



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated January 16, 2023, which reads as follows:

“G.R. No. 203285 (*Lourdes P. Ty v. Zenaida B. Gonzales*); G.R. No. 203360 (*The Heirs of Zenaida B. Gonzales, namely: Arnel B. Gonzales, Archie B. Gonzales, Arlene G. Bautista, Ma. Anita G. Lorenzo, Almira G. Padilla, Ariel B. Gonzales, and Andres Rico B. Gonzales represented by Arnel B. Gonzales v. Lourdes P. Ty*).—Challenged in these Petitions for Review on *Certiorari*¹ is the March 28, 2012 Decision² of the Court of Appeals (CA) in CA-G.R. CR No. 33490 which held that Lourdes Ty (Ty) is a joint debtor and not a guarantor. Thus, it found her jointly and severally liable to pay half of the principal amount of the loan inclusive of the interest.

The Antecedents

For Our resolution is the nature and extent of the civil liability of Ty who was acquitted in the criminal cases filed against her on grounds of reasonable doubt.³

Ty was charged with nine separate Informations⁴ for Violation of Batas Pambansa Blg. 22 in Criminal Case Nos. 298753-61. The nine Informations⁵ were similarly worded except for the amounts of the check, the check number, and dates of each check. The accusatory portion of the Information in Criminal Case No. 298753 reads:

¹ *Rollo*, G.R. No. 203360, pp. 3-15.

² *Rollo*, G.R. No. 203285, pp. 31-45. Penned by Associate Justice Franchito N. Diamante and concurred in by Associate Justices Mariflor P. Punzalan Castillo and Myra V. Garcia-Fernandez.

³ *Rollo*, G.R. No. 203360, p. 8.

⁴ *CA rollo*, pp. 55-63; See also *rollo* in G.R. No. 203285, p. 33.

⁵ *CA rollo*, pp. 55-63.

That sometime prior to November 28, 1996, in the City of Manila, Philippines, the said accused did then and there, willfully, unlawfully and feloniously make or draw and issue to ZENAIDA B. GONZALES, to apply on account for value PLANTERS BANK Check No. 0093549 dated November 28, 1996 payable to ZENAIDA B. GONZALES in the amount of PHP 350,000.00, said accused well knowing that at the time of the issue she/he/they 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 within ninety (90) days from the date thereof was subsequently dishonored by the drawee bank for "Account Closed" and despite receipt of notice of such dishonor, said accused failed to pay ZENAIDA B. GONZALES the amount of the check or to make arrangement for full payment of the same within five (5) banking days after receiving said notice.

Contrary to law.⁶

The following are the facts which led to the filing of the instant case:

Sometime in June of 1996, Susan Degollacion (Degollacion) borrowed PHP10,000,000.00 from Zenaida Gonzales (Zenaida) payable within six months from receipt of the amount loaned. To secure payment of the said loan, Degollacion executed a Real Estate Mortgage⁷ over five parcels of land. In addition, Degollacion and Ty executed a Promissory Note,⁸ which reads:

For and in consideration of the sum of TEN MILLION PESOS (₱10,000,000.00) Philippine Currency, We, LOURDES TY and SUSAN DEGOLLACION, promise to pay ZENAIDA B. GONZALES and/or ARNEL B. GONZALES and that LOURDES TY shall issue the Postdated checks for the account of SUSAN DEGOLLACION (to be specified in the check) as registered owner, the said indebtedness under the following terms and conditions:

1. Advance interest of Seven (7%) percent per month for two (2) months or a total of One Million Four Hundred [sic] (₱1,400,000.00) Pesos shall be deducted outright from the ₱10,000,000.00 loan.

2. Interest for the remaining four (4) months of the terms of the loan shall be paid as follows:

a. 3rd month interest of Seven Hundred Thousand (₱700,000.00) Pesos to be covered by the two (2) Postdated checks in the amount of Three Hundred Fifty Thousand (₱350,000,000.00) [sic] Pesos each as follows:

⁶ CA rollo, p. 55; See also rollo in G.R. No. 203285, p. 34.

⁷ CA rollo, pp. 40-44.

⁸ Id., Promissory Note dated June 5, 1996, pp. 45-46; See also rollo in G.R. No. 203285, pp. 34-35.

Date	Amount
July 5, 1996	₱350,000.00
July 28, 1996	₱ 350,000.00

- b. 4th, 5th and 6th month's interest of Seven Hundred Thousand (₱700,000.00) Pesos to be covered by six (6) Postdated checks in the amount of Three Hundred Fifty Thousand (₱350,000.00) Pesos each as follows:

Date	Amount
September 5, 1996	₱350,000.00
September 28, 1996	₱350,000.00
October 5, 1996	₱350,000.00
October 28, 1996	₱350,000.00
November 5, 1996	₱350,000.00
November 28, 1996	₱350,000.00

- c. The principal amount of Ten Million (₱10,000,000.00) Pesos to be covered by two (2) Postdated checks in the amount of Five Million (₱5,000,000.00) Pesos each as follows:

Date	Amount
December 5, 1996	₱5,000,000.00
December 28, 1996	₱5,000,000.00

- d. LOURDES TY shall issue a Postdated check in the amount of Thirty Thousand (₱30,000.00) Pesos to answer for the expense of registration of the mortgage, if the loan of Ten Million (₱10,000,000.00) Pesos is not paid on or before December 28, 1996.
- e. SUSAN DEGOLLACION shall secure a pension plan from Prudentiallife Pension Plan Inc. for the amount of the loan in favor of Zenaida B. Gonzales and/or Arnel B. Gonzales only for the duration of the outstanding loan, however, immediately upon payment of the loan the pension plan shall be transferred to Lourdes Ty.⁹

x x x x

Upon presentation of the checks, the same were dishonored for having been drawn either against an account with insufficient fund or closed account. Zenaida wrote a demand letter dated February 3, 1997¹⁰ for Ty to make good the payment of the checks, but she failed to do so. Thus, a criminal complaint for violation of Batas Pambansa Blg. 22 was filed against Ty.¹¹

⁹ CA rollo pp. 45-46; See also rollo in G.R. No. 203285, pp. 35-36.

¹⁰ CA rollo, Affidavit dated March 10, 1997, pp. 64-65.

¹¹ Rollo, G.R. No. 203285, p. 36.

On the other hand, Ty admitted that she indeed issued the dishonored checks. However, she claimed that the checks were issued only to guarantee the loan of Degollacion. Furthermore, Ty argued that the Real Estate Mortgage which was executed to secure the payment of the obligation was not between her and Zenaida but between Zenaida and Degollacion.¹²

Ruling of the Metropolitan Trial Court (MeTC)

In its September 3, 2009 Decision,¹³ the MeTC acquitted Ty for violation of Batas Pambansa Blg. 22, on the ground of the prosecution's failure to prove that the demand letter was personally received by Ty. However, the MeTC found Ty to be civilly liable and ordered her to pay the face value of the nine dishonored checks. The dispositive portion of the Decision reads:

IN VIEW OF THE FOREGOING, for failure on the part of the prosecution to prove the guilt of the accused beyond reasonable doubt, the accused is hereby *ACQUITTED* of violating the provisions of Batas Pambansa 22.

As to the civil aspect of the case, the accused is hereby ordered to pay the complainant the amount of:

1. THREE HUNDRED FIFTY THOUSAND PESOS (PHP 350,000.00) the value of the check in Criminal Case No. 298753;
2. THREE HUNDRED FIFTY THOUSAND PESOS (PHP 350,000.00) the value of the check in Criminal Case No. 298754;
3. THREE HUNDRED FIFTY THOUSAND PESOS (PHP 350,000.00) the value of the check in Criminal Case No. 298755;
4. THREE HUNDRED FIFTY THOUSAND PESOS (PHP 350,000.00) the value of the check in Criminal Case No. 298756;
5. THREE HUNDRED FIFTY THOUSAND PESOS (PHP 350,000.00) the value of the check in Criminal Case No. 298757;
6. FIVE MILLION PESOS (PHP5,000,000.00) the value of the check in Criminal Case No. 298758;
7. FIVE MILLION PESOS (PHP5,000,000.00) the value of the check in Criminal Case No. 298759;
8. THREE HUNDRED EIGHTY-FIVE THOUSAND PESOS (PHP 385,000.00) the value of the check in Criminal Case No. 298760; and,
9. THREE HUNDRED FIFTY THOUSAND PESOS (PHP 350,000.00) the value of the check in Criminal Case No. 298761.

¹² Id.

¹³ CA rollo, pp. 34-39. Penned by Judge Yolanda M. Leonardo.



Cost against the accused.¹⁴

Ruling of the Regional Trial Court (RTC)

Aggrieved, Ty appealed the case before the RTC. She argued that the MeTC erred in finding that the obligation was solidary in nature based on the promissory note that she signed with Degollacion in favor of Gonzales. Moreover, she asserted that she is only a guarantor since she issued the checks only to guarantee the payment of Degollacion's obligation.¹⁵

In its June 30, 2010 Decision,¹⁶ the RTC found merit in Ty's assertion that the promissory note does not indicate that the liabilities of Ty and Degollacion are solidary in nature. However, the RTC still did not exonerate Ty from liability and held that she and Degollacion are jointly liable to pay Zenaida the principal amount of PHP 10,000,000.00 plus interest, in view of the word "We" in the promissory note, which partly reads: "We, LOURDES TY and SUSAN DEGOLLACION, promise to pay x x x."¹⁷ The total amount of the dishonored checks is PHP12,485,000.00, which was the total penalty imposed by the MeTC. However, the RTC modified the MeTC's decision by ordering Ty to pay Zenaida half of the value of dishonored checks or in the amount of PHP 6,242,500.00 plus interest thereon reckoned from the finality of the decision until fully paid.¹⁸

The dispositive portion of the RTC Decision reads:

WHEREFORE, the foregoing premises considered, the instant Appeal is partially granted. The Decision dated September 3, 2009, rendered by the Metropolitan Trial Court, Branch 9, Manila, in Criminal Case Nos. 298753-61-CR is hereby modified by ordering appellant **LOURDES TY** to pay private complainant **ZENAIDA B. GONZALES** and/or Arnel Gonzales the sum of **SIX MILLION TWO HUNDRED FORTY TWO THOUSAND FIVE HUNDRED PESOS (P6,242,500.00)** corresponding to one-half the total value of Planters Development Bank Check Nos. 0093545, 0093546, 0093547, 0093548, 0093549, 0093550, and 0093551; and Security Bank Corporation Check Nos. 0000027926 and 0000027951, plus interest thereon reckoned from the finality of this Decision, until fully paid.

SO ORDERED.¹⁹

¹⁴ CA rollo, pp. 38-39.

¹⁵ Rollo, G.R. No. 203285, p. 37.

¹⁶ CA rollo, pp. 26-33. Penned by Judge Ruben Reynaldo G. Roxas.

¹⁷ Rollo, G.R. No. 203285, p. 37.

¹⁸ Id. at 42.

¹⁹ CA rollo, p. 33.

Ruling of the Court of Appeals

Displeased, Ty appealed with the CA through a Petition for Review under Rule 42 of the Rules of Court.

In its March 28, 2012 Decision,²⁰ the CA agreed with the RTC's findings that Ty is a joint debtor and not a guarantor. Therefore, it likewise held that she is jointly and severally liable to pay half of the principal amount of the loan inclusive of the interest. However, it added that an interest of 12% should be levied on the stipulated monthly interest of the parties which is 7%, reckoned from the time of its judicial demand up to the finality of the decision.²¹ Thus, the dispositive portion of the CA's Decision reads:

WHEREFORE, premises considered, the assailed decision rendered by Branch 12 of the Regional Trial Court of Manila in Criminal Case Nos. 10-272942-50 for Violation of Batas Pambansa Bilang 22 (9 counts) is hereby **AFFIRMED** with **MODIFICATION** by ordering Lourdes Ty to pay respondent Zenaida B. Gonzales the amount of ₱6,242,500.00 corresponding to one-half of the total value of the dishonored checks. An interest rate of twelve (12%) percent is likewise imposed on the interest stipulated by the parties, reckoned from the time of the judicial demand for the payment of the loan up to the finality of the RTC's decision. Further, an interest rate of 12% per annum is hereby imposed on the outstanding monetary award to be computed from the time of the finality of the decision up to the final satisfaction thereof.

SO ORDERED.²²

Both parties filed their respective Motions for Reconsideration.²³ On the part of Ty, she asserted that her liability under the promissory note should be that of a guarantor and not of a joint debtor. On the other hand, in Zenaida's motion for partial reconsideration, she asserted that Ty should be liable to pay the entire amount of loan, instead of half of the amount, since it was Ty who received the money from her.²⁴ However, both Motions were denied in the CA's September 4, 2012 Resolution.²⁵

Both parties appealed with this Court through their respective Petition for Review on *Certiorari* under Rule 45 of the Rules of Court.

On April 30, 2012, Zenaida died and was substituted by her heirs.²⁶

²⁰ *Rollo*, G.R. No. 203285, pp. 31-45.

²¹ *Id.* at 44.

²² *Id.* at 44-45.

²³ *Id.* at 48.

²⁴ *Id.* at 48.

²⁵ *Id.* at 47-49.

²⁶ *Id.* at 4.

In a December 5, 2012 Resolution, the Court ordered the consolidation of G.R. Nos. 203285 and G.R. No. 203360, which both assail the CA's March 28, 2012 Decision.²⁷

The Heirs of Zenaida mainly claim that Ty should be held liable for the whole obligation²⁸. On the other hand, Ty essentially asserts that her obligation is that of a guarantor warranting the solvency of the debtor, Degollacion.²⁹ Thus, as a guarantor, Ty claims that her responsibility should only arise once Zenaida or her heirs has claimed the amount of obligation from Degollacion and the latter is unable to pay.³⁰

Our Ruling

We affirm the CA.

An examination of the contents of the Promissory Note, which caused the issuance of the checks, shows that Ty's undertaking was not that of a guarantor but that of a joint debtor. Thus, as aptly held by the CA, she is liable to pay PHP 6,242,500.00 which is half of the principal amount.

However, in line with recent jurisprudence,³¹ the annual legal interest is reduced from 12% to 6%, from July 1, 2013 until full payment.

Joint Debtor and Guarantor, distinguished

The nature of a loan obligation may either be joint or solidary. A solidary obligation is one in which each of the debtors is liable for the entire obligation, and each of the creditors is entitled to demand the satisfaction of the whole obligation from any or all of the debtors. On the other hand, a joint obligation is one in which each debtor is liable only for a proportionate part of the debt, and the creditor is entitled to demand only a proportionate part of the credit from each debtor.³² Under Article 1207³³ of the Civil Code of the Philippines, the general rule is that when there is a concurrence of two or more debtors under a single obligation, the obligation is presumed to be joint. In *Spouses Berot v. Siapno*,³⁴ We have held that:

²⁷ Id. at 58.

²⁸ Id. at 60 and in G.R. No. 203360, pp. 11-12.

²⁹ *Rollo*, G.R. No. 203285, p. 14.

³⁰ Id. at 39.

³¹ *Nacar v. Gallery Frames*, 716 Phil. 267, 281 (2013).

³² *Buenviaje v. Spouses Salonga*, 796 Phil. 775, 791 (2016).

³³ Art. 1207. The concurrence of two or more creditors or of two or more debtors in one and the same obligation does not imply that each one of the former has a right to demand, or that each one of the latter is bound to render, entire compliance with the prestations. There is a solidary liability only when the obligation expressly so states, or when the law or the nature of the obligation requires solidarity.

³⁴ 738 Phil. 673 (2014).

A solidary obligation is one in which each of the debtors is liable for the entire obligation, and each of the creditors is entitled to demand the satisfaction of the whole obligation from any or all of the debtors. On the other hand, a joint obligation is one in which each debtor is liable only for a proportionate part of the debt, and the creditor is entitled to demand only a proportionate part of the credit from each debtor. The well-entrenched rule is that solidary obligations cannot be inferred lightly. They must be positively and clearly expressed. A liability is solidary “only when the obligation expressly so states, when the law so provides or when the nature of the obligation so requires.”³⁵

On the other hand, Art. 2047 of the Civil Code defines a guarantor as follows:

Art. 2047. By guaranty a person, called the guarantor, binds himself to the creditor to fulfill the obligation of the principal debtor in case the latter should fail to do so.

If a person binds himself solidarily with the principal debtor, the provisions of Section 4, Chapter 3, Title I of this Book shall be observed. In such case the contract is called a suretyship.

In *Carodan v. China Banking Corp.*,³⁶ We explained that “the contract of guaranty is the guarantor's own separate undertaking, in which the principal [obligor/debtor] does not join. It is usually entered into before or after that of the principal [obligation], and is often supported on a separate consideration from that supporting the contract of the principal [obligor/debtor]. The original contract of his principal is not his contract, and he is not bound to take notice of its non-performance. He is often discharged by the mere indulgence of the creditor to the principal [obligor/debtor], and is usually not liable unless notified of the default of the principal [obligor/debtor].”³⁷

Thus, as We have held in *Allied Banking Corp. v. Yujuico*,³⁸ that in a contract of guaranty, “the guarantor ‘binds himself [or herself] to the creditor to fulfill the obligation of the principal debtor in case the latter should fail to do so.’ The liability of the guarantor is secondary to that of the principal debtor because he [or she] ‘cannot be compelled to pay the creditor unless the latter has exhausted all the property of the debtor, and has resorted to all the legal remedies against the debtor.’”³⁹

³⁵ Id. at 690.

³⁶ 781 Phil. 750 (2016).

³⁷ Id. at 763.

³⁸ 762 Phil. 10 (2015).

³⁹ Id. at 21.

Ty's undertaking is that of a joint debtor

Under the Promissory Note,⁴⁰ Degollacion and Ty defined the parameters of their obligation as follows:

For and in consideration of the sum of TEN MILLION PESOS (₱10,000,000.00) Philippine Currency, We, LOURDES TY and SUSAN DEGOLLACION, promise to pay ZENAIDA B. GONZALES and/or ARNEL B. GONZALES x x x.⁴¹

This Court finds that solidarity could not be inferred from the foregoing instrument. Under the circumstances, the presumption under the law is that the obligation is joint,⁴² as provided under the Civil Code:

ARTICLE 1208. If from the law, or the nature or the wording of the obligations to which the preceding article refers[,] the contrary does not appear, the credit or debt shall be presumed to be divided into as many equal shares as there are creditors or debtors x x x.

In *Spouses Ibañez v. Harper*,⁴³ this Court has explained that “[a]s defined in Article 1208 [of the Civil Code], a joint obligation is one where there is a concurrence of several creditors, or of several debtors, **or of several creditors and debtors**, by virtue of which **each of the creditors has a right to demand, and each of the debtors is bound to render compliance with his [or her] proportionate part of the prestation** which constitutes the object of the obligation. Each debtor answers only for a part of the whole liability **and to each obligee belongs only a part of the correlative rights** as it is only in solidary obligations that payment made to any one of the solidary creditors extinguishes the entire obligation.”

Thus, the CA aptly held that Ty, as a joint obligor, is liable to Zenaida, represented by her heirs herein, the amount of PHP 6,242,500.00 corresponding to one-half of the total value of the dishonored checks.

Finally, pursuant to prevailing jurisprudence, We hereby modify the interest rate per *annum*.⁴⁴ When an obligation is breached and it consists in the payment of a sum of money, such as the instant case, the interest due on the principal amount accruing as of judicial demand shall also earn legal interest. The parties did not stipulate on the interest thereon. Consequently, in the absence of a stipulated interest, in a loan or forbearance of money, the rate of interest on the principal amount shall be the prevailing legal interest

⁴⁰ CA rollo, Promissory Note dated June 5, 1996, p. 45; See also *rollo* in G.R. No. 203285, pp. 34-35.

⁴¹ CA rollo, p. 45.

⁴² *Spouses Ibañez v. Harper*, 805 Phil. 799, 820 (2017).

⁴³ 805 Phil. 799, 820-821 (2017).

⁴⁴ *Nacar v. Gallery Frames*, supra note 31.

prescribed by the Bangko Sentral ng Pilipinas (BSP), which shall be counted from default. On July 1, 2013, BSP-Monetary Board Circular No. 799 took effect which reduced the annual legal interest rate from 12% to 6%. Thus, since Ty's principal obligation arose in 1996 as per her execution of Promissory Note dated June 5, 1996, the legal interest rate of 12% as enunciated in *Eastern Shipping Lines Inc. v. Court of Appeals*⁴⁵ applies from the date of extrajudicial demand to pay on February 3, 1997⁴⁶ until June 30, 2013, before BSP-Monetary Board Circular No. 799 took effect. Beginning July 1, 2013, the new rate of 6% per *annum* must apply until fully paid.⁴⁷

In addition, pursuant to *Nacar v. Gallery Frames*,⁴⁸ the monetary awards shall be subject to the interest rate of 12% from judicial demand when the complaint was filed on March 10, 1997 until June 30, 2013, and 6% per *annum* beginning July 1, 2013 until finality of the decision. The legal rate of 6% per *annum* shall also be imposed from the finality of the decision until full satisfaction.

WHEREFORE, the instant Petitions are **DENIED**. The assailed March 28, 2012 Decision and the September 4, 2012 Resolution rendered by the Court of Appeals in CA-GR CR No.33490 are **AFFIRMED with MODIFICATION**.

Lourdes P. Ty, as joint obligor, is ordered to pay the Heirs of Zenaida B. Gonzales the following amounts:

1. Six Million Two Hundred Forty-Two Thousand Five Hundred Pesos (₱6,242,500.00), representing one-half of the principal amount, plus interest of twelve percent (12%) per *annum* from receipt of the demand letter dated February 3, 1997 up to June 30, 2013, and six percent (6%) per *annum* from July 1, 2013 until full payment;
2. The total monetary awards shall be subject to 12% interest rate from March 10, 1997 until June 30, 2013, then 6% interest rate beginning July 1, 2013 until finality of this judgment until full satisfaction thereof.

⁴⁵ 304 Phil. 236, 252-254 (1994).

⁴⁶ CA rollo, p. 64.

⁴⁷ *Nacar v. Gallery Frames*, supra note 31.

⁴⁸ Id.

SO ORDERED.”

By authority of the Court:



LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

204

JAN 27 2023

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The Hon. Presiding Judge
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(Civil Case No. 10-272942-50)

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