



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
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SECOND DIVISION

ALBERTO WONG,

Petitioner,

G.R. No. 237159

Present:

PERLAS-BERNABE, S.A.J.,
Chairperson,

- versus -

HERNANDO,
INTING,
GAERLAN, and
DIMAAMPAO, JJ.

**BENNY H. WONG, ESTELITA
WONG, and PATRICK LAW,**
Respondents.

Promulgated:

SEP 29 2021 *[Signature]*

X ----- X

DECISION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated August 18, 2017 and the Resolution³ dated January 19, 2018 of the Court of Appeals (CA) in CA-G.R. CV No. 103933. The assailed Decision affirmed the Orders dated January 14, 2014⁴ and November 6, 2014⁵ of Branch 49, Regional Trial Court (RTC), Manila in Criminal Case No. 05-235062. The assailed Resolution, on the other hand, denied the Motion for Reconsideration⁶ filed by Alberto Wong (petitioner) for lack of merit.

¹ *Rollo*, pp. 10-34.

² *Id.* at 38-55; penned by Associate Justice Carmelita Salandanan Manahan with Associate Justices Fernanda Lampas Peralta and Elihu A. Ybañez, concurring.

³ *Id.* at 57-59.

⁴ *Id.* at 175-191; penned by Presiding Judge Daniel C. Villanueva. The Criminal Case No. 05-235062 is erroneously referred as Criminal Case No. 05-236502 in some parts of the *rollo*.

⁵ *Id.* at 213-215.

⁶ *Id.* at 297-308.

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The Antecedents

The instant case stemmed from the following Information⁷ filed in the RTC against Benny H. Wong, Estelita Wong (Spouses Wong) and Patrick Law (collectively, respondents) for *Estafa* under paragraph 2(d), Article 315 of the Revised Penal Code (RPC), to wit:

That in or about and sometime during the period comprised between March 2001 and April 2002, inclusive, in the City of Manila, Philippines, the said accused, conspiring and confederating together and helping one another, did then and there willfully, unlawfully, and feloniously defraud ALBERTO WONG in the following manner, to wit: the said accused, by means of false pretenses or fraudulent acts executed prior to and even simultaneously with the commission of the fraud to the effect that the checks they would draw and issue are sufficiently funded and would be honored by their drawee bank, well knowing that they did not have sufficient funds in the bank and without informing the said ALBERTO WONG of such fact, drew, made out, and issued the following post dated checks, to wit:

BANK	CHECK NO.	AMOUNT	DATE
Union Bank.	0006112255	₱24,000,000.00	January 23, 2003
	0006129685	5,000,000.00	February 19, 2003
	0006129686	2,000,000.00	February 19, 2003
Banco de Oro	0014772	6,500,000.00	January 21, 2003

all payable to ALBERTO WONG in exchange for cash in the total amount of ₱37,500,000.00; that upon presentation of the said checks to the bank for payment, the same were dishonored and payment thereof refused for the reason "ACCOUNT CLOSED", and the said accused, notwithstanding due notice to them of such dishonor of said checks, failed and refused to deposit and/or pay the necessary amount to cover the value of said checks, to the damage and prejudice of the said ALBERTO WONG in the aforesaid amount of ₱37,500,000.00, Philippine Currency.

Contrary to law.⁸

When arraigned, Spouses Wong pleaded not guilty to the offense charged. For failure of Patrick Law to appear for his arraignment, the RTC issued a warrant of arrest against him.⁹

⁷ *Id.* at 66-67.

⁸ *Id.* at 66.

⁹ *Id.* at 177.

Trial ensued.

The prosecution established that sometime in the year 2000, one Roberto Collantes (Collantes) introduced petitioner to respondents, who were stockholders and officers of the travel agency Morning Star Travel & Tours, Inc. (Morning Star). Respondents were then looking for additional funds to finance their business operations. Petitioner extended financial help to respondents who, in turn, issued several postdated checks as payment for the loans. Initially, respondents made good on the postdated checks they issued. After gaining the trust of petitioner, respondents convinced him to give them bigger sums of money.¹⁰

From March 2001 until April 2002, respondents received an accumulated large amount of money from petitioner. As payment, respondents issued four postdated checks in the total amount of ₱37,500,000.00.¹¹ However, upon presentment for payment, the checks were later dishonored for the reason that the bank accounts were closed.¹²

After the prosecution rested its case, Spouses Wong filed a Motion for Leave of Court to File Demurrer to Evidence and Admit Attached Demurrer to Evidence,¹³ which the RTC granted in an Order¹⁴ dated November 11, 2013. The Order also admitted the Demurrer to Evidence¹⁵ that was attached to the motion.

In the Demurrer to Evidence, Spouses Wong argued: (1) that the prosecution failed to establish the element of fraud or deceit that would make them liable for *Estafa*;¹⁶ (2) that the four postdated checks, which were all dated in the year 2003, were issued in payment of a pre-existing obligation incurred by Morning Star between the years 2001 until 2002;¹⁷ (3) that the prosecution failed to prove their personal criminal liability because the loan is a corporate debt, having been obtained by Morning Star;¹⁸ and (4) that it was not established who signed, drew, and issued any of the subject postdated checks.¹⁹

¹⁰ *Id.* at 177-178.

¹¹ *Id.* at 175-176.

¹² *Id.* at 178.

¹³ *Id.* at 109-112.

¹⁴ *Id.* at 156-157.

¹⁵ *Id.* at 113-141.

¹⁶ *Id.* at 114.

¹⁷ *Id.* at 117-118.

¹⁸ *Id.* at 137, 140.

¹⁹ *Id.* at 136.

Ruling of the RTC

On January 14, 2014, the RTC issued an Order²⁰ granting the Demurrer to Evidence, the dispositive portion of which reads:

WHEREFORE, premises considered, the Demurrer to Evidence dated 4 October 2013 is hereby GRANTED.

Accordingly, with respect only to the accused Spouses Benny Wong and Estelita Wong, for want of sufficient evidence and on the ground of reasonable doubt, the above-captioned case is hereby ordered DISMISSED.

Pending the proper verification of the alleged death of the third and last co-accused Patrick Law, for record purposes only, let bench warrant of arrest be issued against him. In the meantime, in the exercise of the sound discretion of the Court, the above-captioned case against him is hereby ordered ARCHIVED.

SO ORDERED.²¹

In granting the Demurrer to Evidence, the RTC found: (1) that the prosecution failed to prove beyond reasonable doubt that the respondents committed *Estafa*; (2) that there was no fraud or deceit employed and that the subject checks were only issued to guarantee payment and, at most, were for pre-existing obligations; and (3) that it was not the issuance of the checks that prompted petitioner to part with his money but, rather, the liberality to help the respondents who were business partners of Collantes who, in turn, was his good friend. Thus, for want of sufficient evidence of fraud and on the ground of reasonable doubt, the RTC dismissed the case against respondents.²²

Aggrieved, petitioner filed a Motion for Reconsideration²³ on the civil aspect of the case, but the RTC denied it in an Order²⁴ dated November 6, 2014. It held that the prosecution failed to prove how Spouses Wong benefited or made use of the loans for their personal benefit because the loans were presumably used for the corporate affairs of Morning Star.²⁵ However, the RTC saw no need to delve into the

²⁰ *Id.* at 175-191.

²¹ *Id.* at 191.

²² *Id.* at 190.

²³ *Id.* at 192-212.

²⁴ *Id.* at 213-216.

²⁵ *Id.* at 214.

matter as Morning Star was not a party to the case. The relevant portion of the Order dated November 6, 2014 states:

It appears that based on the evidence adduced, said loans were presumed used for the corporate affairs of Morning Star. They were deposited directly to the account of Morning Star and used allegedly to augment the financial needs of Morning Star, which was said to be in serious financial distress. Furthermore, the checks paid to Alberto Wong appeared to be also under the corporate account of Morning Star.

There is hardly any dispute that corporate debt is not synonymous with personal individual liability and that a corporation has a separate and distinct personality from its officers and directors.

What may be safely concluded is that there may still be some loan obligations of Morning Star to Alberto Wong that remained unextinguished. But the Court sees no need to delve into this matter since Morning Star is not a party to this case and the pending incident. The only issue raised is the civil liability of the accused spouses.

WHEREFORE, premises considered, for lack of merit, the aforesaid Motion for Reconsideration is hereby DENIED.

SO ORDERED.²⁶

Ruling of the CA

In the assailed Decision²⁷ dated August 18, 2017, the CA agreed with the RTC in that the prosecution failed to prove the existence of fraud that would make Spouses Wong liable for *Estafa*.²⁸ The CA stated that the subject checks were issued by respondents as mere guarantees for the payment of their loans to petitioner.²⁹ Thus, it concluded that the acquittal of Spouses Wong was based on the fact that the act or omission from which the civil liability may arise did not exist.³⁰ Consequently, their civil liability is likewise deemed as non-existent by the nature of such acquittal.³¹

Undaunted, petitioner filed a Motion for Reconsideration³² but the

²⁶ *Id.* at 214-215.

²⁷ *Id.* at 38-55

²⁸ *Id.* at 52.

²⁹ *Id.* at 53.

³⁰ *Id.*

³¹ *Id.* at 53-54.

³² *Id.* at 297-308.

CA denied it in the Resolution³³ dated January 19, 2018 for lack of merit.

Hence, the instant petition.

Issues Before the Court

The issue to be resolved in the case is whether the CA erred when it failed to make a pronouncement as to the civil liability of Spouses Wong, or if it could not make a finding as to the civil liability— whether the matter should be remanded to the RTC for the conduct of further proceedings to determine the civil liability of Spouses Wong.

The Court's Ruling

The Court denies the petition.

Petitioner invokes the elementary principle that when a criminal action is instituted, the civil action for recovery of the civil liability arising from the offense charged is impliedly instituted with it. Thus, the institution of the charge carries with it the institution of the action for the recovery of the civil liability.³⁴ Petitioner maintains that, in case of an acquittal on reasonable doubt, the extinction of the criminal action does not carry with it the extinction of the civil action, unless the extinction proceeds from a declaration in a final judgment that the fact from which the civil liability might arise did not exist.³⁵

In this case, petitioner submits that the mere absence of the element of deceit does not, in itself, mean that Spouses Wong are automatically absolved from any and all civil liability arising from the offense charged. He avers that the absence of deceit does not translate to an absence of a civil obligation.

On the other hand, Spouses Wong counter that their acquittal was based on the fact that “the act or omission from which the civil liability may arise did not exist” in view of the failure of the prosecution to sufficiently establish the element of deceit in the crime of *Estafa*. Consequently, they aver that their civil liability should also be deemed as

³³ *Id.* at 57-59.

³⁴ *Id.* at 18; citing Section 1, Rule 111 of the Rules of Court.

³⁵ *Id.*; citing *Mendoza v. Alcala*, 112 Phil. 929 (1961).

nonexistent by the nature of their acquittal.

Article 10 of the RPC provides that every person criminally liable is also civilly liable. If the accused, however, is not found to be criminally liable, it does not necessarily mean that he will not likewise be held civilly liable because extinction of the penal action does not carry with it the extinction of the civil action.³⁶ The rule more specifically applies when: (a) the acquittal is based on reasonable doubt as only preponderance of evidence is required; (b) the court declares that the liability of the accused is only civil; and (c) the civil liability of the accused does not arise from or is not based upon the crime of which the accused was acquitted.³⁷

Maintaining that Spouses Wong are still civilly liable to him, petitioner invokes, among others, the case of *Eusebio-Calderon v. People*³⁸ where the Court upheld the acquittal of the accused in the crime of *Estafa*, but found her civilly liable for the loans which she obtained. In addition, petitioner anchors his argument on *Sapiera v. Court of Appeals*³⁹ where the accused, though acquitted of *Estafa*, was still adjudged liable for the unpaid value of the checks signed by her.

However, the more recent case of *Dy v. People, et al.*⁴⁰ (*Dy*), clarified the civil liability which attaches to a criminal action. The Court in the case therein explained that it pertains only to the recovery of civil liability *ex delicto*. It does not include civil liability arising from a different source of obligation, as in the case of a contract where the civil liability is *ex contractu*.

The issue in the case of *Dy* is the propriety of making a finding of civil liability in a criminal case for *Estafa* when the accused is acquitted for failure of the prosecution to prove all the elements of the crime charged. In ruling that the court hearing the criminal case has no authority to award damages, the Court explained in *Dy* that whenever there is a finding that the elements of *Estafa* do not exist, it effectively says that there is no crime because there is no act or omission that constitutes criminal fraud. Consequently, civil liability *ex delicto* cannot

³⁶ *Nissan Gallery-Ortigas v. Felipe*, 720 Phil. 828, 837 (2013)

³⁷ *Id.*, citing *Alferez v. People, et al.*, 656 Phil. 116, 126 (2011).

³⁸ 484 Phil. 87 (2004).

³⁹ 373 Phil. 148 (1999).

⁴⁰ 792 Phil. 672 (2016).

be awarded as it cannot be sourced from something that does not exist.⁴¹
Thus:

We hold that the better rule in ascertaining civil liability in *estafa* cases is that pronounced in *Pantig* and *Singson*. The rulings in these cases are more in accord with the relevant provisions of the Civil Code, and the Rules of Court. They are also logically consistent with this Court's pronouncement in *Manantan*.

Under *Pantig* and *Singson*, whenever the elements of *estafa* are not established, and that the delivery of any personal property was made pursuant to a contract, any civil liability arising from the *estafa* cannot be awarded in the criminal case. This is because the civil liability arising from the contract is not civil liability *ex delicto*, which arises from the same act or omission constituting the crime. Civil liability *ex delicto* is the liability sought to be recovered in a civil action deemed instituted with the criminal case.

The situation envisioned in the foregoing cases, as in this case, is civil liability *ex contractu* where the civil liability arises from an entirely different source of obligation. Therefore, it is not the type of civil action deemed instituted in the criminal case, and consequently must be filed separately. This is necessarily so because whenever the court makes a finding that the elements of *estafa* do not exist, it effectively says that there is no crime. There is no act or omission that constitutes criminal fraud. Civil liability *ex delicto* cannot be awarded as it cannot be sourced from something that does not exist.

When the court finds that the source of obligation is in fact, a contract, as in a contract of loan, it takes a position completely inconsistent with the presence of *estafa*. In *estafa*, a person parts with his money because of abuse of confidence or deceit. In a contract, a person willingly binds himself or herself to give something or to render some service. In *estafa*, the accused's failure to account for the property received amounts to criminal fraud. In a contract, a party's failure to comply with his obligation is only a contractual breach. Thus, any finding that the source of obligation is a contract negates *estafa*. The finding, in turn, means that there is no civil liability *ex delicto*. Thus, the rulings in the foregoing cases are consistent with the concept of fused civil and criminal actions, and the different sources of obligations under our laws.

We apply this doctrine to the facts of this case. Petitioner was acquitted by the RTC Manila because of the absence of the element of misappropriation or conversion. The RTC Manila, as affirmed by the CA, found that Mandy delivered the checks to petitioner pursuant to a loan agreement. Clearly, there is no crime

⁴¹ *Id.* at 676.

of *estafa*. There is no proof of the presence of any act or omission constituting criminal fraud. Thus, civil liability *ex delicto* cannot be awarded because there is no act or omission punished by law which can serve as the source of obligation. Any civil liability arising from the loan takes the nature of a civil liability *ex contractu*. It does not pertain to the civil action deemed instituted with the criminal case.

In *Manantan*, this Court explained the effects of this result on the civil liability deemed instituted with the criminal case. At the risk of repetition, *Manantan* held that when there is 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." In *Dy's* case, the civil liability arises out of contract—a different source of obligation apart from an act or omission punished by law—and must be claimed in a separate civil action. (Citations omitted.)⁴²

Verily, the Court in *Dy* categorically stated that whenever the elements of *Estafa* are not established and the delivery of any personal property is pursuant to a contract, any civil liability arising from the *Estafa* cannot be awarded in the criminal case. This is because the civil liability arising from the contract is not civil liability *ex delicto* or that which arises from the same act or omission constituting the crime.⁴³ Rather, it is civil liability *ex contractu* which arises from an entirely different source of obligation. Therefore, it is not the type of civil action deemed instituted in the criminal case and, consequently, must be filed separately.⁴⁴

In this case, the RTC granted the Demurrer to Evidence of Spouses Wong for want of sufficient evidence and on the ground of reasonable doubt. It found the element of deceit to be wanting and that the transaction between the parties was a pure loan. Applying the ratiocination in *Dy*, the RTC did not err when it did not rule on the civil aspect of the case which, as it found, arose from civil liability *ex contractu* and not from civil liability *ex delicto*.

WHEREFORE, the petition is **DENIED**. The Decision dated August 18, 2017 and the Resolution dated January 19, 2018 of the Court of Appeals in CA-G.R. CV No. 103933 are **AFFIRMED**.

⁴² *Id.* at 689-691. Italics in the original and citations omitted.

⁴³ *Id.* at 689-690.

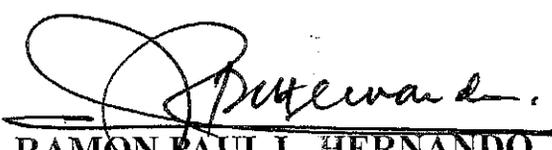
⁴⁴ *Id.* at 690.

SO ORDERED.


HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson


RAMON PAUL L. HERNANDO
Associate Justice


SAMUEL H. GAERLAN
Associate Justice


JAPAR B. DIMAAMPAO
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.


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

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.


ALEXANDER G. GESMUNDO
Chief Justice

