

**MAYOR OLIVIA B. PASCUAL, ASSISTED BY FLORANTE PASCUAL,
PLAINTIFF-APPELLEE, VS. FORD MOTOR COMPANY PHILIPPINES,
INC. AND FORD GROUP PHILIPPINES, INC.
DEFENDANTS-APPELLANTS.**

Ponente: REYES-CARPIO, A., J.

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REYES-CARPIO, A., J.:

This is an Appeal,[1] filed under Rule 41 of the 1997 Rules of Civil Procedure, seeking the reversal of the Decision,[2] dated December 9, 2013 rendered by the Regional Trial Court of Aparri, Cagayan, Branch 8 in Civil Case No. II-4703 entitled “Mayor Olivia B. Pascual, assisted by Florante Pascual vs. Ford Motor Company Philippines, Inc. and Ford Group Philippines, Inc.” for torts and damages.

The instant case stemmed from a Complaint,[3] dated November 18, 2008, filed by plaintiff-appellee, alleging that she was the beneficial owner of a Ford vehicle with Plate Number WPY 933, registered under the name of her sister-in-law Vinia Pascual Ventura which was purchased on November 30, 2006.

Plaintiff-appellee claimed that on April 7, 2008, at around 1:30 a.m., plaintiff and several others were on board the said vehicle, driven by Ramon A. Samonte, employed as plaintiff-appellee's driver. As they were cruising at a reasonable speed along the National Highway at Solano, Nueva Vizcaya, the right axle of the vehicle unexplicably broke causing the wheel to be detached from the vehicle. The breakdown resulted to extensive damage to the vehicle and physical injuries to its passengers.

Plaintiff-appellee underwent CT-scan and cervical x-ray in order to determine the extent of the injuries.[4] The incident was recorded in the police blotter. A Police Report⁵ was also prepared by Police Chief Inspector Corazon Danao Valencia on the same day, describing the incident as follows:

“WHAT : RIR to Damage to Property and Physical Injuries

WHEN : April 7, 2008 at around 1:30 AM

WHERE : Sitio Polloc, Brgy. Roxas, Solano, Nueva Vizcaya

WHY : Accidental in Nature

WHO : Drivers/vehicle involved

VEHICLE:

One Red E-150 bearing Plate # WPY933 registered under Lyttle Tanya paid for by Vinia P. Ventura of Bagumbayan, Lal-lo, Cagayan driven by Ramon Samonte y Agilor, 52 Years old, married and a resident of Lal-lo, Cagayan possessing PDL #B03-75-000888.

FACTS:

Investigation disclosed that the above mentioned vehicle was traversing the national road going to Cagayan

and upon reaching the place of incident the rear right axle was broken and its wheel was detached. The driver lost control of the steering wheel causing the vehicle to served (sic) alongside the road hitting the electrical post and eventually fell into the rice field. As a consequence, the vehicle incurred heavy damages while many of the occupants/passengers identified as MARIA OLIVIA B. PASCUAL, Mayor, Lal-lo, Cagayan, RAMON A. SAMONTE, Driver, HAYDEE C. ANTONIO, Aide to the Mayor, EDMUND G. RAQUINO, Security Aide to the Mayor, PRESENTACION PASCUAL, Passenger sustained Physical injuries and were rushed to PLT Hospital Bascaran, Solano Nueva Vizcaya for immediate medical treatment”[6]

On April 14, 2008, plaintiff-appellee sent a demand letter⁷ to defendants-appellants which reads:

“Gentlemen:

This refers to Ford Motor Vehicle with Chassis/Serial No. IFMREIHW3YHB88118, Motor No. YHB88118, Make Ford Chateau, Model 2001 bought by my family in the Philippines on November 30, 2008.

Kindly be advised that on April 7, 2008 at 1:30 A.M. said motor vehicle was involved in a traffic accident when for no apparent reason its rear right axle was broken and its wheel was detached. Attached as Annex 'A' hereof is a copy of the Police Report issued by PCI CORAZON DANA O VALENCIA, Chief of Police, Solano, Nueva Vizcaya relative to said incident.

The incident resulted to serious physical injuries to my person as well as the following individuals who are my driver and co-passenger during the time of the incident:

MR. RAMON A. SAMONTE - Driver

MRS. PRESENTACION L. PASCUAL - Passenger

Attached as Annexes B, B1 and B2 hereof are the medical certificates issued to us in relation to said injuries.

Apart from the physical injuries, the accident caused me, my driver and co-passenger, mental anguish and emotional distress. As a matter of fact my sleep have (sic) been disturbed by nightmares as a result of the incident for which I was advised to seek professional help.

Had it not been for the broken rear right axle, a very clear case of factory defect, the accident would not have occurred. If not for the presence of mind and expert maneuver by the driver, only God knows what could have happened to us. Attached as annexes C and C1 are the pictures and general job estimate of the vehicle.

In this regard and in accordance with the US Manufacturer's Liability Act, we demand payment within ten (10) days from receipt hereof, the amount of THREE HUNDRED THOUSAND US DOLLARS (\$300,000.00) by way of restitution of actual and moral damages resulting from said incident.

In the meanwhile, we have consulted our lawyers who advised us to withhold any legal action against you and refrain from having this matter published in the tri-media and/or through the cyberspace unless you unreasonably ignore our demand.

Please be guided accordingly.”

Plaintiff-appellee insisted that the cause of the accident was a factory defect and made her claim based on the manufacturer's warranty. On May 16, 2008, defendants-appellants replied to the aforequoted demand letter, alleging that a technical evaluation of the vehicle was made and denied plaintiff-appellee's claim.[8] Defendants-appellants attached a copy of the Technical Report[9] which revealed results from the evaluation of plaintiff-appellee's vehicle, to wit:

“Vehicle was brought to the Ford Shaw dealership for an estimate and eventually brought to their Body and

Paint section stockyard for safekeeping. Unit was locked and secured by the customer representative and did not leave the keys to the dealership personnel. Keys were in the custody of the customer.

FSE conducted initial evaluation of the vehicle and the following are the findings:

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The rear right hand axle was broken near the wheel bearing area along the edge of the axle flange where the wheel are attached

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inspection of the differential assy. (sic) and its cover reveals that the diff. (sic) had undergone an undetermined repair as evidenced by the type of sealant used on the cover (red in color, the original color of the sealant was gray)

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The detached wheel and portion of the broken axle was not available at the time of evaluation for further inspection

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The rear leafspring has been modified to carry heavier loads suggesting that the vehicle is frequently subjected to heavy loads that exceeds the vehicle's gross weight capacity which consequently adds further load to the axle. Another set of leaf was added to both LII/RII side. The original number of leafsprings was three, vehicle was modified to have four pieces of leafsprings.

From the above initial findings, the vehicle was not on its factory approved condition and the differential assy. (sic) was subjected to an undetermined type of repair. No dealer record/information was available regarding the repair of the differential assy. (sic). With the above conditions, the vehicles safety and the integrity of the axle components cannot be guaranteed. Further analysis of the axle by metal experts is recommended.”[10]

In its Answer, defendants-appellants alleged that plaintiff-appellee had no cause of action as neither she nor her sister-in-law appeared to have bought the vehicle from a registered Ford dealer in the Philippines and the same had probably been purchased second hand thus, the manufacturer's warranty does not apply.

It was further asserted by defendants-appellants that the accident was caused by misuse of the vehicle by either its current or previous owners and that there were alterations made by non-Ford technicians compromising the vehicle's safety and integrity.

Pre-trial was conducted and terminated on April 16, 2010[11] but the parties failed to reach an amicable settlement. Trial ensued.

Plaintiff-appellee's driver, Ramon Samonte, was presented as a witness who affirmed the former's version of events. He admitted that he was driving at the speed of 80 to 90 kilometers per hour (kph) and sometimes went over 90 kph whenever the road was clear and straight. He also admitted that the vehicle was used everyday but he did not sense anything wrong with it. He also stated that he occasionally brought the vehicle to the Ford Service Center for maintenance of oil and brake lining.

Plaintiff-appellee also executed a Judicial Affidavit,[12] dated October 19, 2010, which contained her narration of the incident. When she was subjected to cross-examination, she admitted that the vehicle was not bought at a dealership but from another person.

To support her claims, plaintiff-appellee presented the following evidence: (1) photographs of the damaged vehicle; (2) the Medical Certificate issued to plaintiff-appellee; (3) the Police Report; (4) the Demand Letter addressed to plaintiff-appellee's parent company; and (5) defendants-appellants' denial of plaintiff-appellee's claim.

On the other hand, defendants-appellants presented Rommel Nepomuceno, Ford's Field Service Specialist who testified that he conducted the investigation of the subject vehicle and stood by his findings that the accident was not caused by a factory defect. He admitted that he prepared the previously mentioned technical report and took photographs of the rear right hand axle. He also confirmed that the axle was already detached at the stockyard and claimed that the Ford database did not reflect any work done by the Service Center on the said defective part of the vehicle.

Nepomuceno also explained his finding that the leaf springs of the vehicle were modified and that such alteration showed an intent to carry a load heavier than the vehicle's capacity. According to him, such stress was absorbed by the axle shock which led to its breakdown.

Defendants-appellants corroborated the testimonial evidence with the following documents: (1) the Manufacturer's Warranty Booklet[13] applicable to the subject vehicle; (2) the Field Service Technical Report[14] attached to defendants-appellants' letter denying the claim; (3) photographs[15] of the vehicle taken to prove the same was not in its factory-approved condition; (4) the database print-out[16] showing that the subject vehicle was bought from the Ford dealer on November 15, 2000 by a "Xavier Alumni" and that its warranty expired on November 15, 2002; (5) Certification[17] issued by defendants-appellants' counsel to prove attorney's fees and reimbursements in connection with the suit; and (7) statements of account by defendants-appellants' counsel in connection with the action filed by plaintiff-appellee.[18]

The trial court, in the appealed Decision,[19] dated December 9, 2013, narrowed down the issue to whether or not defendants-appellants are liable for torts and damages. Thereafter, the RTC ruled in favor of plaintiff-appellee in this wise:

"WHEREFORE, in the light of the foregoing ratiocination, Judgment is hereby rendered ordering defendants to pay, jointly and severally, plaintiff the following:

- THREE MILLION PESOS (P3,000,000.00) as moral damages;
- FIVE HUNDRED THOUSAND PESOS (P500,000.00) as attorney's fees;
- SIX HUNDRED FIFTY THOUSAND PESOS (650,000.00) as exemplary damages; and
- the cost of suit.

Defendants (sic) counterclaim is hereby dismissed.

SO DECIDED."[20]

Hence, this appeal.

Defendants-appellants assigned the following errors:

FIRST ERROR

The Court a quo erred in ruling that defendants-appellants (sic) are liable pursuant to the law on quasi-delicts.

SECOND ERROR

The Court a quo erred in ruling that the proximate cause of the accident, the breakdown of the rear axle of the vehicle was attributable to a factory defect for which defendants-appellants are answerable.

THIRD ERROR

The Court a quo erred in awarding moral and exemplary damages and attorney's fees to the plaintiff-appellee when no evidence (sic) offered to support the claim.

FOURTH ERROR The Court a quo erred in dismissing the counterclaims of defendants-appellants.

The foregoing errors can be summed down to the sole issue of whether or not defendants-appellants are liable for the injuries sustained during the incident.

Plaintiff-appellee relies on the rules on quasi-delict as a basis for claiming product liability, citing the consolidated case of Navida, et al. vs. Dizon, Jr.[21] A careful reading of the cited jurisprudence, however, reveals that the main issue therein was the jurisdiction of Philippine courts over the subject matter of the case and made no definitive ruling on the product liability of the defendants therein as it merely remanded the records of the case to the court of origin for appropriate proceedings. Thus, the same finds no application to the instant situation.

Article 2176 of the Civil Code is the main basis for liability based on quasi-delict. Under this provision, the elements necessary to establish such a case are: (1) damages to the plaintiff; (2) negligence, by act or omission, of the defendant or by some person for whose acts the defendant must respond, was guilty; and (3) the connection of cause and effect between such negligence and the damages.[22]

In the instant case, there is no question that plaintiff-appellee and her companions suffered injuries as a result of the breakdown in the right rear axle of the subject vehicle. The conflict arises on the question of negligence on the part of defendants-appellants' part.

In its ruling, the trial court ruled that defendants-appellants failed to rebut the prima facie presumption of negligence against it. However, it baffles this Court where such presumption arose, the defendants-appellants not being common carriers.

Given the questionable basis for the findings of the trial court, it becomes necessary to re-examine the arguments and evidence presented by the parties.

Negligence is the omission to do something which a reasonable man, guided by those considerations which ordinarily regulate the conduct of human affairs, would do, or the doing of something which a prudent and reasonable man would not do.[23]

It appears that negligence cannot be attributed to the manufacturer in the instant case. Based on the report of the service technician presented by defendants-appellants, the vehicle had undergone several alterations which drastically affected the performance of the vehicle and in violation of the maximum capacity for which the same was designed. This was never denied by plaintiff-appellee. It was also admitted that the vehicle was not bought from an authorized Ford dealer but rather, it was a second-hand vehicle, opening yet another possibility that the previous owner had altered the same.

The only evidence presented by plaintiff-appellee were the photographs of the damaged vehicle, the police report and demand letters. As mentioned earlier, liability for quasi-delict requires a connection of cause and effect between such negligence and the injury, in other words, the negligence must be the proximate cause of the injury.

It has been established that there was no negligence on the part of defendants-appellants but for purposes of argument, assuming that there was any negligence on the part of defendants-appellants in failing to see any defect on the vehicle, the doctrine of proximate cause releases it from liability.

The concept of proximate cause is well-defined in jurisprudence as any cause which, in natural and continuous sequence, unbroken by any efficient intervening cause, produces the result complained of and without which would not have occurred and from which it ought to have been foreseen or reasonably anticipated by a person of ordinary case that the injury complained of or some similar injury, would result therefrom as a natural and probable consequence.[24]

Here, the alterations made to the leaf springs of the vehicle, as reflected in the technical report, is an intervening cause which broke the natural and continuous sequence from the time of manufacture of the vehicle until its transfer to the possession of plaintiff-appellee.

Plaintiff-appellee was aware that they had purchased the vehicle from a non-authorized Ford dealer and that the vehicle was “second-hand.” She and her family had the opportunity to examine the vehicle before purchasing it from the seller and should have been aware that it would not be as good as a brand new vehicle taken straight from an authorized dealer. Thus, the failure to check for any defects in the vehicle had already become her negligence and not defendants-appellants’.

Article 2179 of the Civil Code clearly provides that “[w]hen the plaintiff’s own negligence was the immediate and proximate cause of his injury, he cannot recover damages.” Here, it is clear that plaintiff-appellee’s negligence was not merely contributory but was the proximate cause of their accident, as explained above.

In the alternative, plaintiff-appellee argues that defendants-appellants are bound by the doctrine of strict liability as a manufacturer, regardless of whether it acted negligently.

Jurisprudence is against plaintiff’s case.

While it is true that a manufacturer may be held liable on the basis of breach of implied warranty, a claimant must be able to establish: (1) that they sustained injury because of the product; (2) that the injury occurred because the product was defective or unreasonably safe; and (3) the defect existed when the product left the hands of the manufacturer.[25]

In *Nutrimix Feeds Corporation vs. Court of Appeals*,[26] it was held that a manufacturer or seller of a product cannot be held liable for any damage allegedly caused by the product in the absence of any proof that the product in question was defective. Thus:

“x x x. The defect must be present upon delivery or manufacture of the product; or when the product left the seller’s or manufacturer’s control; or when the product was sold to the purchaser; or the product must have reached the user or consumer without substantial change in the condition it was sold. Tracing the defect to the petitioner requires some evidence that there was no tampering with, or changing of the animal feeds.”
(Emphasis Ours)

In the instant case, there was no denial that there were alterations made to the vehicle, whether they were made by plaintiff-appellee or the van’s previous owner. Absent any evidence to directly trace the defect as one coming from the factory or manufacturer, plaintiff-appellee’s assignment of liability must fail.

This Court agrees with the trial court that bare allegations do not constitute evidence. However, it seems that the trial court applied the rule in an inverted manner by ruling defendants-appellants’ defense only constituted bare allegations. Defendants-appellants were able to present evidence consisting of photographs and a technical report

which were all uncontroverted by plaintiff-appellee. On the other hand, it was plaintiff-appellee's claim that consisted of bare allegations bereft of evidence connecting the defect to the manufacturer.

It is worth emphasizing that in civil cases, the party making the allegations has the burden of proving them by preponderance of evidence.[27] Preponderance of evidence is a phrase which means probability of the truth.[28] It is evidence which is more convincing to the court as worthy of belief than that which is offered in opposition thereto.[29]

Here, it is obvious that it would be more logical to believe that the defendants-appellants had no hand in the unfortunate accident which befell plaintiff-appellee and her companions. The vehicle was a constantly overloaded eight-year old van which was altered by non-authorized technicians. Hence, it would be impossible to determine if there was any factory defect in the first place.

As to defendants-appellants' counterclaim for payment of attorney's fees, it must be remembered that the award of attorney's fees is the exception rather than the rule.[30] Even if a party is "compelled to litigate with third persons or to incur expenses to protect his (or her) rights," attorney's fees will not be awarded if no bad faith "could be reflected in a party's persistence in a case." [31]

The Civil Code provides specific instances when an award for attorney's fees is proper, to wit:

"Art. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered except:

(1)

When exemplary damages are awarded;

(2)

When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;

(3)

In criminal cases of malicious prosecution against the plaintiff;

(4)

In case of a clearly unfounded civil action or proceeding against the plaintiff;

(5)

when the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;

(6)

In actions for legal support;

(7)

In actions for the recovery of wages of household helpers, laborers and skilled workers;

(8)

In actions for indemnity under workmen's compensation and employer's liability laws;

(9)

In a separate civil action to recover civil liability arising from a crime;

(10)

When at least double judicial costs are awarded;

(11)

In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable.” (Emphasis Ours)

From the foregoing discussion, it is clear that plaintiff-appellee was merely looking for someone to blame for the shortcoming in inspecting the second-hand vehicle that she had acquired. Unfortunately, to put the blame on the manufacturer eight (8) years from its initial release and after several important alterations had been made thereon is clearly unfounded. An ordinary person knows the risks of purchasing a second-hand vehicle and is aware that a thorough inspection of the same must be made since a vehicle carries with it the risk of road accidents such as the one involved in this case.

The certification prepared by counsel for defendants-appellants shows that legal expenses amounting to over three million pesos had been incurred in the litigation of the instant case. However, to award the entire amount would be unreasonable, given that the plaintiff-appellee is an individual litigant suing an international corporation. Thus, it would be upon this Court to temper the same and determine the proper amount to be awarded in favor of defendants-appellants in the same amount determined by the trial court which is P500,000.00.

WHEREFORE, in view of the foregoing, the Appeal is hereby GRANTED. The Decision,[32] dated December 9, 2013 rendered by the Regional Trial Court of Aparri, Cagayan, Branch 8 in Civil Case No. II-4703, is REVERSED.

Defendants-appellants' prayer for the award of attorney's fees is likewise GRANTED. Plaintiff-appellee is ORDERED to pay the amount of FIVE HUNDRED THOUSAND PESOS (Php500,000.00) as attorney's fees.

SO ORDERED.

Carandang, R.D., Chairperson, and Barza, R.F., JJ., concur.

[1] See Order of Appeal, dated February 28, 2014, Records, p.731

[2] Rollo, pp. 16-39

[3] Records, pp. 2-9; See also Amended Complaint, dated

[4] See Medical Certificate, dated April 18, 2008, Records, p. 13

[5] Records, p. 14

[6] Records, p. 14

[7] Records, pp. 15-16

[8] Records, p. 45

- [9] Records, pp. 562-565
- [10] Ibid.
- [11] See Pre-trial Order, dated April 16, 2010, Records, pp. 356-360
- [12] Records, pp. 589-394
- [13] Records, pp. 548-561
- [14] Records, pp. 562-565
- [15] Records, pp. 563-565
- [16] Records, pp. 566-571
- [17] Records, p. 572
- [18] Rollo, pp. 573-603
- [19] Rollo, pp. 16-39
- [20] Rollo, p. 39
- [21] G.R. Nos. 125078, 125598, 126654, 12785 & 128398m May 30, 2011
- [22] Dela Llana vs. Biong, G.R. No. 182356, December 4, 2013
- [23] Ocean Builders Construction Corp. vs. Spouses Cubacub, G.R. No. 150898, April 13, 2011
- [24] Pilipinas Bank vs. Court of Appeals, G.R. No. 105410, July 25, 1994
- [25] Nutrimix Feeds Corp. vs. Court of Appeals, G.R. No. 152219, October 25, 2004
- [26] G.R. No. 152219, October 25, 2004
- [27] LBP vs. Oñate, G.R. No. 192371, January 15, 2014
- [28] Castillo vs. Salvador, G.R. No. 191240, July 30, 2014
- [29] Ibid.
- [30] Lui Enterprises vs. Zuellig Pharma Corp., G.R. No. 193494, March 12, 2014
- [31] Philippine National Construction Corporation vs. APAC Marketing Corporation, G.R. No. 190957, June 5, 2013
- [32] Rollo, pp. 16-39

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