

Title

Nutrimix Feeds Corporation vs. Court of Appeals and Spouses Efren and Maura Evangelista:
A Case of Alleged Warranty Breach Due to Hidden Defects in Sold Animal Feeds

Facts

The case traces its origins to April 5, 1993, when the spouses Efren and Maura Evangelista commenced procuring various animal feeds on credit from Nutrimix Feeds Corporation, due to a close relationship between the company president and Efren's brother, Eugenio Evangelista. Despite initial compliance in payments, some deliveries were not accompanied by checks, accumulating a debt of P766,151.00. Upon the dishonoring of several checks due to a closed account, Nutrimix demanded payment, which the Evangelistas refused, citing the unexpected and massive death of their livestock allegedly due to contaminated feeds as their defense. This prompted Nutrimix to file a complaint for the sum of money and damages, labeled as Civil Case No. 1026-M-93, against the Evangelistas on December 15, 1993. In retaliation, the Evangelistas filed a separate complaint for damages against Nutrimix (Civil Case No. 49-M-94) in January 1994, claiming the feeds' contamination led to their livestock's death. Despite a motion to dismiss by Nutrimix citing *litis pendentia*, the cases were consolidated and jointly tried, leading to a trial court decision in favor of Nutrimix, a decision later appealed by the Evangelistas to the Court of Appeals (CA), which then modified the verdict, thus prompting Nutrimix to elevate the matter to the Supreme Court.

Issues

1. Whether the feeds sold by Nutrimix to the Evangelistas contained hidden defects rendering them unfit for their intended use.
2. Whether the Evangelistas are released from their obligation to pay due to the alleged breach of warranty by Nutrimix.
3. Whether the findings of the CA were contrary to those of the trial court and if so, whether they warrant a review of factual findings by the Supreme Court.

Court's Decision

The Supreme Court granted the petition in favor of Nutrimix, reversing the CA's decision and reinstating the trial court's decision. The Court found insufficient evidence to support the claim that the feeds were defective at the time of delivery or that such alleged defects directly caused the death of the Evangelistas' livestock. The prolonged interval between the delivery and the examination of the feeds, and the changes in the Evangelistas' defense, were highlighted as reasons to doubt the feeds' alleged contamination at the time of

delivery. Moreover, the Court noted the absence of compelling evidence that the same feeds consumed by the livestock were the ones examined for contaminants. Consequently, the Evangelistas were held liable for their outstanding debt to Nutrimix.

Doctrine

The Supreme Court reiterated the doctrine concerning warranties against hidden defects in the sale of goods, as embodied in Articles 1561 and 1566 of the New Civil Code. It emphasized the requirements for a seller's liability due to hidden defects: the defect must be significant, concealed, exist at the time of sale, and there must be a causal link between the defect and the harm suffered.

Class Notes

- **Hidden Defects**: For a claim based on hidden defects, the plaintiff must establish that the defect was not visible or known at the time of purchase and that it significantly impairs the item's intended use. The defect must also exist at the time of the sale.
- **Warranty Breach**: Liability for breach of warranty requires proving that the product was defective at the point of sale and that this defect directly caused the injury or damage incurred.
- **Evidence Standard**: Establishing causation necessitates clear evidence tying the product's condition at the time of sale to the alleged damage or injury without substantial alteration in its condition.
- **Legal Remedies**: The aggrieved party can either withdraw from the contract or demand a price reduction, with the potential for damages in either scenario, under Articles 1561, 1566, and 1567 of the Civil Code.

Historical Background

This case illustrates the Philippine legal standards for adjudicating claims of hidden defects and the implications of such defects on contractual obligations. It underscores the importance of timely and substantiated claims when citing product defects as a defense for non-payment and highlights the evidentiary burden placed on plaintiffs in proving such claims in court.