

**\*\*Title:** Vicente D. Cabanting and Lalaine V. Cabanting vs. BPI Family Savings Bank, Inc. (G.R. No. 206002)**\*\***

**\*\*Facts:\*\***

1. On January 14, 2003, Vicente D. Cabanting and Lalaine V. Cabanting (petitioners) bought a 2002 Mitsubishi Adventure SS MT from Diamond Motors Corporation on an installment basis.
2. The petitioners executed a Promissory Note with Chattel Mortgage for the vehicle, obligating themselves to pay Diamond Motors P836,032.00 in monthly installments.
3. On the same day, Diamond Motors assigned its rights, title, and interest to the Promissory Note with Chattel Mortgage to BPI Family Savings Bank, Inc. (BPI Family).
4. Petitioners allegedly sold the vehicle to Victor S. Abalos, who assumed the obligation to pay the remaining installments, and made payments through personal checks accepted by BPI Family.
5. Abalos's checks for May 2003 to October 2003 were honored, but subsequent checks were dishonored.
6. On October 16, 2003, BPI Family filed a complaint for Replevin and damages against petitioners before the Regional Trial Court (RTC) of Manila, citing petitioners' failure to pay and seeking a writ of replevin.
7. Petitioners, in their Answer, argued that BPI Family should sue Abalos instead.
8. The RTC trial proceeded with several hearings being canceled due to either petitioners' or respondent's counsel's absence, and petitioners failed to present their witness.
9. On February 13, 2008, BPI Family moved to deem petitioners' right to present evidence waived due to their repeated failures to present evidence.
10. The RTC granted the motion and rendered a decision on April 14, 2008, favoring BPI Family, ordering petitioners to pay P742,022.92 with interest of 24% per annum and P20,000.00 in attorney's fees.
11. On appeal, the Court of Appeals (CA) affirmed the RTC's decision but modified the interest rate to 12% per annum, and deleted the award for attorney's fees.
12. Petitioners' Motion for Reconsideration was denied by the CA.

**\*\*Issues:\*\***

1. Whether BPI Family is entitled to replevin or payment of the vehicle's value and damages without proof of prior demand.
2. Whether petitioners were deprived of due process when they were deemed to have waived their right to present evidence.

**Court's Decision:**

1. **Entitlement to Replevin:**

- The Court held that no prior demand was needed to make the petitioners' obligation due and payable. The Promissory Note with Chattel Mortgage explicitly waived petitioners' right to a demand, as stipulated in the agreement.
- A contract of adhesion, such as the one signed by petitioners, is valid and binding unless proven to be intrinsically unfair, which was not the case here.
- The Court reiterated that, even assuming no demand letter was issued by BPI Family, the waiver of demand in the contract made the obligation immediately due and payable upon default.

2. **Due Process:**

- The Court found no deprivation of due process. Petitioners were given multiple opportunities to present their evidence but failed to do so.
- The failure to move for reconsideration of the RTC's order deeming them to have waived their right to present evidence further weakened their claim.
- The Court emphasized that due process requirements were met as petitioners had opportunities to be heard through hearings and pleadings.

**Doctrine:**

- **Contracts of Adhesion:** Such contracts are generally binding unless shown to be unconscionable.
- **Waiver of Demand in Obligations:** Valid stipulations in promissory notes and contracts that waive the requirement for notice or demand are enforceable.
- **Due Process in Judicial Proceedings:** The opportunity to be heard is sufficient to satisfy due process, and repeated failures to present evidence can lead to waiving rights to present it.

**Class Notes:**

- **Contract of Adhesion:** Contracts where one party sets terms and the other adheres; can be upheld if not inherently unfair.
- **Waiver of Demand (Art. 1169 of Civil Code):** Parties can waive the right to demand before obligations become due.
- **Due Process:** In legal terms, being given a fair chance to present one's case or defense through adequate notice and opportunities.

**Historical Background:**

- The case reflects common issues in installment sales and financial contracts in the Philippines, wherein financial institutions often assign receivables and rights to third parties, commonly leading to disputes over payment obligations and terms of adhesion in contracts. The Court's ruling reaffirms the binding nature of waiver clauses and their importance in commercial transactions, stressing the adherence to contractual terms unless proven unconscionable.