



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames

Please take notice that the Court, Third Division, issued a Resolution dated **March 27, 2023**, which reads as follows:

“G.R No. 263628 (*Motor Image Manila Inc., and Motor Image Pilipinas Inc. v. Office of the Secretary of the Department of Trade and Industry and Pilot Snicker R. Ong*).— The Court resolves to **DENY** the Petition for Review on *Certiorari*¹ and **AFFIRM with MODIFICATION** the Decision² and the Resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 163776. Motor Image Manila Inc. and Motor Image Pilipinas Inc. are **ORDERED** to **REFUND** Pilot Snicker R. Ong with the amount of ₱1,899,757.59 representing the purchase price of the subject vehicle and other collateral charges and **PAY** the administrative fine amounting to ₱240,000.00. The monetary awards shall yield interest at the rate of six percent (6%) per *annum* from the finality of the Resolution until fully paid.

In a *certiorari* petition filed before the CA, wherein the unanimous rulings of the Department of Trade and Industry Fair Trade Enforcement Bureau Adjudication Division (DTI-FTEBAD) and the DTI Secretary are put to the question, the CA’s power to review is confined only to jurisdictional errors committed by the DTI-FTEBAD and the DTI Secretary. Their decisions may only be set aside if they committed grave abuse of discretion amounting to lack or excess of jurisdiction.

Grave abuse of discretion is defined as such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction. The abuse of discretion must be grave as where the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility and must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law. Grave abuse of discretion refers not merely to palpable errors of jurisdiction, or to violations of the Constitution, the law, and jurisprudence. It refers also

¹ *Rollo*, pp. 3-19.

² *Id.* at 25-41. The Decision dated October 28, 2021 was penned by Associate Justice Florencio M. Mamauag, Jr. and concurred in by Associate Justices Zenaida T. Galapate-Laguilles and Carlito B. Calpatura.

³ *Id.* at 43-44. Dated September 19, 2022.

to cases in which, for various reasons, there has been a gross misapprehension of facts.⁴

In this case, there was nothing capricious or whimsical about the DTI-FTEBAD and the DTI Secretary's findings, which directed Motor Image Manila Inc. and Motor Image Pilipinas Inc. (petitioners) to reimburse Ong the purchase price of the subject vehicle, including the collateral charges, as well as to pay an administrative fine.

Under Section 3(k) of Republic Act (RA) No. 10642⁵ otherwise known as the *Philippine Lemon Law*, nonconformity refers to any defect or condition that substantially impairs the use, value, or safety of a brand new motor vehicle which prevents it from conforming to the manufacturer's or distributor's standards or specifications, which cannot be repaired, but excluding conditions resulting from noncompliance by the consumer of his or her obligations under the warranty, modifications not authorized by the manufacturer or distributor, abuse or neglect, and damage due to accident or *force majeure*.

To avail of the rights under the Lemon Law, the purchaser must conform to the requisites outlined under Sections 5,⁶ 6⁷ and 7⁸ thereof. Indeed,

⁴ See *Tirol v. Tayengco-Lopingco*, G.R. No. 211017, March 15, 2022, citing *United Coconut Planters Bank v. Looyuko*, 560 Phil. 581 (2007).

⁵ Approved on July 15, 2014.

⁶ Section 5. *Repair Attempts*. –At any time within the Lemon Law rights period, and after at least four (4) separate repair attempts by the same manufacturer, distributor, authorized dealer or retailer for the same complaint, and the nonconformity issue remains unresolved, the consumer may invoke his or her rights under this Act.

The repair may include replacement of parts, components, or assemblies.

⁷ Section 6. *Notice of Availment of Lemon Law Rights*. – Before availing of any remedy under this Act and subject to compliance with the provisions of Section 5 hereof, the consumer shall, in writing, notify the manufacturer, distributor, authorized dealer or retailer of the unresolved complaint, and the consumer's intention to invoke his or her rights under this Act within the Lemon Law rights period.

The warranty booklet issued by the manufacturer, distributor, authorized dealer or retailer shall clearly state the manner and form of such notice to constitute a valid and legal notice to the manufacturer, distributor, authorized dealer or retailer. It shall also clearly state the responsibility of the consumer under this section.

⁸ Section 7. *Availment of Lemon Law Rights*. — Subsequent to filing the notice of availment referred to in the preceding section, the consumer shall bring the vehicle to the manufacturer, distributor, authorized dealer or retailer from where the vehicle was purchased for a final attempt to address the complaint of the consumer to his or her satisfaction.

It shall be the duty of the manufacturer, distributor, authorized dealer or retailer, upon receipt of the motor vehicle and the notice of nonconformity required under Section 6 hereof, to attend to the complaints of the consumer including, as may be necessary, making the repairs and undertaking such actions to make the vehicle conform to the standards or specifications of the manufacturer, distributor, authorized dealer or retailer for such vehicle.

In case the nonconformity issue remains unresolved despite the manufacturer, distributor, authorized dealer or retailer's efforts to repair the vehicle, pursuant to the consumer's availment of his or her Lemon Law rights, the consumer may file a complaint before the DTI as provided for under this Act: Provided, however, That if the vehicle is not returned for repair, based on the same complaint, within thirty (30) calendar days from the date of notice of release of the motor vehicle to the consumer following this repair attempt within the Lemon Law rights period, the repair is deemed successful: Provided, finally, That, in the event that the nonconformity issue still exists or persists after the thirty (30)-day period but still within the Lemon Law rights period, the consumer may be allowed to avail of the same remedies under Sections 5 and 6 hereof.

To compensate for the non-usage of the vehicle while under repair and during the period of availment of the Lemon Law rights, the consumer shall be provided a reasonable daily transportation

the unusual sound produced by the subject vehicle does not fall under nonconformity since the complaint filed by Ong was premature. Ong failed to comply with the conditions precedent required by the Lemon law. Nevertheless, the DTI-FTEBAD, the DTI Secretary, and the CA were right in concluding that the issue of nonconformity has morphed into product and service imperfection under Section 100⁹ of RA No. 7394¹⁰ or the *Consumer Act of the Philippines*.

As asserted by Ong, the unusual sound never really disappeared. It recurred even after the multiple repairs done by petitioners. Such an unresolved imperfection renders the product unfit or inadequate for which it was designed. The same also decreased the vehicle's value. Thus, Ong properly asserted his rights under the Consumer Act when he demanded from petitioners the refund of the purchase price of the vehicle and other collateral charges.

In any event, it is well to emphasize that as a general rule, the factual findings of administrative bodies charged with their specific field of expertise are afforded great weight by the courts, and in the absence of substantial evidence showing that such findings were made from an erroneous estimation of the evidence presented, they are conclusive, and in the interest of stability of the governmental structure, should not be disturbed.¹¹

SO ORDERED.”

By authority of the Court:

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Division Clerk of Court

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COURT OF APPEALS
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allowance, an amount which covers the transportation of the consumer from his or her residence to his or her regular workplace or destination and vice versa, equivalent to air-conditioned taxi fare, as evidenced by official receipt, or in such amount to be agreed upon by the parties, or a service vehicle at the option of the manufacturer, distributor, authorized dealer or retailer. Any disagreement on this matter shall be resolved by the DTI.

Nothing herein shall be construed to limit or impair the rights and remedies of a consumer under any other law.

⁹ *Rollo*, p. 27, CA Decision in CA-G.R. SP No. 163776.

¹⁰ Approved on April 13, 1992.

¹¹ See *Cabral v. Adolfo*, 794 Phil. 161, 172 (2016).

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