



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated August 31, 2022, which reads as follows:*

**“G.R. No. 253639 [Formerly UDK-16708] (Ramon R. Villarama, *Petitioner* vs. People of the Philippines, *Respondent*). –** Before the Court is a Petition for Review on *Certiorari*<sup>1</sup> assailing the Decision<sup>2</sup> dated June 30, 2020 of the Court of Appeals (CA) in CA-G.R. CR No. 41140. The CA affirmed with modification the Decision<sup>3</sup> dated February 1, 2018 of Branch 90, Regional Trial Court (RTC), Quezon City in Criminal Case No. R-QZN-08667-CR which, in turn, affirmed the Decision<sup>4</sup> dated March 29, 2017 of Branch 33, Metropolitan Trial Court (MeTC), Quezon City in Criminal Case No. 13-06733-CR that found Ramon R. Villarama (petitioner) guilty beyond reasonable doubt of violation of *Batas Pambansa Blg. (BP) 22*.

*The Antecedents*

Petitioner was charged with violation of BP 22 under the following Information:

That on or about the 3<sup>rd</sup> day of April 2009, in Quezon City, Philippines, the said accused did, then and there, willfully, unlawfully, and feloniously make or draw and issue to MAXIMO G. LICAUCO to apply on account or for value ASIA UNITED BANK Check No. 2295902 postdated July 1, 2009 payable to the order of MAXIMO G. LICAUCO III in the amount of ₱1,000,000.00, Philippine Currency, said accused well knowing that at the time of issue, he did not have sufficient funds in or credit with the drawee bank for payment of such check in full upon its presentment, which check when presented for payment was subsequently dishonored by the drawee bank for the reason Drawn Against Insufficient Funds/Account Closed and despite receipt of notice of dishonor, said accused failed to pay the said offended party

<sup>1</sup> Rollo, pp. 3-17.

<sup>2</sup> Id. at 19-31. Penned by Associate Justice Geraldine C. Fiel-Macaraig and concurred in by Associate Justices Danton Q. Bueser and Alfredo D. Ampuan.

<sup>3</sup> Id. at 32-60. Penned by Presiding Judge Reynaldo B. Daway.

<sup>4</sup> Id. at 61-70. Penned by Presiding Judge Joel Socrates S. Lopena.

the amount of said check or to make arrangements for payment in full of the same within five (5) banking days after receiving said notice.

CONTRARY TO LAW. (Underscoring omitted)<sup>5</sup>

Upon arraignment, petitioner pleaded “not guilty” to the charge.<sup>6</sup>

Trial on the merits ensued.

*Version of the Prosecution*

Maximo G. Licauco III (Maximo III) is the representative of his parents, the deceased Maximo Licauco Jr. and Angelina V. Gomez-Licauco, through a Special Power of Attorney dated October 18, 2010. As agent, he dealt with petitioner as the buyer in the sale of a parcel of land covered by Transfer Certificate of Title (TCT) No. 129148, located in Tondo, Manila. After negotiations, they agreed on the terms of the sale of the property; he executed a Deed of Absolute Sale on April 3, 2009 in favor of petitioner. Under the Deed of Absolute Sale, petitioner subdivided the property into three lots and registered them under the name of Villarama Properties as shown by TCT Nos. 286540, 286541, and 286542. Through petitioner, Villarama Properties purchased the property for ₱24,000,000.00 payable under the following scheme: ₱16,000,000.00 to be paid upon the execution of the Deed of Absolute Sale; and ₱8,000,000.00 to be paid within 12 months starting April 3, 2009. As agreed upon, petitioner paid ₱16,000,000.00 upon the execution of the Deed of Absolute Sale. As for the balance, petitioner delivered eight postdated Asia United Bank (AUB) checks in the amount of ₱1,000,000.00 each.<sup>7</sup>

Among the checks issued by petitioner is AUB Check No. 2295902 (the subject check) dated July 1, 2009 in the amount of ₱1,000,000.00. According to Maximo III, when he presented petitioner’s postdated checks for payment on their respective due dates, they were dishonored by the drawee bank for the reason “Drawn Against Insufficient Funds.” He then sent a Demand Letter<sup>8</sup> dated March 22, 2010 to petitioner informing him of the dishonor and demanding payment therefor. The demand letter was personally served upon and duly received by petitioner on March 31, 2010. Petitioner requested for a conference with Maximo III to discuss ways to settle his obligation. However, during the conference, petitioner did not offer to replace the subject check but merely promised to pay a portion of the balance. In the end, petitioner failed to pay the obligation.<sup>9</sup>

*Version of the Defense*

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<sup>5</sup> As culled from the RTC Decision, id. at 32.

<sup>6</sup> Id. at 61.

<sup>7</sup> Id. at 21.

<sup>8</sup> Id. at 71-72.

<sup>9</sup> Id. at 21-22.

Petitioner confirmed that he has a loan with Maximo III amounting to ₱8,000,000.00. Such balance was paid through eight postdated checks amounting to ₱1,000,000.00 each, including the subject AUB Check No. 2295902 dated July 1, 2009. According to him, the balance had not been paid because the loan was not released by the bank.<sup>10</sup>

Petitioner averred that Maximo III also filed other cases for violation of BP 22 for the remaining seven checks before the MeTC and a case for *Estafa* with the RTC. The cases are still pending.<sup>11</sup>

#### *Ruling of the MeTC*

In the Decision<sup>12</sup> dated March 29, 2017, the MeTC found petitioner guilty beyond reasonable doubt of violation of BP 22. It held that the prosecution had established actual notice to petitioner of the subject check's dishonor. It declared that the subject check was dishonored twice and yet, despite demand, petitioner failed to pay in full its face value.<sup>13</sup> The dispositive portion of the Decision reads:

WHEREFORE, premises considered, accused RAMON R. VILLARAMA is hereby found GUILTY beyond reasonable doubt of violating *Batas Pambansa Blg. 22* and is hereby penalized to pay a Fine of TWO HUNDRED THOUSAND PESOS (₱200,000.00), with subsidiary imprisonment in case of insolvency. The accused is also ordered to pay MAXIMO LICAUCO III the amount of ONE MILLION PESOS (₱1,000,000.00) equivalent to the face value of the subject check and SEVENTEEN THOUSAND THREE HUNDRED SEVENTY TWO PESOS (₱17,372.00) as costs of suit. The monetary awards shall earn 6% interest per annum reckoned from the filing of the Information on December 16, 2013 until fully paid.

SO ORDERED.<sup>14</sup>

#### *Ruling of the RTC*

In the Decision<sup>15</sup> dated February 1, 2018, the RTC dismissed petitioner's appeal and affirmed the ruling of the MeTC. It likewise found that the presumption of knowledge of insufficiency of funds arose when the notice of dishonor was personally served on petitioner at his residence, a place which is within the territorial jurisdiction of the court. In addition, it ruled that petitioner's knowledge of insufficiency of funds was bolstered by the fact that petitioner failed to pay or make arrangements for payment within five banking days from having been notified of the dishonor of the subject check.<sup>16</sup>

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<sup>10</sup> Id. at 23.

<sup>11</sup> Id. at 65.

<sup>12</sup> Id. at 61-70.

<sup>13</sup> Id. at 67-68.

<sup>14</sup> Id. at 70.

<sup>15</sup> Id. at 32-60.

<sup>16</sup> Id. at 56.

Aggrieved, petitioner elevated the case before the CA through a Petition for Review under Rule 42.<sup>17</sup>

*Ruling of the CA*

In the assailed Decision,<sup>18</sup> the CA modified the RTC Decision in that the legal interest should be computed from the date of extrajudicial demand on March 31, 2010 and not from the date of the filing of the information on December 16, 2013.<sup>19</sup> Moreover, the CA noted that BP 22 punishes the mere issuance of a bouncing check regardless of the purpose for which it was issued and the terms and conditions relating to its issuance.<sup>20</sup> The *fallo* of the CA Decision reads:

WHEREFORE, the assailed Decision dated 01 February 2018 of the Regional Trial Court of Quezon City, Branch 90, in Criminal Case No. R-QZN-08667-CR, is AFFIRMED with MODIFICATION in that the accused Ramon R. Villarama is hereby ordered to pay Maximo Licauco III the amount of Php1,000,000.00 equivalent to the face value of the dishonored check with legal interest of 6% *per annum* reckoned from extrajudicial demand on 31 March 2010 until fully paid. The accused is further ordered to pay the costs of suit in the amount of Php17,372.00. The total monetary award, inclusive of interest, shall further earn legal interest at the rate of 6% *per annum* from finality of this *Decision* until its full satisfaction.

SO ORDERED.<sup>21</sup>

Hence, the present petition.

Petitioner argues that the reckoning date of the six percent (6%) legal interest should be the finality of the MeTC Decision that convicted him of violation of BP 22. The original demand, he claims, did not convert the transaction to a forbearance of money or loan.<sup>22</sup> Moreover, petitioner argues that legal interest cannot be reckoned from the date of receipt of the demand, which is March 31, 2010, because the demand letter asked petitioner to pay the total amount of ₱7,000,000.00 instead of the face value of the subject check which is ₱1,000,000.00 only. Under the circumstances, Maximo III's claim cannot be said to have been determined with certainty at the time because the former demanded ₱7,000,000.00 instead of ₱1,000,000.00.<sup>23</sup>

In his Comment,<sup>24</sup> Maximo III avers that the CA correctly held that

<sup>17</sup> A copy of the Petition for Review was not attached to the *rollo*. See *id.* at 19.

<sup>18</sup> *Id.* at 19-31.

<sup>19</sup> *Id.* at 29, citing *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, G.R. No. 225433, August 28, 2019.

<sup>20</sup> *Id.* at 26.

<sup>21</sup> *Id.* at 29-30.

<sup>22</sup> *Id.* at 12.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 95-104.

interest should be computed from March 31, 2010, the date when petitioner received the Demand Letter<sup>25</sup> dated March 22, 2010.<sup>26</sup> He insists that petitioner's civil obligation became due upon the latter's receipt of the demand letter, considering that the obligation to pay ₱1,000,000.00 was clearly indicated therein.<sup>27</sup>

In its Manifestation and Motion in Lieu of Comment,<sup>28</sup> the People, through the Office of the Solicitor General, requested to be excused from the Court's directive requiring the filing of a comment considering that petitioner's prayer only questions the civil aspect of the CA Decision.<sup>29</sup>

In his Reply,<sup>30</sup> petitioner contends that Maximo III's original demand is not equivalent to a loan or forbearance of money but is an unclear demand for payment of the balance in their transaction.<sup>31</sup>

#### *The Issue*

The issue to be resolved is whether legal interest should be reckoned from extrajudicial demand, that is, on March 31, 2010, the date when petitioner received the Demand Letter dated March 22, 2010.

#### *The Court's Ruling*

The Court finds no error in the ruling of the CA that interest should be reckoned from March 31, 2010, the date when petitioner received the demand letter from Maximo III.<sup>32</sup> Because there was an extrajudicial demand before the complaint was filed in court, "interest on the amount due begins to run not from the filing of the complaint but from the date of such extrajudicial demand."<sup>33</sup>

Contrary also to petitioner's allegation, the obligation to pay the ₱1,000,000.00 value of the subject check was clearly indicated in the Demand Letter dated March 22, 2010. It demanded, in no uncertain terms, that petitioner settle his obligation and make good the seven (7) checks he issued within 10 days from receipt of the letter. This includes the subject check in the amount of ₱1,000,000.00, which was already due on July 1, 2009. Lamentably, despite the opportunity, petitioner still failed and refused to settle his outstanding obligation and replace the value of his checks.<sup>34</sup> Under the circumstances, petitioner cannot feign ignorance regarding the

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<sup>25</sup> Id. at 71-72.

<sup>26</sup> Id. at 95.

<sup>27</sup> Id. at 100-101.

<sup>28</sup> Id. at 115-119.

<sup>29</sup> Id. at 116.

<sup>30</sup> Id. at 124-130.

<sup>31</sup> Id. at 126.

<sup>32</sup> See id. at 29.

<sup>33</sup> See *Legarda v. People*, G.R. No. 249688 (Notice), June 15, 2020, citing *Commonwealth Insurance Corp. v. CA*, 466 Phil. 104, 116 (2004).

<sup>34</sup> See *rollo*, pp. 55 and 68.

exact value of the subject check which he himself issued in connection with his transaction with Maximo III.<sup>35</sup>

However, the rate of interest should be modified in view of the issuance of Circular No. 799, Series of 2013 by the *Bangko Sentral ng Pilipinas* Monetary Board (BSP-MB). The Circular, which took effect on July 1, 2013, reduced the “rate of interest for the loan or forbearance of money, goods or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest” from 12% to 6% *per annum*. In *Nacar v. Gallery Frames*,<sup>36</sup> (*Nacar*) the Court issued the following guidelines in the imposition of legal interest:

II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:

1. When the obligation is breached, and it consists in the payment of a sum of money, *i.e.*, a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 6% *per annum* to be computed from default, *i.e.*, from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% *per annum*. No interest, however, shall be adjudged on unliquidated claims or damages, except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.

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<sup>35</sup> See *id.* at 27-28, 56, 68-69.

<sup>36</sup> 716 Phil. 267 (2013).

3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 6% *per annum* from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.<sup>37</sup> (Emphasis and underscoring omitted)

Based on the foregoing, when an obligation, not constituting a loan or forbearance of money, is breached as in the case, an interest on the amount of damages awarded may be imposed. Here, there is no stipulated interest on the face of the check issued by petitioner. Hence, the interest “shall be based on the prevailing legal interest prescribed by the BSP.”<sup>38</sup>

Pursuant to the Court’s ruling in *Nacar*, the principal amount of ₱1,000,000.00, representing the face value of the subject check, shall earn interest at the rate of twelve percent (12%) *per annum* from the date of extrajudicial demand on March 31, 2010 to June 30, 2013, and thereafter, at the rate of six percent (6%) *per annum* from July 1, 2013 until the finality of this Resolution. The total amount awarded to Maximo III, including the costs of suit, shall further earn legal interest at the rate of six percent (6%) *per annum* from the finality of this Resolution until full payment.<sup>39</sup>

**WHEREFORE**, the Petition for Review on *Certiorari* is **DENIED**. The Decision dated June 30, 2020 of the Court of Appeals (CA) in CA-G.R. CR No. 41140 is **AFFIRMED with MODIFICATION** in that petitioner Ramon R. Villarama is **ordered** to pay Maximo Licauco III the amount of ₱1,000,000.00, with interest at the rate of twelve percent (12%) *per annum* from extrajudicial demand on March 31, 2010 to June 30, 2013 and thereafter at the rate of six percent (6%) *per annum* from July 1, 2013 until the finality of this Resolution.

Petitioner Ramon R. Villarama is also **ORDERED** to **PAY** interest on the monetary awards in favor of Maximo Licauco III at the rate of six percent (6%) *per annum* from the date of finality of this Resolution until full payment.

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<sup>37</sup> Id. at 457-458.

<sup>38</sup> See *Legarda v. People*, supra note 32.

<sup>39</sup> See *Buenaflores v. Federated Distributors, Inc.*, G.R. No. 240187-88, March 28, 2022.

**SO ORDERED.”**

By authority of the Court:

*Mis D C Batt*  
**MISAEAL DOMINGO C. BATTUNG III**  
*Division Clerk of Court*  
*11/11/22*

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