

THIRD DIVISION

[G.R. No. 138291, March 07, 2000]

HECTOR C. VILLANUEVA, PETITIONER, VS. UNITED COCONUT PLANTERS BANK (UCPB), DUMAGUETE BRANCH, RESPONDENT.

DECISION

PANGANIBAN, J.:

A suit for malicious prosecution cannot prosper unless the plaintiff satisfactorily proves that the earlier criminal action lacked probable cause and was filed, by a sinister design, mainly to injure, vex, annoy or humiliate. An acquittal, by itself, does not necessarily prove the absence of probable cause in the criminal information or complaint. Upon the other hand, the complainant cannot escape liability merely on the ground that it was the fiscal who prosecuted the proceedings in court.

The Case

Before us is a Petition for Review on Certiorari of the October 30, 1998 Decision^[1] and the April 8, 1999 Resolution^[2] of the Court of Appeals^[3] (CA) in CA-GR CV No. 52904. The assailed Decision disposed as follows:^[4]

"WHEREFORE, IN VIEW OF THE FOREGOING, this appeal is hereby GRANTED. The Decision of the lower [c]ourt dated November 6, 1995 is REVERSED and SET ASIDE, and the complaint for damages in the court below is ordered DISMISSED. No pronouncement as to costs."

The assailed Resolution denied the petitioner's Motion for Reconsideration.^[5]

The Facts

The Court of Appeals, in its assailed Decision, related the antecedents of this case in this wise:^[6]

"Sometime in December 1978, Hermenegildo Villanueva, father of [herein Petitioner] Hector C. Villanueva, applied for and was granted a loan by [Respondent] United Coconut Planters' Bank (UCPB), Dumaguete City Branch, which at that time was managed by one Bobby Cafe. The loan was for the alleged purpose of agricultural coconut production and for processing under the Coconut Production Loan Program. As security therefor, Hermenegildo Villanueva mortgaged to the bank a parcel of land registered in his name located at Mauban, Quezon.

"In the course of a bank audit, certain fraud, anomalies and irregularities were discovered in the application, processing and granting of said loan prompting UCPB to conduct further investigation on the matter.

"After due inquiry, the [respondent] bank found and concluded that [petitioner], together with his father, Hermenegildo Villanueva, Bobby Cafe (UCPB Dumaguete City Branch Manager) and a certain Reynaldo Ramos, confederated and conspired with each other in perpetrating the fraud, anomalies and irregularities to the detriment of the bank.

"On June 8, 1979, UCPB, through its counsel, filed the following criminal complaints with the Office of the City Fiscal (now Prosecutor) of Dumaguete City, to wit:

1. Against Bobby B. Cafe, Hermenegildo G. Villanueva, Hector Villanueva and Reynaldo Ramos, for violation of Section 77 of the General Banking Act, Republic Act (RA) No. 337, as amended by Presidential Decree (PD) No. 71, in relation to Central Bank Circular No. 517, Series of 1976, and Section 87 of the General Banking Act (Exh. "1", pp. 8-9, Defendant's Folder of Exhibit);
2. Against Hermenegildo Villanueva, Hector Villanueva and Reynaldo Ramos for violation of Section 87-A-2(d) of the General Banking Act, RA No. 337, as amended by PD No. 71 (Exh. "2", pp. 33-34, *ibid.*);
3. Against Bobby B. Cafe for violation of Section 87-A-1 (c) of the General Banking Act, RA No. 337, as amended by PD No. 71 (Exh. "3", pp. 46-47, *ibid.*);
4. Against Bobby B. Cafe, Hermenegildo G. Villanueva, Hector Villanueva and Reynaldo Ramos for violation of Section 87-A-2(b) of the General Banking Act, RA No. 337, as amended by PD No. 71 (Exh. "4", pp. 59-60, *ibid.*);
5. Against Bobby B. Cafe, Hermenegildo G. Villanueva, Hector Villanueva and Reynaldo Ramos for violation of Articles 315(2)(a) and 316(2) of the Revised Penal Code (Exh. "5", pp. 72-73, *ibid.*); and
6. Against Bobby B. Cafe, Hermenegildo G. Villanueva, Hector Villanueva and Reynaldo Ramos for violation of Section 87-A-1(d) and Section 87-A-2(a) of the General Banking Act, RA No. 337, as amended by PD No. 71 (Exh. "6", pp. 85-86, *ibid.*).

"After preliminary investigation, the City Fiscal found probable cause and resolved to file three (3) informations with the Court of First Instance (now Regional Trial Court) of Dumaguete City (Exh. "7", pp. 98-120, *ibid.*), as follows:

- '1. Criminal Case No. 3699
'Against Bobby Cafe, Hermenegildo Villanueva, Hector Villanueva and Reynaldo Ramos for violation of Sections

77, 87-A-2(b) and 87-A-1(d) of the General Banking Act, RA No. 337, as amended by PD No. 71 and [Central Bank] Circular No. 517, Series of 1976 (Exh. "8", pp. 121-122, *ibid.*);

'2. Criminal Case No. 3700

'Against Hermenegildo Villanueva, Hector Villanueva, Reynaldo Ramos and Bobby B. Cafe for violation of Sections 87-A-2(d) and 87-A-1(c), General Banking Act, RA No. 337, as amended by PD NO. 71 (Exh. "9", pp. 123-124, *ibid.*);

'3. Criminal Case No. 3701

'Against Bobby Cafe, Hermenegildo Villanueva, Hector Villanueva and Reynaldo Ramos for the crime of Estafa under Article 315(2)(a) of the Revised Penal Code (Exh. "10", pp. 125-126, *ibid.*).'

"The three (3) criminal cases were consolidated and tried jointly.

"On June 29, 1991, the Regional Trial Court of Dumaguete City, Branch 37, rendered a decision therein acquitting all the accused except for Bobby Cafe, the dispositive portion of which reads:

'WHEREFORE, all the foregoing considered, judgment is hereby rendered as follows:

'1. In Criminal Case No. 3699, accused Bobby Cafe is found guilty beyond reasonable doubt of violating Paragraph 1(d) of Section 87-A of the General Banking Act as amended and is hereby sentenced to imprisonment of one year and to pay a fine of P2,000.00 with subsidiary imprisonment at the rate of one day for each eight pesos but in no case to exceed one-third of the term of the sentence, in case of insolvency, and to pay $\frac{1}{4}$ of the costs. Accused Rey Ramos and Hector Villanueva are acquitted on grounds of reasonable doubt with $\frac{1}{2}$ of the costs de oficio.

'In Criminal Case No. 3700 and Criminal Case No. 3701, accused Bobby Cafe, Hector Villanueva and Rey Ramos are acquitted on grounds of reasonable doubt with costs de oficio.

'All the three cases against Hermenegildo Villanueva are ordered dismissed in view of his death pursuant to Paragraph 1 of Article 89 of the Revised Penal Code.'

'xxx xxx xxx.'

(Exhs. "K" and "11"; p. 358, Orig. Rec., Vol. I)

"In view of his acquittal in the criminal cases, Hector Villanueva filed a complaint for damages on the ground of alleged malicious prosecution with the Regional Trial Court of Dumaguete City against [respondent bank], which was docketed as Civil Case No. 172-B and raffled to Branch

[44] of the court. The complaint alleged, among others, that [petitioner] is a respectable member of the community, a professional, a member of various civic organizations, a businessman, and a political leader; that the filing of the criminal cases against him by [respondent bank] was done with malice which resulted in the undue maligning, blackening x x x of his integrity, honesty and good reputation, as well as adversely affecting his political career and business dealings, for which [petitioner] prayed that [respondent bank] be held liable to him for the amount [of] P200,000.00 in actual damages, P6,000,000.00 in moral damages, P2,000,000.00 in exemplary damages, P1,000,000.00 in nominal damages, and P800,000.00 in attorney's fees, as well as P5,000.00 charge per court appearance.

"In its answer, [respondent bank] denied the allegations in the complaint and asseverated that [petitioner] ha[d] no cause of action against [respondent bank] since the bank's filing of the criminal complaints before the Fiscal's Office of Dumaguete City was not tainted with malice; that it was the Fiscal's Office that prosecuted the criminal cases against [petitioner] and his co-accused when after preliminary investigation, it found probable cause to file the informations in court; that the acts of the City Fiscal in filing the informations and prosecuting the cases [were] presumed to have been performed with regularity and in good faith; that [petitioner's] acquittal based on reasonable doubt justifie[d][respondent bank's] submission of its grievances to the machinery of justice for ruling and possible redress; that [petitioner's] assertion that the filing of the criminal cases by the bank caused his political misfortunes [was] strained and farfetched; and that [petitioner's] claim for damages ha [d] no legal and factual bases. [Respondent bank] thus prayed for the dismissal of the complaint and, in his counterclaim, for an award of P10,000,000.00 in moral damages, P2,000,000.00 in exemplary damages, P1,000,000.00 in attorney's fees and costs of suit."

After trial on the merits, the lower court rendered its Decision^[7] dated November 6, 1995, in favor of petitioner. The dispositive portion reads:^[8]

"WHEREFORE, finding a preponderance of evidence in favor of the [petitioner], and considering his social standing in the community and in the Province of Negros Oriental, judgment is hereby rendered awarding:

1. Moral damages in the amount of [o]ne and a half million pesos;
2. Exemplary damages in the amount of two million pesos;
3. Attorney's fees in the amount of five hundred thousand pesos.

"All the counterclaims of [respondent bank] are hereby dismissed for lack of merit."

On appeal, the CA reversed the trial court in the assailed Decision and Resolution.

Ruling of the Court of Appeals

The Court of Appeals ruled that the petitioner had failed to prove the elements of