

FIRST DIVISION

[G.R. No. 210976, January 12, 2021]

**UCPB LEASING AND FINANCE CORPORATION, PETITIONER, VS.
HEIRS OF FLORENCIO LEPORGO, SR., REPRESENTED BY
FLORENCIO LEPORGO, JR., RESPONDENTS.**

DECISION

CARANDANG, J.:

Before this Court is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court (Rules), assailing the Decision^[2] dated August 15, 2013 and the Resolution^[3] dated January 21, 2014 of the Court of Appeals (CA) in CA-G.R. CV No. 93743 filed by petitioner UCPB Leasing and Finance Corporation (ULFC).

Facts of the Case

ULFC is the registered owner of an International Harvester Trailer Truck (trailer truck) with plate no. CMZ-501. On August 21, 1998, ULFC entered into a Lease Agreement^[4] with Subic Bay Movers, Inc. (SBMI) over the trailer truck and other equipment. On the same date, SBMI received the trailer truck together with other leased equipment.^[5] On November 13, 2000, at about 12:45 p.m., Florencio Leporgo, Sr. (Leporgo) was driving his Nissan Sentra car bearing plate number UGA-280 along the national road in Barangay Real, Calamba, Laguna. He had just left his office at the Bureau of Customs and was headed for the grocery. While Leporgo's car was in full stop together with other vehicles waiting for traffic to move, the trailer truck driven by Miguelito Almazan (Almazan) recklessly moved its way towards the road despite the presence of stalled vehicles. The trailer truck hit all vehicles positioned along its way and hit several persons and structures in the area until it halted on top of the car of Leporgo. The car driven by Leporgo exploded, causing his death. Thereafter, the heirs of Leporgo filed a complaint for damages.^[6]

ULFC filed a Motion to Dismiss arguing that the Regional Trial Court (RTC) did not acquire jurisdiction over the corporation because summons was served on Rosario A. Pinguel (Pinguel) of ULFC's Collection and Compliance Department and not upon the president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel as required by the Rules.^[7]

Almazan filed his Answer with Counterclaim containing general denial of the allegations in the complaint and praying for the award of moral and exemplary damages, attorney's fees, and litigation expenses.^[8]

In an Order dated March 12, 2002, the RTC instructed that an alias summons be served anew upon ULFC.^[9] Based on the Sheriffs Return^[10] dated March 22, 2002, the summons was personally served on ULFC through the Office of the President and

was received by its Executive Secretary, Tetchie Paredes (Paredes), on March 20, 2002.^[11]

ULFC filed its Answer *Ad Cautelam* denying the material allegations in the complaint. ULFC set up the following defenses that: (1) it is doing business as a finance company extending credit facilities to consumers and to industrial, commercial, and agricultural enterprises; (2) on August 21, 1998, a Lease Agreement was entered into wherein various vehicles owned by ULFC, including the subject vehicle, were leased to SBMI; and (3) summons was not properly served to the responsible officers of ULFC as provided by the Rules which is a ground for dismissing the complaint. ULFC also prayed for the payment of moral damages in the sum of P500,000.00 and attorney's fees in the amount of P200,000.00.^[12]

In the Amended Complaint, SBMI was impleaded as defendant.^[13] Acting on the heirs of Leporgo's Motion for Leave to Serve Summons by Publication, the RTC ordered the service of summons by publication upon SBMI, which has since moved out of its last known address. Upon motion, SBMI was declared in default in an Order dated April 25, 2003. Thereafter, trial on the merits ensued.^[14]

Ruling of the Regional Trial Court

On February 2, 2009, the RTC rendered its Decision^[15] finding ULFC and Almazan jointly and severally liable for the death of Leporgo, the dispositive portion of which states:

WHEREFORE, premises considered, judgment [is] hereby rendered in favor of the plaintiffs and against the defendants, as follows:

1. Ordering the defendants, Miguelito Almazan, UCPB Leasing and Financing Corporation to pay plaintiffs jointly and severally, the sum of P482,533.04 as actual damages;
2. Ordering the aforesaid defendants to pay plaintiffs jointly and severally the sum of P1,000,000.00 as moral damages;
3. Ordering the said defendants to pay plaintiffs, jointly and severally, the sum of P50,000.00 by way of indemnity as a result of the untimely death of Leopoldo Leporgo Sr.;
4. Ordering the defendants to pay plaintiffs jointly and severally the total sum of EIGHT MILLION ONE HUNDRED TWENTY SEVEN THOUSAND NINE HUNDRED SIXTY PESOS (P8,127,960.00) representing the expected loss (sic) income of the late Leopoldo Leporgo, Sr.
5. Ordering said defendants to pay plaintiffs, jointly and severally the sum of P20,000.00 as attorney's fees, plus the sum of P20,000.00 as appearance fees, at the rate of P2,000.00 for every hearing;
6. Plus the further sum of FIFTY THOUSAND PESOS (P50,000.00), as exemplary damages

SO ORDERED.^[16]

The RTC held that there was substantial compliance with the rule on service of summons when it was served on an employee of ULFC's Collection and Compliance Department. The RTC opined that the subsequent service of summons by publication

rectified whatever lapses the server committed. The RTC acknowledged that ULFC received the summons, the complaint and its annexes, and actively participated in the proceedings.^[17]

The RTC also ruled that the heirs of Leporgo have a cause of action against ULFC as the registered owner of the trailer truck and that it cannot be exempted from liability. Although there was a lease agreement between ULFC and SBMI, it failed to meet the requirements of the financial lease contemplated in Sections 3(d) and 12 of Republic Act No. (R.A.) 8556.^[18]

The RTC found Almazan to have been grossly negligent in driving the trailer truck which was the proximate cause of the untimely death of Leporgo. Thus, he was declared jointly and severally liable with ULFC to pay actual damages, moral damages, civil indemnity, expected income loss, attorney's fees, litigation expenses, and exemplary damages.^[19]

Ruling of the Court of Appeals

On August 15, 2013, the Court rendered its Decision^[20] the dispositive portion of which states:

WHEREFORE, the appeal is **DISMISSED**. The Decision dated February 2, 2009 of the Regional Trial Court of Calamba City, Branch 35, in Civil Case No. 3203-01-C, is **AFFIRMED**.^[21] (Emphasis in the original)

The CA held that there was substantial compliance with the requirements of the Rules when summons was twice served upon ULFC, first, through Pinguel of ULFC's Collection and Compliance Department, and through Paredes, Executive Secretary of the Office of the President of ULFC. The CA agreed with the ruling of the RTC that the circumstances attending the case allow for the application of the principle of substantial compliance because it was shown that ULFC actually received the summons and participated actively during trial, as shown by the Motion to Dismiss and Answer *Ad Cautelam* it filed. The CA further declared that Paredes, Executive Secretary of the Office of the President of ULFC, is an officer who may be relied upon to appreciate the importance of the papers she received.^[22]

The CA ruled that ULFC, as the registered owner of the truck, is liable for damages incurred when its wayward trailer truck driven by Almazan caused Leporgo's death.^[23] The fact that the vehicle was leased to and was actually in the possession of a third party does not exempt the registered owner from liability. Citing *PCI Leasing and Finance, Inc. v. UCPB General Insurance Co. Inc.*,^[24] the C A emphasized that, as to third persons, ULFC is the owner of the vehicle despite its lease to SBMI. The non-registration of the lease agreement between ULFC and SBMI precludes ULFC from invoking the exemption under Section 12 of R.A. 8556.^[25]

The CA concurred with the computation of the RTC of Leporgo's loss of income, stating that his annual income and probable life expectancy were duly considered. The claim for actual damages in the amount of P482,533.04 was also duly supported with receipts. The civil indemnity of P50,000.00 was found to be in accordance with recent jurisprudence. The CA also considered the award of moral damages in the amount of P1,000,000.00, exemplary damages in the amount of

P50,000.00, and attorney's fees in the amount of P20,000.00 plus appearance fees of P2,000.00 per hearing fair and justified.^[26]

In a Resolution^[27] dated January 21, 2014, the CA denied the Motion for Reconsideration^[28] filed by ULFC for lack of merit.

Petitioner's Arguments

In the present petition, ULFC insists that the court failed to acquire jurisdiction over the corporation due to the improper service of summons to Pinguel and Paredes who are not among the officers enumerated in Section 11, Rule 14 of the Rules. ULFC posits that these attempts cannot be considered as valid substituted service of summons as nothing in the two returns show that summons cannot be served personally on ULFC within a reasonable time. The returns also did not state the attempts of the process server to personally serve the summons.^[29]

In addition, assuming *arguendo* that ULFC is liable for the accidental death of Leporgo, ULFC maintains that the life expectancy of Leporgo should be reduced to eight years only to be consistent with the retirement age of 65 years old for government officers. This adjustment will reduce the unearned potential income of Leporgo to P1,414,800.00 from the computation of the lower courts of P8,127,960.00.^[30] ULFC also insists that the lower courts erroneously included as part of Leporgo's income his alleged conduction services.^[31] ULFC also assails the award of moral and exemplary damages.^[32] ULFC likewise reiterates that it is expressly exempted from liability under Section 12 of R.A. 9556, which states that financing companies are exempt from liability for damage or injury caused by a motor vehicle leased to, and under the control and possession of, a third person.^[33]

Respondent's Comment

In their Comment,^[34] the heirs of Leporgo argue that the RTC validly acquired jurisdiction over ULFC through the service of summons to the Executive Secretary of ULFC's Office of the President. The heirs of Leporgo emphasize that the liberal construction of the rules on service of summons was proper.^[35] They also invoke the registered owner rule, insisting that ULFC is liable for damages caused by a vehicle, regardless of any alleged sale or lease.^[36] They contend that the non-registration of the lease agreement precludes the lessor from enjoying the exemption in Section 12 of R.A. 8556 and that the lease agreement between ULFC and SBMI does not qualify as a financial lease contemplated in the law.^[37]

With regard to the loss of earning capacity, the heirs of Leporgo aver that the lower court correctly computed it and that ULFC cannot amend, for its own benefit and to the detriment of others, the formula consistently adopted by the Court which fixes the life span of the average Filipino at 80 years.^[38] They also insist that the conduction services of Leporgo were sufficiently proven.^[39] They also maintain that the damages, and attorney's fees awarded are fair and reasonable.^[40]

Petitioner's Reply

In its Reply,^[41] ULFC reiterates its previous arguments which include assailing the lower court's computation of net earning capacity, and award of damages.^[42]

Issues

The issues to be resolved by the Court are as follows:

1. whether the RTC acquired jurisdiction over ULFC;
2. whether ULFC, as registered owner of the trailer truck which collided with Leporgo's vehicle, may be held liable, jointly and severally, with the driver of its lessee for the resulting damages; and
3. whether the lower courts properly computed the monetary award in favor of the heirs of Leporgo.

Ruling of the Court

ULFC voluntarily submitted itself to the jurisdiction of the RTC when it filed its Answer Ad Cautelam.

It is settled that jurisdiction over the defendant is acquired through valid service of summons or through the defendant's voluntary appearance in Court.^[43] The purpose of serving summons on the defendant is not only to acquire jurisdiction over the person of the defendant, but also to afford the latter an opportunity to be heard on the claim against him.^[44]

In service of summons, personal service is the preferred mode.^[45] In cases involving a domestic private juridical entity such as ULFC, Section 11 of Rule 14 of the Rules states:

Section 11. *Service upon a domestic private juridical entity.* – When the defendant is a corporation, partnership or association organized under the laws of the Philippines with a juridical personality, service may be made on the **president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel.** (Emphasis supplied; italics in the original)

Admittedly, the evidence on record, specifically the Sheriffs Report dated February 26, 2002^[46] and March 22, 2002,^[47] reveal that none of the responsible officers of ULFC enumerated in the Rules, which include its president, managing partner, general manager, corporate secretary, treasurer, and in-house counsel, were personally served the summons. Pinguel, an employee of ULFC's Collection and Compliance Department, and Paredes, Executive Secretary of ULFC's Office of the President, are clearly not among the officers contemplated in Section 11 of Rule 14 of the Rules. Nevertheless, ULFC can no longer assail the validity of the service of summons at this stage of the proceedings.

The remedy of ULFC in assailing the purported defective service of summons was to file a Motion to Dismiss the complaint on the ground that the RTC failed to acquire