



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated March 15, 2022 which reads as follows:*

**“G.R. No. 235716 (*Jacinto Javier*,<sup>1</sup> *petitioner vs. Ford Group Philippines, Inc., respondent*) and G.R. No. 235855 (*Jacinto Javier, petitioner vs. Dearborn Motors Co., Inc., respondent*).**

These consolidated Appeals by *Certiorari*<sup>2</sup> seek to reverse and set aside the: 1) May 16, 2017 Decision<sup>3</sup> and November 21, 2017 Resolution<sup>4</sup> of the Court of Appeals (*CA*) in CA-G.R. SP No. 148623; and 2) June 16, 2017 Decision<sup>5</sup> and December 6, 2017 Resolution<sup>6</sup> of the CA in CA-G.R. SP No. 148924. In both cases, the CA reversed and set aside the November 9, 2016 Decision<sup>7</sup> of the Office of the Secretary, Department of Trade and Industry (*DTI Secretary*) in Appeal Case No. 2015-09, and reinstated the January 9, 2014 Decision<sup>8</sup> of the DTI Fair Trade Enforcement Bureau, Adjudication Division (*DTI Adjudication Division*) in ADM Case No. 12-036 dismissing petitioner Jacinto Javier’s Complaint for Damages against Ford Group Philippines, Inc. and Dearborn Motors Co. Inc., (*respondents*) finding no basis for the alleged breach of warranty and/or defect in the car that petitioner bought from respondents.

- over – seventeen (17) pages ...

71-A

<sup>1</sup> Also referred to as Jacinto O. Javier in another part of the *rollo* (G.R. No. 235855), p. 36.

<sup>2</sup> *Rollo* (G.R. No. 235716), pp. 3-21; *Rollo* (G.R. No. 235855), pp. 3-22.

<sup>3</sup> *Rollo* (G.R. No. 235716), pp. 22-29; penned by Associate Justice Jane Aurora C. Lantion with Associate Justices Fernanda Lampas Peralta and Victoria Isabel A. Paredes, concurring.

<sup>4</sup> *Id.* at 30-31.

<sup>5</sup> *Rollo* (G.R. No. 235855), pp. 24-33; penned by Associate Justice Normandie B. Pizarro with Associate Justices Samuel H. Gaerlan and Jhosep Y. Lopez (now members of the Court), concurring.

<sup>6</sup> *Id.* at 34-35.

<sup>7</sup> *Rollo* (G.R. No. 235716), pp. 82-92; *Rollo* (G.R. No. 235855), pp. 85-95.

<sup>8</sup> *Id.* at 76-80; *Id.* at 79-84.

*Antecedents*

Sometime in August 2011, Jacinto Javier (*petitioner*) purchased a Ford Expedition EL, with Engine no. BEF 28350 (*subject vehicle*), from Dearborn Motors Co., Inc. (*Dearborn*), a domestic corporation and authorized dealer and service provider of Ford motor vehicles.<sup>9</sup>

According to petitioner, when the subject vehicle reached the mileage reading of 1,289 kilometers and with its 4x4 mode turned on, he heard weird noises and felt the subject vehicle shuddering. Thereafter, petitioner sought assistance from Dearborn which advised him to leave the subject vehicle at the Ford Alabang Service Department for evaluation. Petitioner alleged that he made it clear that no repairs on the subject vehicle should be made without his consent.<sup>10</sup>

After a series of tests conducted on the subject vehicle, Dearborn informed petitioner that his complaints were normal incidents for vehicles of such type. Furthermore, Dearborn found that petitioner's concern was a result of uneven tire pressure which was later on corrected by Dearborn. As a result, the shuddering and vibration noises were eliminated. Unsatisfied with the explanation, petitioner insisted that the subject vehicle be made to undergo further evaluation to find the root cause of the problem.<sup>11</sup>

On March 3, 2012, petitioner filed a complaint against Dearborn for violation of Article 1561 of the New Civil Code of the Philippines, and of Arts. 50 and 52 in relation to Art. 68(f)(2), of the Consumer Act of the Philippines or Republic Act (*R.A.*) No. 7394.

Petitioner thereafter amended his complaint on March 16, 2012, praying for replacement of the subject vehicle or refund of the cost plus payment for damages. In his Amended Complaint,<sup>12</sup> petitioner alleged that Dearborn made repairs on the subject vehicle without his knowledge or consent and that the same shows Dearborn's attempt to conceal the defect of the subject vehicle to avoid liability.<sup>13</sup> Consequently, petitioner averred that Dearborn's acts were a clear breach of Art. 1561 of the New Civil Code and of Arts. 50 and 52, in relation to Art. 68(f)(2) of R.A. No. 7394.<sup>14</sup>

- over -

71-A

---

<sup>9</sup> *Rollo* (G.R. No. 235716), p. 23.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 23-24.

<sup>12</sup> *Rollo* (G.R. No. 235855), pp. 36-42.

<sup>13</sup> *Rollo* (G.R. No. 235716), p. 24.

<sup>14</sup> *Id.*

On October 9, 2012, Ford Group Philippines (*Ford*) was impleaded as party defendant in the case. During a Preliminary Conference dated March 19, 2013, the DTI Arbitration Center directed the parties to submit their respective position papers.<sup>15</sup>

In his position paper, petitioner averred that the subject vehicle's violent shuddering which was not present at the consummation of the sale is a hidden defect. He maintained that he would not accept the subject vehicle which had already been repaired. Only a refund or replacement of the subject vehicle and payment of damages would appease him. Petitioner prayed that Dearborn be held liable for the refund of the purchase price he paid for the subject vehicle.<sup>16</sup>

For its part, Dearborn maintained that there was no repair made on the subject vehicle because Javier refused to have it fixed. Javier had concluded that the subject vehicle was defective without giving Dearborn the opportunity to diagnose the problem and to correct any defects that might be found, in accordance with the warranty of the subject vehicle.<sup>17</sup>

In its Position Paper dated April 12, 2013, Ford alleged that petitioner's amended complaint failed to state a cause of action against it. Petitioner miserably failed to prove that the alleged defect of the subject vehicle existed at the time said subject vehicle was placed on the market. Ford prayed for the dismissal of the amended complaint.<sup>18</sup>

### ***DTI Ruling***

In its January 9, 2014 Decision, the DTI Adjudication Division dismissed petitioner's complaint. It found that petitioner failed to prove that a defect in the subject vehicle exists and that his allegation of the subject vehicle's defect was not substantiated by competent proof. The DTI dismissed the amended complaint and ruled that there was no violation of the Consumer Act of the Philippines. The dispositive portion of the decision provides:

WHEREFORE, in view of the foregoing, this Office rules in favor of the respondent finding that no violation of the Consumer Act was committed. Consequently, the [complaint] is hereby dismissed.

- over -

71-A

---

<sup>15</sup> Id.

<sup>16</sup> Id. at 24-25.

<sup>17</sup> *Rollo* (G.R. No. 235855), pp. 26-27.

<sup>18</sup> *Rollo* (G.R. No. 235716), p. 24.

The respondent is hereby ordered to return the [subject] vehicle to the respondent (sic), at no cost to the complainant.

**SO ORDERED.**<sup>19</sup> (emphases omitted)

Aggrieved, petitioner filed a Memorandum of Appeal dated February 16, 2015.

In its November 9, 2016 Decision, the DTI Secretary reversed and set aside the January 9, 2014 Decision of the DTI Adjudication Division. It found that petitioner was able to substantially prove his claim against Dearborn and Ford. The shuddering or sudden violent vibration and weird noises when the vehicle was on 4x4 automatic mode were hidden defects. The *fallo* of said decision reads:

WHEREFORE, premises considered, the Decision dated January 9, 2014 is REVERSED and the RESPONDENTS-APPELLEES are ordered to:

1. Replace the [subject] vehicle of the COMPLAINANT-APPELLANT with the same make and model without further charges to the COMPLAINANT-APPELLANT;  
or
2. If the same make and model is no longer in the market, to refund to COMPLAINANT-APPELLANT the cost of [the] subject vehicle.

SO ORDERED.<sup>20</sup>

Respondents Ford and Dearborn filed their respective petitions for *certiorari* before the CA, ascribing grave abuse of discretion on the part of the DTI Secretary in nullifying the January 9, 2014 Decision of the DTI Adjudication Division.

### ***The CA Ruling***

CA-G.R. SP No. 148623

In its May 16, 2017 Decision, the CA annulled the November 9, 2016 Decision of the DTI and dismissed petitioner's amended complaint, *viz.*:

- over -

71-A

---

<sup>19</sup> Id. at 80.

<sup>20</sup> Id. at 91.

**WHEREFORE**, the Petition is **GRANTED**. The Decision dated [November 9, 2016] of the Office of the Secretary, Department of Trade and Industry in Appeal Case No. 2015-09 is hereby **SET ASIDE**. The Amended Complaint in Administrative Case No. 12-036 is **DISMISSED**.

**SO ORDERED.**<sup>21</sup> (italics omitted)

The CA held that petitioner failed to adduce sufficient evidence to establish that there exists a hidden defect in the subject vehicle.<sup>22</sup> In fact, in a technical report issued by Dearborn, it clearly stated that there was no defect in the subject vehicle and that correcting the uneven tire pressure of the subject vehicle eliminated the noise.<sup>23</sup> Assuming *arguendo* that a defect existed in the subject vehicle, the alleged shuddering or sudden violent vibrations of the vehicle when on its 4x4 mode would not render said subject vehicle unfit for the use for which it is intended, nor would it diminish its fitness, as in fact the shuddering and the noise were corrected by Dearborn.

In addition, under Art. 68(d) of R.A. No. 7394, respondents may only be asked for a refund or replacement of the subject vehicle when after a reasonable number of attempts to remedy the defect or malfunction, the said subject vehicle continues to have the defect or to malfunction, which is not so in this case.<sup>24</sup>

In its November 21, 2017 Resolution, the CA denied petitioner's motion for reconsideration.

CA-G.R. SP No. 148924

In its June 16, 2017 Decision, the CA likewise annulled the November 9, 2016 Decision of the DTI Secretary and reinstated the January 9, 2014 Decision of the DTI Adjudication Division dismissing petitioner's amended complaint. The dispositive portion of the decision, reads:

**WHEREFORE**, premises considered, the assailed Decision, dated November 9, 2016, of the DTI Secretary is **REVERSED** and **SET ASIDE** and the Decision, dated January 9, 2014, of the DTI Adjudication Officer is **REINSTATED**.

**SO ORDERED.**<sup>25</sup> (italics omitted)

- over -

71-A

---

<sup>21</sup> Id. at 28.

<sup>22</sup> Id. at 27.

<sup>23</sup> Id. at 27 and 46-47.

<sup>24</sup> Id. at 28.

<sup>25</sup> *Rollo* (G.R. No. 235855), p. 32.

The CA found that petitioner failed to present proof that a defect exists on the subject vehicle and that repair was made thereon. Absent any corroborating evidence, the e-mail correspondence of the parties alone was not sufficient to prove that there was a defect and that subsequent repair was made on petitioner's subject vehicle.<sup>26</sup>

Further, the CA took into account the gravity and seriousness of the case and the effect of its decision on the parties, and held that the DTI Secretary committed grave abuse of discretion when it based its decision solely on the e-mail sent by Jaime Uy, Service Manager of Ford Alabang Service Department (*FASD*), stating that petitioner's concern had already been eliminated without undergoing any major repair. The CA underscored the fact that petitioner did not present any evidence, *i.e.*, diagnosis of another expert in car repair, to support his claim that there was a defect and that subsequent repair in his car was done.<sup>27</sup>

Petitioner moved for reconsideration, but the same was denied by the CA in its December 6, 2017 Resolution.

Hence, these instant consolidated appeals by *certiorari*.

### Issue

Whether the CA erred in reinstating the January 9, 2014 Decision of the DTI Adjudication Division dismissing petitioner's amended complaint against respondents.

### *Petitioner's Arguments*

In his consolidated petitions, petitioner insists that the shuddering or vibrating of the subject vehicle is a hidden defect contemplated under Art. 68(f) of the Consumer Act of the Philippines. Dearborn made a tacit admission as to the existence of hidden defects in its December 23, 2011 e-mail to petitioner. In the said e-mail, Dearborn stated that "*the vibrating and shuddering noise is now gone. Thanks to the help of FGP, our TSO Johann was able to pinpoint the main cause. The uneven tire pressure is picked up by the sensitive computer system and [the TSO] adjusted the unit's operation accordingly.*"<sup>28</sup>

- over -

71-A

---

<sup>26</sup> Id. at 31.

<sup>27</sup> Id. at 31-32.

<sup>28</sup> Id. at 15-16; petition.

Petitioner maintains that Dearborn's conclusions regarding the uneven tire pressure do not address the shuddering or vibration noises of the subject vehicle. Conversely, tire pressure is never constant. In fact, it is common for tire pressure to decrease or deviate in the course of a vehicle's ordinary usage – more so on rough terrain for which vehicles such as the Ford Expedition are precisely designed.<sup>29</sup> Under the circumstances, petitioner submits that it was unnecessary – a surplusage, in fact – for him to present a diagnosis of another mechanic to rightfully conclude that the subject vehicle he purchased from Dearborn suffers from a hidden defect.<sup>30</sup>

Petitioner avers that Dearborn was afforded every opportunity to look into and rectify the defect of the subject vehicle. All that it needed was to notify petitioner of what it intended to do with the subject vehicle. Dearborn was guilty of inaction. It tinkered with the subject vehicle without petitioner's consent or permission and then made it appear that there was nothing wrong with the same; and that the mere fixing of the tire pressure addressed the concern, which definitely was not the case.<sup>31</sup>

Further, petitioner claims that the existence of hidden defects had been established by substantial evidence.<sup>32</sup> In its position paper before the DTI, Dearborn admitted that the shuddering of the subject vehicle appears in the same subject vehicle model but dismissed the said shuddering as “normal” whenever the subject vehicle is in the 4x4 mode.<sup>33</sup> The DTI Secretary correctly considered the shuddering, sudden violent vibration, rough handling with unusual and weird noises when the 4x4 automatic mode is engaged, as hidden defects under Art. 97 of the Consumer Act of the Philippines.<sup>34</sup>

### *Respondent's Arguments*

In its Comment to the Petition<sup>35</sup> dated April 2, 2018, Dearborn reiterates that petitioner failed to prove the allegations in his complaint. Apart from their e-mail communication, no other evidence was presented to prove that a defect existed and that a repair was made on the subject vehicle.<sup>36</sup> Notably, the “repair” contemplated in

- over -

71-A

---

<sup>29</sup> Id. at 17.

<sup>30</sup> Id.

<sup>31</sup> Id. at 17-18.

<sup>32</sup> *Rollo* (G.R. No. 235716), p. 16.

<sup>33</sup> Id.

<sup>34</sup> Id.

<sup>35</sup> *Rollo* (G.R. No. 235855), pp. 153-163.

<sup>36</sup> Id. at 159.

their e-mail pertained to Dearborn's action of correcting the uneven tire pressure of the subject vehicle to conform to the specified tire pressure. Further, Dearborn alleges that it even issued a technical report indicating that the only problem encountered during the evaluation of the subject vehicle was the uneven tire pressure. Said uneven tire pressure cannot be considered a defect contemplated under the Consumer Act.<sup>37</sup> It cannot be considered as a defect which renders the subject vehicle unfit for use or decreases its value.<sup>38</sup>

Dearborn argues that even assuming that the subject vehicle has a defect, Arts. 68 and 100 of the Consumer Act, provide the appropriate remedies. Dearborn asserts that it should be given the opportunity to correct the defect or malfunction, if any. It is only when the defect is not corrected after reasonable attempts that a consumer can make a demand for replacement or reimbursement.<sup>39</sup>

In its Comment to the Petition<sup>40</sup> dated June 8, 2018, Ford avers that petitioner's allegations in his complaint are unfounded and not supported by evidence.<sup>41</sup> Petitioner failed to establish that the subject vehicle was repaired by Dearborn.<sup>42</sup> Further, even assuming that Dearborn performed repair work on the subject vehicle, there was absolutely no basis to hold Ford liable for the alleged repairs. Ford and Dearborn are separate judicial entities and as such, any liability that could arise as a result of the supposed repairs performed by Dearborn, assuming there was any, cannot be passed on to Ford.<sup>43</sup>

Ford maintains that petitioner failed to present any evidence to prove that the subject vehicle suffered from a hidden defect.<sup>44</sup> To be sure, petitioner admitted that the alleged "rough handling and unusual noise" were never verified, and that the purported "shuddering" disappeared after the mere adjustment of the tire pressure.<sup>45</sup> Moreover, Ford claims that even assuming that a defect existed in the subject vehicle whenever it was on 4x4 mode, this would not render the same unfit for the use which it was intended, nor would it diminish its fitness as a motor vehicle.<sup>46</sup>

- over -

71-A

---

<sup>37</sup> Id. at 159-160.

<sup>38</sup> Id. at 160.

<sup>39</sup> Id. at 161-162.

<sup>40</sup> *Rollo* (G.R. No. 235716), pp. 244-258.

<sup>41</sup> Id. at 249.

<sup>42</sup> Id. at 250.

<sup>43</sup> Id. at 250-251.

<sup>44</sup> Id. at 251.

<sup>45</sup> Id. at 252.

<sup>46</sup> Id.



On April 23, 2018, petitioner filed his Reply<sup>47</sup> to Dearborn's comment and later, he filed his Reply<sup>48</sup> to Ford's comment on June 25, 2018, in amplification of the arguments in his petitions.

### The Court's Ruling

The consolidated petitions are bereft of merit.

Petitioner alleges that respondents violated Art. 1561 of the New Civil Code and Arts. 50 and 52, in relation to Art. 68(f)(2) of R.A. No. 7394, when it sold him a defective vehicle. Respondents, on the other hand, claim that petitioner failed to prove the elements of deceit or misrepresentation under Art. 50, and breach of warranty under Art. 68(f).

The relevant provisions of R.A. No. 7394 or the Consumer Act of the Philippines are:

*Article 50. Prohibition Against Deceptive Sales Acts or Practices.* — A deceptive act or practice by a seller or supplier in connection with a consumer transaction violates this Act whether it occurs before, during or after the transaction. An act or practice shall be deemed deceptive whenever the producer, manufacturer, supplier or seller, through concealment, false representation or fraudulent manipulation, induces a consumer to enter into a sales or lease transaction of any consumer product or service.

Without limiting the scope of the above paragraph, **the act or practice of a seller or supplier is deceptive when it represents that:**

- a) a consumer product or service has the sponsorship, approval, performance, characteristics, ingredients, accessories, uses, or benefits it does not have;
- b) a consumer product or service is of a particular standard, quality, grade, style, or model when in fact it is not;**
- c) a consumer product is new, original or unused, when in fact, it is in a deteriorated, altered, reconditioned, reclaimed or second-hand state;
- d) a consumer product or service is available to the consumer for a reason that is different from the fact;

- over -

71-A

---

<sup>47</sup> *Rollo* (G.R. No. 235855), pp. 166-171.

<sup>48</sup> *Rollo* (G.R. No. 235716), pp. 232-240.

- e) **a consumer product or service has been supplied in accordance with the previous representation when in fact it is not;**
- f) a consumer product or service can be supplied in a quantity greater than the supplier intends;
- g) a service, or repair of a consumer product is needed when in fact it is not;
- h) a specific price advantage of a consumer product exists when in fact it does not;
- i) the sales act or practice involves or does not involve a warranty, a disclaimer of warranties, particular warranty terms or other rights, remedies or obligations if the indication is false; and
- j) the seller or supplier has a sponsorship, approval, or affiliation he does not have.

x x x x

ARTICLE 52. *Unfair or Unconscionable Sales Act or Practice.* — An unfair or unconscionable sales act or practice by a seller or supplier in connection with a consumer transaction violates this Chapter whether it occurs before, during or after the consumer transaction. An act or practice shall be deemed unfair or unconscionable whenever the producer, manufacturer, distributor, supplier or seller, by taking advantage of the consumer's physical or mental infirmity, ignorance, illiteracy, lack of time or the general conditions of the environment or surroundings, induces the consumer to enter into a sales or lease transaction grossly inimical to the interests of the consumer or grossly one-sided in favor of the producer, manufacturer, distributor, supplier or seller.

In determining whether an act or practice is unfair and unconscionable, the following circumstances shall be considered:

- a) that the producer, manufacturer, distributor, supplier or seller took advantage of the inability of the consumer to reasonably protect his interest because of his inability to understand the language of an agreement, or similar factors;
- b) that when the consumer transaction was entered into, the price grossly exceeded the price at which similar products or services were readily obtainable in similar transaction by like consumers;
- c) that when the consumer transaction was entered into, the consumer was unable to receive a substantial benefit from the subject of the transaction;

- over -

71-A



- d) that when the consumer transaction was entered into, the seller or supplier was aware that there was no reasonable probability or payment of the obligation in full by the consumer; and
- e) that the transaction that the seller or supplier induced the consumer to enter into was excessively one-sided in favor of the seller or supplier.

x x x x

ARTICLE 68. *Additional Provisions on Warranties.* — In addition to the Civil Code provisions on sale with warranties, the following provisions shall govern the sale of consumer products with warranty: x x x

x x x x

- f) *Breach of warranties.* — 1) In case of breach of express warranty, the consumer may elect to have the goods repaired or its purchase price refunded by the warrantor. In case the repair of the product in whole or in part is elected, the warranty work must be made to conform to the express warranty within thirty (30) days by either the warrantor or his representative. The thirty-day period, however, may be extended by conditions which are beyond the control of the warrantor or his representative. In case the refund of the purchase price is elected, the amount directly attributable to the use of the consumer prior to the discovery of the non-conformity shall be deducted. x x x (emphases supplied)

R.A. No. 7394 specifically provides that an act of a seller is deceptive when it represents to a consumer that a product is of a particular standard, quality, grade, style, or model when in fact it is not, and that product has been supplied in accordance with the previous representation when in fact it was not.

In *Autozentrum Alabang, Inc. v. Spouses Bernardo*,<sup>49</sup> the Court held that “[a] representation is not confined to words or positive assertions; it may consist as well of deeds, acts or artifacts of a nature calculated to mislead another and thus allow the fraud-feasor to obtain an undue advantage. Failure to reveal a fact which the seller is, in good faith, bound to disclose may generally be classified as a

- over -

71-A

---

<sup>49</sup> 786 Phil. 851 (2016).

deceptive act due to its inherent capacity to deceive. Suppression of a material fact which a party is bound in good faith to disclose is equivalent to a false representation.”<sup>50</sup>

In the present case, both the DTI Adjudication Division and the CA aptly found that petitioner failed to prove his allegations in his amended complaint.

In finding that the evidence weighs heavily in favor of respondents, the DTI Adjudication Division and the CA gave considerable weight on the following facts: (1) the condition of the subject vehicle after Dearborn had corrected the tire pressure; (2) the technical report issued by Dearborn that no major repairs were made on the subject vehicle; (3) the fact that petitioner’s concerns anent the purported shuddering and noise whenever the 4x4 mode was engaged, had already been addressed and eliminated after the tire pressure had been corrected; and (4) the e-mail correspondence of the parties.

Notably, other than the e-mail correspondence of the parties, petitioner failed to adduce any other corroborating evidence that would support his allegations that the subject vehicle was indeed defective or suffered a hidden defect that could make respondents liable for the same. Art. 97 of the Consumer Act provides instances wherein a manufacturer or importer could be held liable for the defective product, *viz.*:

ARTICLE 97. *Liability for the Defective Products.* — Any Filipino or foreign manufacturer, producer, and any importer, shall be liable for redress, independently of fault, for damages caused to consumers by **defects resulting from design, manufacture, construction, assembly and erection, formulas and handling and making up, presentation or packing of their products, as well as for the insufficient or inadequate information on the use and hazards thereof.**

**A product is defective when it does not offer the safety rightfully expected of it,** taking relevant circumstances into consideration, including but not limited to:

- a) presentation of product;
- b) use and hazards reasonably expected of it;
- c) the time it was put into circulation.

- over -

71-A

---

<sup>50</sup> Id. at 861-862.

A product is not considered defective because another better-quality product has been placed in the market.

The manufacturer, builder, producer or importer shall not be held liable when it evidences:

- a) that it did not place the product on the market;
- b) that although it did place the product on the market such product has no defect;
- c) that the consumer or a third party is solely at fault. (emphasis supplied)

Here, petitioner failed to present evidence that the subject vehicle was indeed defective and that a repair had been made thereon. Conversely, the Technical Report<sup>51</sup> given by Dearborn in its e-mail correspondence to petitioner on December 23, 2011, revealed that only the following works were undertaken to address the concerns of petitioner over the subject vehicle, to wit: 1) performed road test, 2) performed 4x4 functionality test, 3) performed visual inspection of driveline, and 4) checked the tire pressure.<sup>52</sup>

Said technical report indicates that the only problem encountered during the evaluation of the subject vehicle was the uneven tire pressure. With the exception of correcting the uneven tire pressure, there is nothing in the records which would show that repairs were performed on the subject vehicle. Notably, after adjusting the tire pressure, the alleged “shuddering” and “noise” disappeared. This was likewise explained in the technical report which states:

The 4x4 function is operating normally and there was no signs (sic) of leak or damage in the drive line system. The root cause of the concern was the uneven tire pressure. Correct tire pressure [has] an important influence on the traction of the tires. Incorrect tire pressure could cause front and rear drive line calibration, ride and handling difference.<sup>53</sup>

On the basis of the said technical report, it is clear that petitioner’s concern anent the alleged shuddering and vibrating noise was resolved. The shuddering and noise were the effect of uneven tire pressure. Nonetheless, uneven tire pressure could not be considered as a defect within the meaning of Art. 97 of the Consumer Act since it did not arise or result from defects in design, manufacture, assembly,

- over -

71-A

---

<sup>51</sup> *Rollo* (G.R. No. 235855), pp. 49-50.

<sup>52</sup> *Rollo* (G.R. No. 235716), p. 46.

<sup>53</sup> *Rollo* (G.R. No. 235855), p. 50.

handling, and making up; nor was it a result of insufficient or inadequate information on the use and hazards thereof. Indeed, petitioner failed to show that the subject vehicle was defective or did not offer the safety rightfully expected of it; more so when the purported issues of the subject vehicle had already been addressed by respondents.

Likewise, respondents could not be held liable for breach of warranty against hidden defects. The provisions on warranty against hidden defects are found in Arts. 1561 and 1566 of the New Civil Code of the Philippines, which read as follows:

Art. 1561. The vendor shall be responsible for warranty against hidden defects which the thing sold may have, should they render it unfit for the use for which it is intended, or should they diminish its fitness for such use to such an extent that, had the vendee been aware thereof, he would not have acquired it or would have given a lower price for it; but said vendor shall not be answerable for patent defects or those which may be visible, or for those which are not visible if the vendee is an expert who, by reason of his trade or profession, should have known them.

Art. 1566. The vendor is responsible to the vendee for any hidden faults or defects in the thing sold, even though he was not aware thereof.

This provision shall not apply if the contrary has been stipulated, and the vendor was not aware of the hidden faults or defects in the thing sold.

A hidden defect is one which is unknown or could not have been known to the vendee.<sup>54</sup> Under the law, the requisites to recover on account of hidden defects are as follows:

- (a) the defect must be hidden;
- (b) the *defect must exist at the time the sale was made*;
- (c) the defect must ordinarily have been excluded from the contract;
- (d) the defect, must be important (renders thing UNFIT or considerably decreases FITNESS);
- (e) the action must be instituted within the statute of limitations.<sup>55</sup>

- over -

71-A

---

<sup>54</sup> *Nutrimix Feeds Corp. v. Court of Appeals*, 484 Phil. 330, 343 (2004).

<sup>55</sup> *Id.* at 343.

In *Nutrimix Feeds Corp. v. Court of Appeals*<sup>56</sup> (*Nutrimix*), the Court held that “[t]o be able to prove liability on the basis of breach of implied warranty, three things must be established by petitioner. The *first* is that he sustained injury because of the product; the *second* is that the injury occurred because the product was defective or unreasonably unsafe; and *finally*, the *defect existed when the product left the hands of the respondents*. A manufacturer or seller of a product cannot be held liable for any damage allegedly caused by the product in the absence of any proof that the product in question was defective. The defect must be present upon the delivery or manufacture of the product; or when the product left the seller or manufacturer’s control; or when the product was sold to the purchaser; or the product must have reached the user or consumer without substantial change in the condition it was sold.”<sup>57</sup>

Here, petitioner failed utterly to prove the foregoing circumstances. To reiterate, petitioner failed to submit any evidence that the subject vehicle was defective upon its delivery or receipt from petitioner. The purported claim for damage likewise remains unsubstantiated by any corroborating evidence since the subject vehicle was proven to be in good working condition. As aptly observed by the CA, petitioner merely relied on their e-mail correspondence without submitting any other evidence to controvert Dearborn’s findings of the condition of the subject vehicle. Notably, Dearborn had repeatedly controverted petitioner’s allegations that the subject vehicle was defective, not only through its response to petitioner but also through a series of evaluations conducted on the subject vehicle as evidenced by the technical report it issued. After evaluating the subject vehicle’s condition, Dearborn found that there was no more shuddering or noise after correcting the tire pressure.

While petitioner remained unsatisfied with respondents’ acts or response to his concerns anent the subject vehicle, it must be noted that petitioner neither submitted a technical report from an independent car specialist or car repair service specialist to controvert the findings of FASD that the subject vehicle has no defects. To trace whether the defect of the said subject vehicle originated from respondents herein, as manufacturer or seller, would require some evidence that could link them to the same. Petitioner could have easily presented another technical report to refute respondents’ claim; however, he failed to do so.

- over -

71-A

---

<sup>56</sup> Id.

<sup>57</sup> Id. at 343-344.

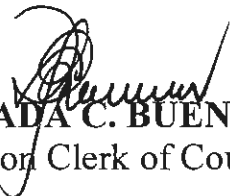
In the light of the ruling in *Nutrimix*, it is incumbent on petitioner to establish the liability of respondents on the basis of breach of implied warranty. No evidence, however, was adduced. Petitioner even failed to dispute Dearborn's technical report and findings.

In sum, the Court finds no compelling reason to deviate from the conclusion reached by the CA inasmuch as the same is based on the evidence on record of the case. Respondents cannot be held liable for any damage in the absence of proof that the subject vehicle was defective. For this reason, petitioner's amended complaint was correctly dismissed for his failure to sufficiently show that he is entitled to the reliefs prayed for.

**WHEREFORE**, the consolidated Petitions for Review on *Certiorari* are **DENIED**. The assailed May 16, 2017 Decision and November 21, 2017 Resolution of the Court of Appeals in CA-G.R. SP No. 148623, and its June 16, 2017 Decision and December 6, 2017 Resolution in CA-G.R. SP No. 148924, are **AFFIRMED**.

**SO ORDERED.** *Gaerlan, J., no part due to prior participation in the proceedings before the Court of Appeals. Hernando, J., designated additional Member per Raffle dated March 9, 2022.*

**By authority of the Court:**

  
**LIBRADA C. BUENA**  
Division Clerk of Court  
msz

by:

**MARIA TERESA B. SIBULO**  
Deputy Division Clerk of Court  
**71-A**

- over -





Attys. Arcangelita M. Romilla-Lantok  
& Luzviminda R. Zuñiga  
Counsel for Petitioner  
c/o Augustinian Abbey School  
Gov. Licaros cor. George Dee Sekiat  
Streets, BF Resort Village  
1740 Las Piñas City

Court of Appeals (x)  
Manila  
(CA-G.R. SP Nos. 148623 & 148924)

SYCIP SALAZAR HERNANDEZ  
& GATMAITAN  
Counsel for Resp. Ford Group  
Philippines, Inc.  
4<sup>th</sup> Floor, SyCipLaw Center  
105 Paseo de Roxas, 1200 Makati City

Atty. Maritess C. Santos  
Counsel for Resp. Dearborn Motors  
Co., Inc.  
3/F, Mazda Building  
2301 Don Chino Roces Avenue Extension  
Magallanes, 1231 Makati City

DEPARTMENT OF TRADE  
& INDUSTRY  
5/F, Industry & Investment Building  
385 Sen. Gil J. Puyat Avenue  
1200 Makati City  
(Appeal Case No. 2015-09)  
(ADM Case No. 12-036)

Public Information Office (x)  
Library Services (x)  
Supreme Court  
(For uploading pursuant to A.M.  
No. 12-7-1-SC)

Philippine Judicial Academy (x)  
Supreme Court

Judgment Division (x)  
Supreme Court

**71-A**

UR