held that, upon acquittal, the civil liability of a corporate officer in a BP 22 case is extinguished with the criminal liability, without prejudice to an independent civil action which may be pursued against the corporation.

Petitioner filed a motion for reconsideration, but the CA denied it in its Resolution dated January 14, 2015.

Hence, the present petition for review on *certiorari* based on the following arguments:

A.

THE COURT OF APPEALS GRAVELY ERRED IN ABSOLVING RESPONDENTS FROM CIVIL LIABILITY ARISING FROM THEIR VIOLATION OF BATAS PAMBANSA BLG. 22 DUE TO THEIR ACQUITTAL FROM THE SAID CRIME, SINCE THE ORDER THAT DECREED THEIR ACQUITTAL DID NOT MAKE AN EXPRESS MENTION THAT THE FACTS FROM WHICH THEIR CIVIL LIABILITY MAY ARISE DID NOT EXIST.

B.

THE COURT OF APPEALS GRAVELY ERRED IN RELYING ON *GOSIACO V. CHING* IN RULING THAT RESPONDENTS ARE ABSOLVED FROM CIVIL LIABILITY

C.

THE COURT OF APPEALS GRAVELY ERRED IN RULING THAT THE CIVIL OBLIGATION COVERED BY THE DISHONORED CHECKS WERE CORPORATE DEBTS FOR WHICH ONLY FCI SHOULD BE HELD LIABLE.¹⁴

The petition lacks merit.

The only issue in the present case is whether or not respondents, as corporate officers, may still be held civilly liable despite their acquittal from the criminal charge of violation of BP 22.

The Court rules in the negative, as this matter has already been settled by jurisprudence. In the case of *Gosiaco v. Ching*,¹⁵ this Court enunciated the rule that a corporate officer who issues a bouncing corporate check can only be held civilly liable when he is convicted. In the said case, the Court ruled that:

When a corporate officer issues a worthless check in the corporate name he may be held personally liable for violating a penal statute. The statute imposes criminal penalties on anyone who with intent to defraud

¹⁴ *Id.* at 33-34.

¹⁵ G.R. No. 173807, April 16, 2009, 585 SCRA 471.



another of money or property, draws or issues a check on any bank with knowledge that he has no sufficient funds in such bank to meet the check on presentment. Moreover, the personal liability of the corporate officer is predicated on the principle that he cannot shield himself from liability from his own acts on the ground that it was a corporate act and not his personal act.¹⁶

The Court, citing the case of *Bautista v. Auto Plus Traders, Incorporated, et al.*,¹⁷ nonetheless categorically held that the civil liability of a corporate officer in a BP 22 case is extinguished with the criminal liability.¹⁸

The above rule is reiterated in the recent case of *Navarra v. People, et al.*,¹⁹ where the petitioner, the Chief Finance Officer of a corporation, who was the signatory of the dishonored corporate checks, was convicted of the offense of violation of BP 22 and was ordered to pay the private complainant civil indemnity in an amount equivalent to the value of the checks which bounced. The Court held thus:

The general rule is that a corporate officer who issues a bouncing corporate check can be held civilly liable when he is convicted. The criminal liability of the person who issued the bouncing checks in behalf of a corporation stands independent of the civil liability of the corporation itself, such civil liability arising from the Civil Code. But BP 22 itself fused this criminal liability with the corresponding civil liability of the corporation itself by allowing the complainant to recover such civil liability, not from the corporation, but from the person who signed the check in its behalf.²⁰

As held above, it is clear that the civil liability of the corporate officer for the issuance of a bouncing corporate check attaches only if he is convicted. Conversely, therefore, it will follow that once acquitted of the offense of violating BP 22, a corporate officer is discharged from any civil liability arising from the issuance of the worthless check in the name of the corporation he represents. This is without regard as to whether his acquittal was based on reasonable doubt or that there was a pronouncement by the trial court that the act or omission from which the civil liability might arise did not exist.

Moreover, in the present case, nothing in the records at hand would show that respondents made themselves personally nor solidarily liable for the corporate obligations either as accommodation parties or sureties. On the contrary, there is no dispute that respondents signed the subject check in their capacity as corporate officers and that the check was drawn in the name

¹⁶ *Gosiaco v. Ching, supra*, at 477.

¹⁷ 583 Phil. 218 (2008).

¹⁸ *Gosiaco v. Ching, supra* note 15, at 478.

¹⁹ G.R. No. 203750, June 6, 2016.

²⁰ *Navarra v. People, supra*. (Emphasis ours)

of FCI as payment for the obligation of the corporation and not for the personal indebtedness of respondents. Neither is there allegation nor proof that the veil of corporate fiction is being used by respondents for fraudulent purposes. The rule is that juridical entities have personalities separate and distinct from its officers and the persons composing it.²¹ Generally, the stockholders and officers are not personally liable for the obligations of the corporation except only when the veil of corporate fiction is being used as a cloak or cover for fraud or illegality, or to work injustice,²² which is not the case here. Hence, respondents cannot be held liable for the value of the checks issued in payment for FCI's obligation.

The cases of *Mitra v. People, et al.*²³ and *Llamado v. Court of Appeals, et. al.*,²⁴ which were cited by petitioner, may not be made as bases to rule against respondents because the accused in the said cases were found guilty of violating BP 22. Thus, the general rule that a corporate officer who issues a bouncing corporate check can be held civilly liable when convicted, applies to them. In the present case, however, respondents were acquitted of the offense charged. As such, consistent with the rule established in *Bautista* and *Gosiaco*, respondents' civil liability was extinguished with their criminal liability. In the same manner, the Court agrees with the CA that the case of *Alferez v. People, et al.*²⁵ is neither applicable to the present case on the ground that, while Alferez was acquitted from the charge of violation of BP 22, the checks which bounced were issued by Alferez in his personal capacity and in payment of his personal obligations.

WHEREFORE, the instant petition is **DENIED**. The Decision and Resolution of the Court of Appeals, dated August 18, 2014 and January 14, 2015, respectively, in CA-G.R. SP No. 124925 are **AFFIRMED**.

SO ORDERED.


DIOSDADO M. PERALTA
Associate Justice

²¹ *Bautista v. Auto Plus Traders, Inc.*, *supra* note 17, at 225.

²² *Id.*

²³ 637 Phil. 645 (2010).

²⁴ 337 Phil. 153 (1997).

²⁵ 656 Phil. 116 (2011).

WE CONCUR:



ANTONIO T. CARPIO
Associate Justice
Chairperson



JOSE CANTRAL MENDOZA
Associate Justice



BIENVENIDO L. REYES
Associate Justice



MARVIC M.V.F. LEONEN
Associate Justice

ATTESTATION

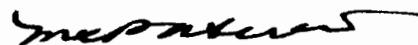
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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.



MARIA LOURDES P. A. SERENO
Chief Justice