

Title: Autozentrum Alabang, Inc. v. Spouses Miamar A. Bernardo and Genaro F. Bernardo, Jr., et al.

Facts:

The Spouses Bernardo purchased a 2008 BMW 320i sports car from petitioner Autozentrum, an authorized dealer of BMW vehicles. The sale was supposed to be for a brand new car. However, the Spouses Bernardo encountered multiple issues with the vehicle involving its ABS brake system, steering column, electric warning system, door lock system, air conditioning unit, and a fuel tank leak. Additionally, it was discovered that one of the car's tires lacked Running Flat Technology, which should have been standard. Upon raising the issue, Autozentrum replaced the ordinary tire with an RFT tire.

When Spouses Bernardo demanded a replacement or refund for the car, Autozentrum's Aftersales Manager mentioned in a letter that the car was "certified pre-owned" or used. This admission, combined with various malfunctions and evidence such as LTO registration papers indicating the car was previously registered in Autozentrum's name, led the Spouses Bernardo to file a complaint with the DTI, alleging violation of the Consumer Act of the Philippines for selling a defective and used car as new.

Issues:

The primary legal issues raised were whether Autozentrum violated provisions of the Consumer Act of the Philippines pertaining to defective products and deceptive sales practices by selling a defective and used car as new to the Spouses Bernardo.

Court's Decision:

The Court found Autozentrum guilty of committing a deceptive sales act by selling a second-hand car as brand new, as evidenced by its previous ownership of the car, the letter from the Aftersales Manager, and the non-RFT tire. The Court affirmed the DTI's and the CA's decision, holding Autozentrum liable to refund the purchase price of the car to the Spouses Bernardo and pay an administrative fine. However, Autozentrum was not held liable under Article 97 of RA 7394, for there was no proof that it was the manufacturer, producer, or importer, or that damages were incurred by the Bernardo due to defects arising from those roles.

Doctrine:

This case reinforced the doctrine that using concealment, false representation, or fraudulent manipulation to induce a consumer transaction constitutes a deceptive act or practice in

violation of the Consumer Act of the Philippines.

Historical Background:

The case underscores the historical commitment of Philippine law to uphold consumer rights, particularly against deceptive business practices and the sale of defective products amidst increasing complexities in commercial transactions and consumer products.

Class Notes:

The Consumer Act of the Philippines (RA 7394):

- Article 50 defines deceptive sales acts or practices, including the sale of used goods as new.
- Article 97 establishes liability for damages caused by defective products due to various factors, including design and information sufficiency.
- Article 60 and Article 164 lay out penalties for deceptive, unfair, and unconscionable sales acts or practices.

Applying these provisions, the Court emphasized that deceit through suppression of material facts and false representation are subject to restitution. Furthermore, a requirement for mutual restitution arises with the rescission of a fraudulent contract. In this specific case, Autozentrum was ordered to return the full purchase price of the car to the Spouses Bernardo, evidencing the application of consumer protection laws protecting individuals from dishonest trade practices.