

Title:

Philippine Steel Coating Corp. vs. Eduard Quiñones: A Case of Express Warranty

Facts:

The sequence of events commenced in early 1994 when Richard Lopez, a sales engineer from Philippine Steel Coating Corp. (PhilSteel), approached Eduard Quiñones, owner of Amianan Motors, offering primer-coated, long-span, rolled galvanized iron sheets for his bus manufacturing business. Quiñones inquired about the compatibility of these sheets with Amianan Motors' Guilder acrylic paint process. Uncertain, Lopez consulted PhilSteel's sales manager, Ferdinand Angbengco, who assured the product's superiority and compatibility after allegedly conducting a laboratory test.

Convinced, Quiñones purchased the product, leading to customer complaints in 1995 about paint peeling off from bus units. He contacted PhilSteel, invoking warranties and attributing damages to the product's hidden defects. PhilSteel countered, blaming the poor paint application by Quiñones for the issues.

The case escalated through the legal system when Quiñones filed for damages against PhilSteel. The Regional Trial Court (RTC) sided with Quiñones, a decision upheld by the Court of Appeals (CA), leading PhilSteel to seek a final appeal in the Supreme Court.

Issues:

1. Are vague oral statements made by the seller about a product considered express warranties?
2. Do general warranties on product suitability expire in six months under Article 1571 of the Civil Code?
3. Was the buyer, Quiñones, negligent, assuming warranties were provided?
4. Can allegations of warranty breach justify non-payment for the product?

Court's Decision:

The Supreme Court denied PhilSteel's petition, affirming the CA and RTC's decisions, except for the deletion of awarded attorney's fees. The Court recognized PhilSteel's statements as constituting an express warranty under Article 1546 of the Civil Code. It ruled that the oral affirmations by Angbengco, aimed at inducing Quiñones to purchase the product, amounted to more than mere "vague oral statements." Additionally, the Court found no negligence on Quiñones's part and justified his non-payment for the product due to the proven breach of warranty by PhilSteel.

Doctrine:

The case reiterated the doctrine on the establishment of an express warranty in a sale contract, specifying that any seller's affirmation of fact regarding the product, if intended to induce the purchase, is binding as an express warranty if relied upon by the buyer.

Class Notes:

- **Express Warranty**: Any seller's affirmative statement or promise concerning the product that induces the buyer's purchase, as per Article 1546 of the Civil Code.
- **Article 1546, Civil Code**: Establishes the bounds of an express warranty in contracts of sale.
- **Negligence**: Defined as a failure to exercise the care that a reasonably prudent person would exercise in like circumstances.
- **Prescription of Warranty**: The general rule is four years for actions based on breach of express warranty when no specific period is stipulated.
- **Recourse for Breach**: Under Article 1599 of the Civil Code, a buyer may recoup in the diminution or extinction of the price, among other options, in case of a seller's breach of warranty.

Historical Background:

This case highlights the interpretation and application of the provisions on warranties in sales contracts within Philippine jurisprudence. It underscores the importance of seller's representations during negotiations and their impact on contractual obligations. The decision reinforces consumer protection against misleading claims and emphasizes the legal responsibilities of sellers, reflecting the evolving dynamics of commerce and consumer rights.