

CARLOS B. DE GUZMAN, PETITIONER, VS. TOYOTA CUBAO, INC., RESPONDENT.

G.R. NO. 141480. November 29, 2006

Ponente: AZCUNA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-141480/>

AZCUNA, J.:

This is a petition for review on certiorari under Rule 45 of the Rules of Court seeking to annul the Order,[1] dated September 9, 1999, of the Regional Trial Court of Quezon City (the RTC), Branch 105, which dismissed the complaint for damages filed by petitioner Carlos B. De Guzman against respondent Toyota Cubao, Inc.

On November 27, 1997, petitioner purchased from respondent a brand new white Toyota Hi-Lux 2.4 SS double cab motor vehicle, 1996 model, in the amount of P508,000. Petitioner made a down payment of P152,400, leaving a balance of P355,600 which was payable in 36 months with 54% interest. The vehicle was delivered to petitioner two days later. On October 18, 1998, petitioner demanded the replacement of the engine of the vehicle because it developed a crack after traversing Marcos Highway during a heavy rain. Petitioner asserted that respondent should replace the engine with a new one based on an implied warranty. Respondent countered that the alleged damage on the engine was not covered by a warranty.

On April 20, 1999, petitioner filed a complaint for damages[2] against respondent with the RTC. Respondent moved to dismiss the case on the ground that under Article 1571 of the Civil Code, the petitioner's cause of action had prescribed as the case was filed more than six months from the date the vehicle was sold and/or delivered.

In an Order dated September 9, 1999, the RTC granted respondent's motion and dismissed the complaint, thus:

For the Court's consideration are: (1) defendant's Motion to Dismiss; (2) plaintiff's Opposition thereto; (3) defendant's Reply; and (4) plaintiff's Rejoinder.

The Court agrees with the plaintiff's counsel that the subject pick-up is a consumer product because it is used for personal, family or agricultural purposes, contrary to defendant counsel's claim that it is not because it is a non-consumable item.

Since no warranty card or agreement was attached to the complaint, the contract of sale of the subject pick-up carried an implied warranty that it was free from any hidden faults or defects, or any charge or encumbrance not declared or known to the buyer. The prescriptive period thereof is six (6) months under the Civil Code (Art. 1571).

Under RA No. 7394, the provisions of the Civil Code on conditions and warranties shall govern all contracts of sale with condition and warranties (Art. 67). The duration of the implied warranty (not accompanied by an express warranty) shall endure not less than sixty days nor more than one (1) year following the sale of new consumer products (Art. 68, par. [e]). The two (2) year prescriptive period under Art. 169 cannot prevail over Art. 68 because the latter is the specific provision on the matter.

The Court has noted that the prescriptive period for implied and express warranties cannot be the same. In the

Civil Code, a redhibitory action for violation of an implied warranty against hidden defects prescribes in six (6) months, while if it based on an express warranty[,] the action prescribes in four (4) years. Under RA No. 7394, the implied warranty cannot be more than one (1) year; however, the implied warranty can only be of equal duration to that an express warranty when the implied warranty of merchantability accompanies an express warranty (Art. 68, par. [e]). Therefore, the prescriptive period of two years under Art. 169 does not cover an implied warranty, which is not accompanied by an express warranty. It is applicable to cases where there is an express warranty in the sale of the consumer product.

Relative to plaintiff's argument that the claim for moral and exemplary damages and attorney's fees is based on quasi-delict or breach of contract, such are merely ancillary to the main cause of action which is based on warranty against hidden defects. Without the latter, the former cannot stand alone.

Based on the record, the subject vehicle was purchased on 27 November 1997 and delivered on 29 November 1997. This case was filed only on 20 April 1999 or almost nineteen (19) months from [the] sale and/or delivery. Applying Art. 1571 of Civil Code, the action is barred by prescription because the complaint was filed more than six (6) months after the sale and/or delivery of the vehicle. In addition, the duration of the implied warranty of not more than one (1) year under Art. 68, par (e) of RA No. 7394 has already elapsed.

Accordingly, defendant's Motion is granted and the plaintiff's Complaint is ordered dismissed.

SO ORDERED[3]

On December 21, 1999, the RTC denied petitioner's motion for reconsideration, as follows:

Submitted for resolution are: (1) plaintiff's Motion for Reconsideration; (2) defendant's Opposition; and (3) plaintiff's Reply.

Although plaintiff's motion was filed beyond the ten-day period, the Court is convinced that it was not for the purpose of delay; hence, it cannot be considered as a mere scrap of paper.

After a thorough study, the Court resolves that while reference to Art. 68, par. (e) of RA No. 7394 may have been misplaced, yet the subject sale carried an implied warranty whose prescriptive period is six (6) months under Art. 1571 of the Civil Code.

Accordingly, plaintiff's Motion for Reconsideration is DENIED.

SO ORDERED.[4]

Petitioner thereupon filed a petition for review on certiorari with this Court.

The petition should be denied.

First, on procedural grounds, the petition should forthwith be denied for violation of the hierarchy of courts. Petitioner states that the present petition is an "appeal by certiorari on pure questions of law, from the final Order of Branch 105 of the Regional Trial Court of Quezon City in Civil Case No. Q-99-37381 ... under Rule 45 of the Rules of Court." Upon receipt of the Order of the RTC, dated September 9, 1999, on September 21, 1999, petitioner filed a motion for reconsideration on September 28, 1999. On December 21, 1999, the RTC denied petitioner's motion. When petitioner received a copy of the said order on January 18, 2000, he had fifteen (15) days from receipt within which to appeal to the Court of Appeals by filing a notice of appeal under Section 2(a) of Rule 41, from an order of the RTC issued in the exercise of its original jurisdiction. The RTC's order dated September 9, 1999 and its subsequent order dated December 21, 1999 partake of the nature of a final disposition of the case. Hence, the appropriate remedy petitioner should have taken was to file a notice of appeal from the RTC to the Court of Appeals, not a petition for review on certiorari directly with this Court.

Although petitioner intended his petition, filed on February 2, 2000, to be one filed under Rule 45 and he filed it well within the 15-day reglementary period counted from January 18, 2000, the same was in effect a petition for certiorari under Rule 65, and is therefore dismissible for violation of the hierarchy of courts under Section 4 thereof. Petitioner failed to show that special and important reasons or exceptional and compelling circumstances exist to justify a direct filing of the petition with this Court instead of first taking an appeal to the Court of Appeals.[5] Likewise, petitioner cannot find refuge in the argument that he was raising pure questions of law. The sole matter petitioner assails in this action is the RTC's order of dismissal of his complaint for damages on the ground of prescription which was tantamount to an adjudication on the merits. Again, petitioner should have resorted to the remedy of appealing the case to the Court of Appeals by filing a notice of appeal with the RTC.

Second, even if the Court were to disregard the procedural infirmity, the petition should be denied for lack of merit.

In his complaint, petitioner alleged and prayed, thus:

- Last 27 November 1997, the plaintiff purchased from the defendant a brand new Toyota Hilux 2.4 motor vehicle with [E]ngine [N]o. 2-L-9514743. It was delivered to the plaintiff on 29 November 1997. Copies of the Vehicle Sales Invoice and Vehicle Delivery Note issued by the defendant are hereto attached as Annexes "A" and "B," respectively.
- Last 18 October 1998, after only 12,000 kilometers of use, the vehicle's engine cracked. Although it was previously driven through a heavy rain, it didn't pass through flooded streets high enough to stop sturdy and resistant vehicles. Besides, vehicles of this class are advertised as being capable of being driven on flooded areas or rugged terrain.
- As plaintiff knows no reason why the vehicle's engine would crack just like that, the same could only be due to the fact that said engine and/or the vehicle itself was defective even from the time it was bought.
- Brought to the attention, defendant refused to answer for this defect saying it is not covered by the vehicle's warranty. It refused to replace the vehicle as plaintiff demanded (or at least its engine, or even repair the damage).
- As a result of defendant's actions, plaintiff suffered mental anxiety and sleepless nights for which he demands an award of P200,000.00 moral damages.
- By way of example for the public good, plaintiff should also be awarded exemplary damages in the amount of P200,000.00.
- Forced to litigate to enforce his rights, plaintiff incurred, and shall further incur, litigation-related expenses (including those for his counsel's fees) in the total estimated sum of P100,000.

WHEREFORE, it is respectfully prayed that judgment be rendered ordering defendant:

- to replace the subject vehicle with a brand new one or at least to replace its engine all at defendant's cost;
- pay the plaintiff:
 - i. P200,000 – moral damages;
 - ii. P200,000 – exemplary damages;
 - iii. P200,000 – attorney's fees and litigation expenses; and
 - iv. the costs of suit.

Other reliefs just and equitable are, likewise, prayed for.[6]

Petitioner contends that the dismissal on the ground of prescription was erroneous because the applicable

provision is Article 169 of Republic Act No. 7394 (otherwise known as "The Consumer Act of the Philippines" which was approved on April 13, 1992), and not Article 1571 of the Civil Code. Petitioner specifies that in his complaint, he neither asked for a rescission of the contract of sale nor did he pray for a proportionate reduction of the purchase price. What petitioner claims is the enforcement of the contract, that is, that respondent should replace either the vehicle or its engine with a new one. In this regard, petitioner cites Article 169 of Republic Act No. 7394 as the applicable provision, so as to make his suit come within the purview of the two-year prescriptive period. Tangentially, petitioner also justifies that his cause of action has not yet prescribed because this present suit, which was an action based on quasi-delict, prescribes in four years.

On the other hand, respondent maintains that petitioner's cause of action was already barred by the statute of limitations under Article 1571 of the Civil Code for having been filed more than six months from the time the vehicle was purchased and/or delivered. Respondent reiterates that Article 169 of Republic Act No. 7394 does not apply.

Petitioner's argument is erroneous. Article 1495 of the Civil Code states that in a contract of sale, the vendor is bound to transfer the ownership of and to deliver the thing that is the object of sale. Corollarily, the pertinent provisions of the Code set forth the available remedies of a buyer against the seller on the basis of a warranty against hidden defects:

Art. 1561. The vendor shall be responsible for warranty against the hidden defects which the thing sold may have, should they render it unfit for the use for which it is intended, or should they diminish its fitness for such use to such an extent that, had the vendee been aware thereof, he would not have acquired it or would have given a lower price for it; but said vendor shall not be answerable for patent defects or those which may be visible, or for those which are not visible if the vendee is an expert who, by reason of this trade or profession, should have known them. (Emphasis supplied)

Art. 1566. The vendor is responsible to the vendee for any hidden faults or defects in the thing sold, even though he was not aware thereof.

This provision shall not apply if the contrary has been stipulated and the vendor was not aware of the hidden faults or defects in the thing sold.

Art. 1571. Actions arising from the provisions of the preceding ten articles shall be barred after six months from the delivery of the thing sold.(Emphasis supplied)

Under Article 1599 of the Civil Code, once an express warranty is breached, the buyer can accept or keep the goods and maintain an action against the seller for damages. In the absence of an existing express warranty on the part of the respondent, as in this case, the allegations in petitioner's complaint for damages were clearly anchored on the enforcement of an implied warranty against hidden defects, i.e., that the engine of the vehicle which respondent had sold to him was not defective. By filing this case, petitioner wants to hold respondent responsible for breach of implied warranty for having sold a vehicle with defective engine. Such being the case, petitioner should have exercised this right within six months from the delivery of the thing sold.[7] Since petitioner filed the complaint on April 20, 1999, or more than nineteen months counted from November 29, 1997 (the date of the delivery of the motor vehicle), his cause of action had become time-barred.

Petitioner contends that the subject motor vehicle comes within the context of Republic Act No. 7394. Thus, petitioner relies on Article 68 (f) (2) in relation to Article 169 of Republic Act No. 7394. Article 4 (q) of the said law defines "consumer products and services" as goods, services and credits, debts or obligations which are primarily for personal, family, household or agricultural purposes, which shall include, but not limited to, food, drugs, cosmetics, and devices. The following provisions of Republic Act No. 7394 state:

Art. 67. Applicable Law on Warranties. — The provisions of the Civil Code on conditions and warranties shall govern all contracts of sale with conditions and warranties.

Art. 68. Additional Provisions on Warranties. — In addition to the Civil Code provisions on sale with warranties, the following provisions shall govern the sale of consumer products with warranty:

e) Duration of warranty. The seller and the consumer may stipulate the period within which the express warranty shall be enforceable. If the implied warranty on merchantability accompanies an express warranty, both will be of equal duration.

Any other implied warranty shall endure not less than sixty (60) days nor more than one (1) year following the sale of new consumer products.

f) Breach of warranties — xxx

x x x

2) In case of breach of implied warranty, the consumer may retain in the goods and recover damages, or reject the goods, cancel the contract and recover from the seller so much of the purchase price as has been paid, including damages. (Emphasis supplied.)

Consequently, even if the complaint is made to fall under the Republic Act No. 7394, the same should still be dismissed since the prescriptive period for implied warranty thereunder, which is one year, had likewise lapsed.

WHEREFORE, the petition is DENIED for being in violation of the hierarchy of courts, and in any event, for lack of merit.

No costs.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Corona, and Garcia, JJ., concur.

[1]Per Judge Benedicto B. Ulep.

[2]Civil Case No. 99-37381, entitled "Carlos B. De Guzman v. Toyota Cubao, Inc."

[3]Rollo, pp. 15-16.

[4] RTC Records, p. 39.

[5]See Manalo v. Gloria, G.R. No. 106692, September 1, 1994, 236 SCRA 130.

[6]RTC Records, pp. 1-2.

[7] See Goodyear Philippines, Inc. v. Sy, G.R. No. 154554, November 9, 2005, 474 SCRA 427.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.