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SECOND DIVISION

[G.R. No. 174156, June 20, 2012]

FILCAR TRANSPORT SERVICES, PETITIONER, VS. JOSE A. ESPINAS, RESPONDENT.

D E C I S I O N

BRION, J.:

We resolve the present petition for review on *certiorari*[1] filed by petitioner Filcar Transport Services (*Filcar*), challenging the decision[2] and the resolution[3] of the Court of Appeals (*CA*) in CA-G.R. SP No. 86603.

The facts of the case, gathered from the records, are briefly summarized below.

On November 22, 1998, at around 6:30 p.m., respondent Jose A. Espinas was driving his car along Leon Guinto Street in Manila. Upon reaching the intersection of Leon Guinto and President Quirino Streets, Espinas stopped his car. When the signal light turned green, he proceeded to cross the intersection. He was already in the middle of the intersection when another car, traversing President Quirino Street and going to Roxas Boulevard, suddenly hit and bumped his car. As a result of the impact, Espinas' car turned clockwise. The other car escaped from the scene of the incident, but Espinas was able to get its plate number.

After verifying with the Land Transportation Office, Espinas learned that the owner of the other car, with plate number UCF-545, is Filcar.

Espinas sent several letters to Filcar and to its President and General Manager Carmen Flor, demanding payment for the damages sustained by his car. On May 31, 2001, Espinas filed a complaint for damages against Filcar and Carmen Flor before the Metropolitan Trial Court (*MeTC*) of Manila, and the case was raffled to Branch 13. In the complaint, Espinas demanded that Filcar and Carmen Flor pay the amount of P97,910.00, representing actual damages sustained by his car.

Filcar argued that while it is the registered owner of the car that hit and bumped Espinas' car, the car was assigned to its Corporate Secretary Atty. Candido Flor, the husband of Carmen Flor. Filcar further stated that when the incident happened, the car was being driven by Atty. Flor's personal driver, Timoteo Floresca.

Atty. Flor, for his part, alleged that when the incident occurred, he was attending a birthday celebration at a nearby hotel, and it was only later that night when he noticed a small dent on and the cracked signal light of the car. On seeing the dent and the crack, Atty. Flor allegedly asked Floresca what happened, and the driver replied that it was a result of a "hit and run" while the car was parked in front of Bogota on Pedro Gil Avenue, Manila.

Filcar denied any liability to Espinas and claimed that the incident was not due to its fault or negligence since Floresca was not its employee but that of Atty. Flor. Filcar and Carmen Flor both said that they always exercised the due diligence required of a good father of a family in leasing or assigning their vehicles to third parties.

The MeTC Decision

The MeTC, in its decision dated January 20, 2004,[4] ruled in favor of Espinas, and ordered Filcar and Carmen Flor, jointly and severally, to pay Espinas P97,910.00 as actual damages, representing the cost of repair, with interest at 6% per annum from the date the complaint was filed; P50,000.00 as moral damages; P20,000.00 as exemplary damages; and P20,000.00 as attorney's fees. The MeTC ruled that Filcar, as the registered owner of the vehicle, is primarily responsible for damages resulting from the vehicle's operation.

The RTC Decision

The Regional Trial Court (*RTC*) of Manila, Branch 20, in the exercise of its appellate jurisdiction, affirmed the MeTC decision.[5] The RTC ruled that Filcar failed to prove that Floresca was not its employee as no proof was adduced that Floresca was personally hired by Atty. Flor. The RTC agreed with the MeTC that the registered owner of a vehicle is directly and primarily liable for the damages sustained by third persons as a consequence of the negligent or careless operation of a vehicle registered in its name. The RTC added that the victim of recklessness on the public highways is without means to discover or identify the person actually causing the injury or damage. Thus, the only recourse is to determine the owner, through the vehicle's registration, and to hold him responsible for the damages.

The CA Decision

On appeal, the CA partly granted the petition in CA-G.R. SP No. 86603; it modified the RTC decision by ruling that Carmen Flor, President and General Manager of Filcar, is not personally liable to Espinas. The appellate court pointed out that, subject to recognized exceptions, the liability of a corporation is not the liability of its corporate officers because a corporate entity – subject to well-recognized exceptions – has a separate and distinct personality from its officers and shareholders. Since the circumstances in the case at bar do not fall under the exceptions recognized by law, the CA concluded that the liability for damages cannot attach to Carmen Flor.

The CA, however, affirmed the liability of Filcar to pay Espinas damages. According to the CA, even assuming that there had been no employer-employee relationship between Filcar and the driver of the vehicle, Floresca, the former can be held liable under the registered owner rule.

The CA relied on the rule that the registered owner of a vehicle is directly and primarily responsible to the public and to third persons while the vehicle is being operated. Citing *Erezo, et al. v. Jepte*,[6] the CA said that the rationale behind the rule is to avoid circumstances where vehicles running on public highways cause accidents or injuries to pedestrians or other vehicles without positive identification of the owner or drivers, or with very scant means of identification. In *Erezo*, the Court

said that the main aim of motor vehicle registration is to identify the owner, so that if a vehicle causes damage or injury to pedestrians or other vehicles, responsibility can be traced to a definite individual and that individual is the registered owner of the vehicle.[7]

The CA did not accept Filcar's argument that it cannot be held liable for damages because the driver of the vehicle was not its employee. In so ruling, the CA cited the case of *Villanueva v. Domingo*[8] where the Court said that the question of whether the driver was authorized by the actual owner is irrelevant in determining the primary and direct responsibility of the registered owner of a vehicle for accidents, injuries and deaths caused by the operation of his vehicle.

Filcar filed a motion for reconsideration which the CA denied in its Resolution dated July 6, 2006.

Hence, the present petition.

The Issue

Simply stated, the issue for the consideration of this Court is: whether Filcar, as registered owner of the motor vehicle which figured in an accident, may be held liable for the damages caused to Espinas.

Our Ruling

The petition is without merit.

Filcar, as registered owner, is deemed the employer of the driver, Floresca, and is thus vicariously liable under Article 2176 in relation with Article 2180 of the Civil Code

It is undisputed that Filcar is the registered owner of the motor vehicle which hit and caused damage to Espinas' car; and it is on the basis of this fact that we hold Filcar primarily and directly liable to Espinas for damages.

As a general rule, one is only responsible for his own act or omission.[9] Thus, a person will generally be held liable only for the torts committed by himself and not by another. This general rule is laid down in Article 2176 of the Civil Code, which provides to wit:

> Article 2176. Whoever by act or omission causes damage to another, there being fault or negligence, is obliged to pay for the damage done. Such fault or negligence, if there is no pre-existing contractual relation between the parties, is called a quasi-delict and is governed by the provisions of this Chapter.

Based on the above-cited article, the obligation to indemnify another for damage caused by one's act or omission is imposed upon the tortfeasor himself, *i.e.*, the person who committed the negligent act or omission. The law, however, provides for

exceptions when it makes certain persons liable for the act or omission of another.

One exception is an employer who is made vicariously liable for the tort committed by his employee. Article 2180 of the Civil Code states:

> Article 2180. The obligation imposed by Article 2176 is demandable not only for one's own acts or omissions, but also for those of persons for whom one is responsible.
>
> x x x x
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> Employers shall be liable for the damages caused by their employees and household helpers acting within the scope of their assigned tasks, even though the former are not engaged in any business or industry.
>
> x x x x
>
> The responsibility treated of in this article shall cease when the persons herein mentioned prove that they observed all the diligence of a good father of a family to prevent damage.

Under Article 2176, in relation with Article 2180, of the Civil Code, an action predicated on an employee's act or omission may be instituted against the employer who is held liable for the negligent act or omission committed by his employee.

Although the employer is not the actual tortfeasor, the law makes him vicariously liable on the basis of the civil law principle of *pater familias* for failure to exercise due care and vigilance over the acts of one's subordinates to prevent damage to another.[10] In the last paragraph of Article 2180 of the Civil Code, the employer may invoke the defense that he observed all the diligence of a good father of a family to prevent damage.

As its core defense, Filcar contends that Article 2176, in relation with Article 2180, of the Civil Code is inapplicable because it presupposes the existence of an employer-employee relationship. According to Filcar, it cannot be held liable under the subject provisions because the driver of its vehicle at the time of the accident, Floresca, is not its employee but that of its Corporate Secretary, Atty. Flor.

We cannot agree. It is well settled that in case of motor vehicle mishaps, **the registered owner of the motor vehicle is considered as the employer of the tortfeasor-driver,** and is made primarily liable for the tort committed by the latter under Article 2176, in relation with Article 2180, of the Civil Code.

In *Equitable Leasing Corporation v. Suyom,*[11] we ruled that in so far as third persons are concerned, **the registered owner of the motor vehicle is the employer of the negligent driver, and the actual employer is considered merely as an agent of such owner.**

In that case, a tractor registered in the name of Equitable Leasing Corporation (*Equitable*) figured in an accident, killing and seriously injuring several persons. As