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Penal Code, as amended by P.D. No. 77, "when the robbery accompanied with rape is committed with the use of deadly weapon or by two or more persons, the penalty shall be *reclusion perpetua* to death." However, since the death penalty is no longer imposable under the 1987 Constitution, the Solicitor General correctly recommended that the death penalty imposed upon the appellants by the trial court should be commuted to *reclusion perpetua*.

WHEREFORE, the appealed decision is hereby affirmed with modification as to the penalty imposable on the appellants, David Cinco, Rogelio Nuiz *alias* Virgilio Nuiz, Teofilo Tuscano alias "Lulu," and Felicito Tuscano *alias* "Etoc" which is reduced to *reclusion perpetua* but each of the individual appellants is ordered to pay damages in the increased amount of Thirty Thousand Pesos (₱30,000), or the total sum of ₱120,000 to the aggrieved woman, Gloria Cinco. Costs against the appellants.

SO ORDERED.

Narvasa, Cruz, Gancayco, and *Medialdea, JJ.*, concur.

SECOND DIVISION

[G.R. No. 82797. February 27, 1991]

GOOD EARTH EMPORIUM INC., and LIM KA PING, *petitioners, vs.* **HONORABLE COURT OF APPEALS and ROCES-REYES REALTY INC.,** *respondents.*

SYLLABUS

1. CIVIL LAW; OBLIGATIONS AND CONTRACTS; EXTINGUISHMENT OF OBLIGATIONS; PAYMENT; TO WHOM SHALL BE MADE; RULE; CASE AT BAR.— Article 1240 of the Civil Code of the Philippines provides

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that: "Payment shall be made to the person in whose favor the obligation has been constituted, or his successor in interest, or any person authorized to receive it." In the case at bar, the supposed payments were not made to Roces-Reyes Realty, Inc. or to its successor in interest nor is there positive evidence that the payment was made to a person authorized to receive it. No such proof was submitted but merely inferred by the Regional Trial Court (*Rollo*, p. 25) from Marcos Roces having signed the Lease Contract as President which was witnessed by Jesus Marcos Roces. The latter, however, was no longer President or even an officer of Roces-Reyes Realty, Inc. at the time he received the money (Exhibit "1") and signed the sale with *pacto de retro* (Exhibit "2"). He, in fact, denied being in possession of authority to receive payment for the respondent corporation nor does the receipt show that he signed in the same capacity as he did in the Lease Contract at a time when he was President for respondent corporation (*Rollo*, p. 20, MTC decision).

2. MERCANTILE LAW; CORPORATION LAW; AS A CONSEQUENCE OF THE SEPARATE JURIDICAL PERSONALITY OF A CORPORATION, THE CORPORATE DEBT OR CREDIT IS NOT THE DEBT OR CREDIT OF THE STOCKHOLDERS, NOR IS THE STOCKHOLDER'S DEBT OR CREDIT THAT OF THE CORPORATION.— A corporation has a personality distinct and separate from its individual stockholders or members. Being an officer or stockholder of a corporation does not make one's property also of the corporation, and vice-versa, for they are separate entities. Shareowners are in no legal sense the owners of corporate property (or credits) which is owned by the corporation as a distinct legal person. As a consequence of the separate juridical personality of a corporation, the corporate debt or credit is not the debt or credit of the stockholder, nor is the stockholder's debt or credit that of the corporation

3. REMEDIAL LAW; EVIDENCE; PRESUMPTIONS; DISPUTABLE PRESUMPTION; MONEY PAID BY ONE TO THE OTHER WAS DUE TO THE LATTER; CASE AT BAR.— Contrary to the Regional Trial Court's premise that it was incumbent upon respondent corporation to prove that the amount was delivered to the Roces brothers in the payment of the loan in the latter's favor, the delivery of the amount to and the receipt thereof by the Roces brothers in their names

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raises the presumption that the said amount was due to them. There is a disputable presumption that money paid by one to the other was due to the latter. It is for GEE and Lim Ka Ping to prove otherwise. In other words, it is for the latter to prove that the payments made were for the satisfaction of their judgment debt and not vice versa.

4. ID.; ID.; BURDEN OF PROOF; WHEN THE EXISTENCE OF A DEBT IS FULLY ESTABLISHED BY EVIDENCE, THE BURDEN OF PROVING THAT IT HAS BEEN EXTINGUISHED BY PAYMENT DEVOLVES UPON THE DEBTOR WHO OFFERS SUCH A DEFENSE TO THE CLAIM OF THE PLAINTIFF CREDITOR.— It has been an established rule that when the existence of a debt is fully established by the evidence (which has been done in this case), the burden of proving that it has been extinguished by payment devolves upon the debtor who offers such a defense to the claim of the plaintiff creditor (herein respondent corporation). For indeed, it is well-entrenched in Our jurisprudence that each party in a case must prove his own affirmative allegations by the degree of evidence required by law.

APPEARANCES OF COUNSEL

A.E. Dacanay for petitioners.
Antonio Quintos Law Office for private respondent.

D E C I S I O N

PARAS, *J.*:

This is a petition for review on *certiorari* of the December 29, 1987 decision* of the Court of Appeals in CA-G.R. No. 11960 entitled "*ROCES-REYES REALTY, INC. vs. HONORABLE JUDGE REGIONAL TRIAL COURT OF MANILA, BRANCH 44, GOOD EARTH EMPORIUM, INC. and LIM KA PING,*" reversing the decision of respondent Judge** of the Regional Trial Court

* Penned by Associate Justice Oscar M. Herrera and concurred in by Associate Justices Leonor Ines Luciano and Justo P. Torres, Jr.

** Judge Marcelo R. Obien.

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of Manila, Branch 44 in Civil Case No. 85-30484, which reversed the resolution of the Metropolitan Trial Court of Manila, Branch 28 in Civil Case No. 09639,[***] denying herein petitioners' motion to quash the *alias* writ of execution issued against them.

As gathered from the records, the antecedent facts of this case, are as follows:

A Lease Contract, dated October 16, 1981, was entered into by and between ROCES-REYES REALTY, INC., as lessor, and GOOD EARTH EMPORIUM, INC., as lessee, for a term of three years beginning November 1, 1981 and ending October 31, 1984 at a monthly rental of ₱65,000.00 (*Rollo*, p. 32; Annex "C" of Petition). The building which was the subject of the contract of lease is a five-storey building located at the corner of Rizal Avenue and Bustos Street in Sta. Cruz, Manila.

From March 1983, up to the time the complaint was filed, the lessee had defaulted in the payment of rentals, as a consequence of which, private respondent ROCES-REYES REALTY, INC., (hereinafter designated as ROCES for brevity) filed on October 14, 1984, an ejectment case (Unlawful Detainer) against herein petitioners, GOOD EARTH EMPORIUM, INC. and LIM KA PING, hereinafter designated as GEE, (*Rollo*, p. 21; Annex "B" of the Petition). After the latter had tendered their responsive pleading, the lower court (MTC, Manila) on motion of Roces rendered judgment on the pleadings dated April 17, 1984, the dispositive portion of which states:

"Judgment is hereby rendered ordering defendants (herein petitioners) and all persons claiming title under him to vacate the premises and surrender the same to the plaintiffs (herein respondents); ordering the defendants to pay the plaintiffs the rental of ₱65,000.00 a month beginning March 1983 up to the time defendants actually vacate the premises and deliver possession to the plaintiff; to pay attorney's fees in the amount of ₱5,000.00 and to pay the costs of this suit." (*Rollo*, p. 111; Memorandum of Respondents)

[***] Penned by Judge Alicia G. Decano.

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On May 16, 1984, Roces filed a motion for execution which was opposed by GEE on May 28, 1984 simultaneous with the latter's filing of a Notice of Appeal (*Rollo*, p. 112, *Ibid*.). On June 13, 1984, the trial court resolved such motion ruling:

"After considering the motion for the issuance of a writ of execution filed by counsel for the plaintiff (herein respondents) and the opposition filed in relation thereto and finding that the defendant failed to file the necessary supersedeas bond, this court resolved to grant the same for being meritorious." (*Rollo*, p. 112)

On June 14, 1984, a writ of execution was issued by the lower court. Meanwhile, the appeal was assigned to the Regional Trial Court (Manila) Branch XLVI. However, on August 15, 1984, GEE thru counsel filed with the Regional Trial Court of Manila, a motion to withdraw appeal citing as reason that they are satisfied with the decision of the Metropolitan Trial Court of Manila, Branch XXVIII, which said court granted in its Order of August 27, 1984 and the records were remanded to the trial court (*Rollo*, p. 32; CA Decision). Upon an *ex-parte* Motion of ROCES, the trial court issued an *Alias* Writ of Execution dated February 25, 1985 (*Rollo*, p. 104; Annex "D" of Petitioner's Memorandum), which was implemented on February 27, 1985. GEE thru counsel filed a motion to quash the writ of execution and notice of levy and an urgent *Ex-parte* Supplemental Motion for the issuance of a restraining order, on March 7, and 20, 1985, respectively. On March 21, 1985, the lower court issued a restraining order to the sheriff to hold the execution of the judgment pending hearing on the motion to quash the writ of execution (*Rollo*, p. 22; RTC Decision). While said motion was pending resolution, GEE filed a Petition for Relief from judgment before another court, Regional Trial Court of Manila, Branch IX, which petition was docketed as Civil Case No. 85-30019, but the petition was dismissed and the injunctive writ issued in connection therewith set aside. Both parties appealed to the Court of Appeals; GEE on the order of dismissal and Roces on denial of his motion for indemnity, both docketed as CA-G.R. No. 15873-CV. Going back to the original case, the Metropolitan Trial Court after hearing and disposing some other

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incidents, promulgated the questioned Resolution, dated April 8, 1985, the dispositive portion of which reads as follows:

"Premises considered, the motion to quash the writ is hereby denied for lack of merit.

The restraining orders issued on March 11 and 23, 1985 are hereby recalled, lifted and set aside." (*Rollo*, p. 20, MTC Decision)

GEE appealed and by coincidence, was raffled to the same Court, RTC Branch IX. Roces moved to dismiss the appeal but the Court denied the motion. On *certiorari*, the Court of Appeals dismissed Roces' petition and remanded the case to the RTC. Meantime, Branch IX became vacant and the case was re-raffled to Branch XLIV.

On April 6, 1987, the Regional Trial Court of Manila, finding that the amount of P1 million evidenced by Exhibit "I" and another P1 million evidenced by the *pacto de retro* sale instrument (Exhibit "2") were in full satisfaction of the judgment obligation, reversed the decision of the Municipal Trial Court, the dispositive portion of which reads:

"Premises considered, judgment is hereby rendered reversing the Resolution appealed from quashing the writ of execution and ordering the cancellation of the notice of levy and declaring the judgment debt as having been fully paid and/or liquidated." (*Rollo*, p. 29).

On further appeal, the Court of Appeals reversed the decision of the Regional Trial Court and reinstated the Resolution of the Metropolitan Trial Court of Manila, the dispositive portion of which is as follows:

"WHEREFORE, the judgment appealed from is hereby REVERSED and the Resolution dated April 8, 1985, of the Metropolitan Trial Court of Manila Branch XXXIII is hereby REINSTATED. No pronouncement as to costs." (*Rollo*, p. 40).

GEE's Motion for Reconsideration of April 5, 1988 was denied (*Rollo*, p. 43). Hence, this petition.

The main issue in this case is whether or not there was full satisfaction of the judgment debt in favor of respondent

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corporation which would justify the quashing of the Writ of Execution.

A careful study of the common exhibits (Exhibits 1/A and 2/B) shows that nowhere in any of said exhibits was there any writing alluding to or referring to any settlement between the parties of petitioners' judgment obligation (*Rollo*, pp. 45-48).

Moreover, there is no indication in the receipt, Exhibit "1", that it was in payment, full or partial, of the judgment obligation. Likewise, there is no indication in the *pacto de retro* sale which was drawn in favor of Jesus Marcos Roces and Marcos V. Roces and not the respondent corporation, that the obligation embodied therein had something to do with petitioners' judgment obligation with respondent corporation.

Finding that the common exhibit, Exhibit 1/A had been signed by persons other than judgment creditors (Roces-Reyes Realty, Inc.) coupled with the fact that said exhibit was not even alleged by GEE and Lim Ka Ping in their original motion to quash the alias writ of execution (*Rollo*, p. 37) but produced only during the hearing (*Ibid.*) which production resulted in petitioners having to claim *belatedly* that there was an "overpayment" of about half a million pesos (*Rollo*, pp. 25-27) and remarking on the utter absence of any writing in Exhibits "1/A" and "2/B" to indicate payment of the judgment debt, respondent Appellate Court correctly concluded that there was in fact *no* payment of the judgment debt. As aptly observed by the said court:

"What immediately catches one's attention is the total absence of any writing alluding to or refering to any settlement between the parties of private respondents' (petitioners') judgment obligation. In moving for the dismissal of the appeal Lim Ka Ping who was then assisted by counsel simply stated that defendants (herein petitioners) are satisfied with the decision of the Metropolitan Trial Court (Records of CA, p. 54).

"Notably, in private respondents' (petitioners') Motion to Quash the Writ of Execution and Notice of Levy dated *March 7, 1985*, there is absolutely no reference to the alleged payment of one million pesos as evidenced by Exhibit 1 dated *September 20, 1984*. As pointed out by petitioner (respondent corporation) this was brought out by

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Linda Panutat, Manager of Good Earth only in the course of the latter's testimony." (*Rollo*, p. 37)

Article 1240 of the Civil Code of the Philippines provides that:

"Payment shall be made to the person in whose favor the obligation has been constituted, or his successor in interest, or any person authorized to receive it."

In the case at bar, the supposed payments were not made to Roces-Reyes Realty, Inc. or to its successor in interest nor is there positive evidence that the payment was made to a person authorized to receive it. No such proof was submitted but merely inferred by the Regional Trial Court (*Rollo*, p. 25) from Marcos Roces having signed the Lease Contract as President which was witnessed by Jesus Marcos Roces. The latter, however, was no longer President or even an officer of Roces-Reyes Realty, Inc. at the time he received the money (Exhibit "1") and signed the sale with *pacto de retro* (Exhibit "2"). He, in fact, denied being in possession of authority to receive payment for the respondent corporation nor does the receipt show that he signed in the same capacity as he did in the Lease Contract at a time when he was President for respondent corporation (*Rollo*, p 20, MTC decision).

On the other hand, Jesus Marcos Roces testified that the amount of P1 million evidenced by the receipt (Exhibit "1") is the payment for a loan extended by him and Marcos Roces in favor of Lim Ka Ping. The assertion is borne by the receipt itself whereby they acknowledged payment of the loan in their names and in no other capacity.

A corporation has a personality distinct and separate from its individual stockholders or members. Being an officer or stockholder of a corporation does not make one's property also of the corporation, and vice-versa, for they are separate entities (*Traders Royal Bank v. CA*, G.R. No. 78412, September 26, 1989; *Cruz v. Dalisay*, 152 SCRA 482). Shareowners are in no legal sense the owners of corporate property (or credits) which is owned by the corporation as a distinct legal person

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(*Concepcion Magsaysay-Labrador v. CA*, G.R. No. 58168, December 19, 1989). As a consequence of the separate juridical personality of a corporation, the corporate debt or credit is not the debt or credit of the stockholder, nor is the stockholder's debt or credit that of the corporation (Prof. Jose Nolledo's "*The Corporation Code of the Philippines*, p. 5, 1988 Edition, citing Professor Ballantine).

The absence of a note to evidence the loan is explained by Jesus Marcos Roces who testified that the IOU was subsequently delivered to private respondents (*Rollo*, pp. 97-98). Contrary to the Regional Trial Court's premise that it was incumbent upon respondent corporation to prove that the amount was delivered to the Roces brothers in the payment of the loan in the latter's favor, the delivery of the amount to and the receipt thereof by the Roces brothers in their names raises the presumption that the said amount was due to them. There is a disputable presumption that money paid by one to the other was due to the latter (Sec. 5(f), Rule 131, Rules of Court). It is for GEE and Lim Ka Ping to prove otherwise. In other words, it is for the latter to prove that the payments made were for the satisfaction of their judgment debt and not vice versa.

The fact that at the time payment was made to the two Roces brothers, GEE was also indebted to respondent corporation for a larger amount, is not supportive of the Regional Trial Court's conclusions that the payment was in favor of the latter, especially in the case at bar where the amount was not receipted for by respondent corporation and there is absolutely no indication in the receipt from which it can be reasonably inferred, that said payment was in satisfaction of the judgment debt. Likewise, no such inference can be made from the execution of the *pacto de retro* sale which was not made in favor of respondent corporation but in favor of the two Roces brothers in their individual capacities without any reference to the judgment obligation in favor of respondent corporation.

In addition, the totality of the amount covered by the receipt (Exhibit "1/A") and that of the sale with *pacto de retro* (Exhibit "2/B") all in the sum of ₱2 million, far exceeds petitioners'

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judgment obligation in favor of respondent corporation in the sum of ₱1,560,000.00 by ₱440,000.00, which militates against the claim of petitioner that the aforesaid amount (₱2M) was in full payment of the judgment obligation.

Petitioners' explanation that the excess is interest and advance rentals for an extension of the lease contract (*Rollo*, pp. 25-28) is belied by the absence of any interest awarded in the case and of any agreement as to the extension of the lease nor was there any such pretense in the Motion to Quash the Alias Writ of Execution.

Petitioners' averments that the respondent court had gravely abused its discretion in arriving at the assailed factual findings as contrary to the evidence and applicable decisions of this Honorable Court are therefore, patently unfounded. Respondent court was correct in stating that it "cannot go beyond what appears in the documents submitted by petitioners themselves (Exhibits "1" and "2") in the absence of clear and convincing evidence" that would support its claim that the judgment obligation has indeed been fully satisfied which would warrant the quashal of the Alias Writ of Execution.

It has been an established rule that when the existence of a debt is fully established by the evidence (which has been done in this case), the burden of proving that it has been extinguished by payment devolves upon the debtor who offers such a defense to the claim of the plaintiff creditor (herein respondent corporation) (*Chua Chienco v. Vargas*, 11 Phil. 219; *Ramos v. Ledesma*, 12 Phil. 656; *Pinon v. de Osorio*, 30 Phil. 365). For indeed, it is well-entrenched in Our jurisprudence that each party in a case must prove his own affirmative allegations by the degree of evidence required by law (*Stronghold Insurance Co. v. CA*, G.R. No. 83376, May 29, 1989; *Tai Tong Chuache & Co. v. Insurance Commission*, 158 SCRA 366).

The appellate court cannot, therefore, be said to have gravely abused its discretion in finding lack of convincing and reliable evidence to establish payment of the judgment obligation as

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claimed by petitioner. The burden of evidence resting on the petitioners to establish the facts upon which their action is premised has not been satisfactorily discharged and therefore, they have to bear the consequences.

PREMISES CONSIDERED, the petition is hereby *DENIED* and the Decision of the Respondent court is hereby *AFFIRMED*, reinstating the April 8, 1985 Resolution of the Metropolitan Trial Court of Manila.

SO ORDERED.

Melencio-Herrera (Chairperson), Padilla, Sarmiento, and *Regalado, JJ.,* concur.

FIRST DIVISION

[G.R. No. 83372. February 27, 1991]

THE PEOPLE OF THE PHILIPPINES, *plaintiff-appellee, vs.* **MARLON RUEDAS *y* TARA-TARA,** *accused-appellant.*

SYLLABUS

1. REMEDIAL LAW; EVIDENCE; CREDIBILITY OF WITNESSES; FINDINGS OF FACT OF THE TRIAL COURT THEREON SHOULD BE ACCORDED THE HIGHEST RESPECT; RATIONALE.— The findings of fact of the trial court on the credibility of witnesses should be accorded the highest respect because it has the advantage of observing the demeanor of witnesses and can discern if a witness is telling the truth. The trial court, which had the opportunity to observe the demeanor of the witnesses and to listen to their respective testimonies, correctly gave more credence to the statements of the arresting officers.