

**Title:** Servicewide Specialists, Inc. vs. Intermediate Appellate Court, Galicano Siton, and Justiniano de Dumo

**Facts:**

1. **Initial Transaction:**

- Galicano Siton bought a Mitsubishi Celeste vehicle from Car Traders Philippines, Inc. for PHP 93,400.
- Paid PHP 25,000 downpayment; balance of PHP 68,400 covered via a promissory note on August 14, 1979.
- Promissory note stipulated 36 monthly payments of PHP 1,900 starting September 14, 1979.
- Included 14% annual interest on unpaid installments, acceleration clause on default, and 25% attorney's fees upon default.
- Executed a Chattel Mortgage over the vehicle as security.

2. **Assignment of Credit:**

- Car Traders assigned the credit to Filinvest Credit Corp., which then reassigned it to Servicewide Specialists, Inc. (petitioner).

3. **Default and Legal Actions:**

- Siton failed to pay installments due on November 2, December 2, 1981, and January 2, 1982.
- Servicewide filed for replevin or money collection against Siton and "John Doe."
- Justiniano de Dumo, as "John Doe," claimed he bought the vehicle from Siton on November 24, 1979, and had been paying the installments.
- Regional Trial Court denied replevin and ordered joint payment of the remaining balance and other fees.

4. **Appeal to Intermediate Appellate Court:**

- Servicewide appealed but the court affirmed the trial court decision.
- Petitioner sought Supreme Court review, claiming several errors by the appellate court.

**Issues:**

1. **Validity of Sale of Mortgaged Vehicle:**

- Whether the sale from Siton to De Dumo was valid given it lacked mortgagee's written consent.

2. **Binding Effect of the Sale:**

- Whether Servicewide and predecessors-in-interest are bound by the sale and De Dumo's payments.

3. **Demand and Default Obligations:**

- Whether Servicewide needed to demand payments from De Dumo, not privy to the original promissory note.

4. **Issuance of Writ of Replevin:**

- Whether Servicewide complied sufficiently with legal requirements to warrant a Writ of Replevin.

5. **Notification Responsibilities:**

- Whether Servicewide was obliged to inform De Dumo to submit the insurance policy and redeem the dishonored check.

**Court's Decision:**

1. **Validity of Sale:**

- Court deemed sale valid despite the lack of written consent from mortgagee.  
- Sale affects only penal liability of mortgagor and does not invalidate the transfer.

2. **Binding Effect of the Sale:**

- Transaction impliedly accepted by the petitioner through acceptance of De Dumo's checks.  
- Doctrine of estoppel applied: petitioner bound by actions of predecessor advising that verbal notice suffices.

3. **Demand and Default Obligations:**

- Court held that written or verbal consent by mortgagee wasn't necessary once the sale was impliedly accepted.  
- Debt obligations fall jointly on Siton and De Dumo, maintaining original debtor's liability along with added debtor.

4. **Issuance of Writ of Replevin:**

- Replevin not justified as petitioner's pursuit of the debt via collection waives foreclosure remedy.  
- Court concurred that the chosen remedy by petitioner excluded judicial seizure.

5. **Notification Responsibilities:**

- Default provisions under promissory note negate necessity for demand notice.
- Immediate payment of the full remaining balance upon default dismisses need for additional notice.

**Doctrines:**

- **Estoppel:** One cannot deny representation that others relied on.
- **Alternative Remedies:** Vendor in installment sales of personal property may not pursue multiple remedies simultaneously.
- **Default Provisions:** Explicit contract terms binding immediate demand of full debt on default without additional notice.

**Class Notes:**

**Key Elements:**

1. **Estoppel:** Prevents a party from contradicting an established representation relied upon by others.
  - **Art. 1431, Civil Code:** Admission/representation empowerment and conclusive against the person making it.
2. **Alternative Remedies in Installment Sales:**
  - **Art. 1484, Civil Code:** Vendor's choices: enforce obligation, cancel the sale, or foreclose mortgage.
3. **Default Clauses:**
  - Commitment to specific payment terms renders additional demand unnecessary.
  - **Art. 1169, Civil Code:** Delay and obligation fulfillment rules.

**Historical Background:**

This case from the early 1980s reflects the transitioning interpretations of obligations under chattel mortgage law and payment defaults, emphasizing contract binding principles and the equitable doctrines of estoppel and reasonable reliance. The acceptability of implied actions (acceptance of payments from post-purchase debtors) without strict procedural adherence encapsulates evolving considerations of fair business practices and judicial interpretations.