

DEPARTMENT OF TRADE AND INDUSTRY, PETITIONER, VS. TOYOTA BALINTAWAK, INC. AND TOYOTA MOTOR PHILS. CORP., RESPONDENTS.

G.R. Nos. 254978-79. October 11, 2023

Ponente: KHO, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-nos-254978-79/>

KHO, JR., J.:

The Court resolves the Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court assailing the Decision[2] dated February 28, 2020 and the Resolution[3] dated November 18, 2020 of the Court of Appeals (CA) in CA-G.R. SP Nos. 153160 and 154674, which nullified and set aside the Decisions dated October 12, 2016[4] and August 17, 2017[5] rendered by the Department of Trade and Industry (DTI) ordering respondents Toyota Balintawak, Inc. (TBI) and Toyota Motor Phils. Corp. (TMPC; collectively, respondents) to either replace the vehicle purchased by Marilou S. Tan (Marilou) or to reimburse the amounts paid by the latter.

The Facts

On May 17, 2016, Marilou purchased a Toyota Fortuner 4x2 2.4L G DSL A/T-B3 with Engine No. 2GD-C033373 and Conduction Sticker No. VC8983 (subject vehicle) from TBI for the sum of PHP 1,476,000.00. When Marilou's husband, George Tan (George), was driving the subject vehicle home after it was released by TBI, they noticed that there was a "jerky movement" whenever there was a change of gear in the transmission. Marilou immediately informed TBI's sales agent, Mishel Castro (Mishel), of the defect. Mishel told Marilou that the subject vehicle may have been stocked up so using it in time can make the defect disappear. A week later, Marilou brought the subject vehicle to TBI for repair, but TBI did not accept the vehicle because of lack of appointment.[6]

On June 13, 2016, George brought the subject vehicle to TBI for service checkup and repair of the "jerky movement" or "shift shock." After a mechanical inspection by TBI's Technical Department, George was informed that the defect in the transmission was caused by the "fast fill duration of the Automatic Transmission Fluid that was controlled by the [Engine Control Unit (ECU)] software" and that there was a need to replace the transmission assembly and/or to reprogram the ECU at no cost to spouses Tan.[7] Thereafter, on June 28 and 29, 2016, meetings between the TBI representative and spouses Tan were held wherein Marilou demanded that the subject vehicle be replaced or the money she paid be refunded. However, TBI informed Marilou that under Republic Act No. (RA) 10642,[8] otherwise known as the Philippine Lemon Law, TBI was allowed to make up to four repair attempts before it was obligated to replace the subject vehicle. Hence, in a letter dated July 1, 2016, TBI's Assistant Customer Relations Manager Karla Andres Sagala formally rejected Marilou's demand and again offered to replace the automatic transmission assembly or reprogram the ECU by August 31, 2016 at no cost to her. In her Reply-Letter dated July 4, 2016, Marilou noted TBI's final decision not to replace the subject vehicle or refund the money she paid and informed TBI that she will go to the proper venue to exercise her right as a consumer.[9]

On July 5, 2016, Marilou filed a Letter-Complaint[10] against respondents before the DTI docketed as Admin Case No. CC 16-256 (DTI Admin Case), alleging, among others, that: (a) she purchased a brand new vehicle using her hard-earned money; (b) respondents committed "unfair business practice" when they delivered to her a vehicle with a defective transmission, which plays a major role in the overall performance of the same; (c) by releasing a vehicle with a defective transmission, respondents violated her right as a consumer; (d) respondents are at fault and negligent in allowing a defective vehicle to be released; (e) since the defective transmission can be repaired only after two and a half months, she demanded for the replacement of the subject vehicle or to refund the money that she paid; and (f) that under Article 100 of RA 7394, otherwise known as the Consumer Act of the Philippines, "[i]f the imperfection of the product cannot be corrected within 30 days the consumer may alternatively demand for a replacement of the unit or the immediate reimbursement of the amount paid with monetary updating, without prejudice to any losses and damages." [11] On July 13, 2016, Marilou subscribed her complaint before DTI Adjudication Officer Sherwin Mon P. Te.[12]

In its Position Paper for the DTI Admin Case and for its defense, TBI interposed that the Complaint should be dismissed for failure to state a cause of action. TBI pointed out that before Marilou can demand for a refund of the purchase price or replacement of the subject vehicle, she should have first complied with the requirements of RA 10642. Under Section 5 of the said law, TBI should have been allowed to make four separate attempts to repair such vehicle before Marilou can avail of a refund or replacement on the ground of "defect or non-conformity." It argued that she should have also filed a written notice to avail of her right under Sections 6 and 7 of the same law, which she failed to do so. Moreover, TBI asserted that Article 100 of RA 7394 is not applicable in the case at bar.[13]

For its part, TMPC opined that the instant case is covered by RA 10642 and not RA 7394 because the vehicle in controversy was a brand new vehicle delivered on May 17, 2016. Moreover, it argued that the complaint should have been dismissed because Marilou failed to comply with the indispensable requirements of RA 10642. TMPC contended that Marilou can avail of the remedy of refund of the purchase price only after giving the manufacturer or dealer four separate opportunities to repair the subject vehicle. As shown in the affidavits of TMPC's witnesses, Marilou and her husband refused to allow either TMPC or TBI the opportunity to conduct repairs on the subject vehicle despite the latter's repeated attempts from June 14, 2016 to July 13, 2016 to secure the consent of Marilou and her husband to replace the transmission assembly or reprogram the ECU.[14]

As for Marilou, in her Position Paper, she insisted that RA 7394 is the applicable law regarding her Complaint. As a consumer, she maintained that she was entitled to choose between the replacement of the defective product or refund of the money paid because the manufacturer irresponsibly and negligently released a defective product, especially since the transmission assembly was a major component of the subject vehicle. Marilou also posited that such defect existed when she purchased the subject vehicle, and that she had complied with the rule on notification when she immediately reported the defect to her sales agent, Mishel. According to Marilou, it took more than one week before TBI inspected the vehicle. After the inspection, she was told to wait for three to four weeks before the transmission assembly could be replaced. Finally, Marilou averred that the four repairs provided under the RA 10642 cannot be applied to her due to the non-availability of the transmission assembly and the manufacturer could not provide the necessary repair on her first attempt for repair.[15]

During the pendency of the proceedings, or on September 9, 2016, Marilou voluntarily brought the subject vehicle to TBI for change oil and for "ECU reprogramming." When the vehicle was subjected to the ECU reprogramming, at no cost to Marilou, the shift shock problem was addressed, and the vehicle was released to Marilou the following day.[16]

The DTI-Fair Trade Enforcement Bureau Ruling

In a Decision[17] dated October 12, 2016, the DTI-Fair Trade Enforcement Bureau (Arbitration Office) ruled in favor of Marilou, and accordingly, ordered respondents to: (a) either replace the product with another of the same kind or reimburse the amount paid subject to monetary updating, at Marilou's option; and (b) pay the administrative fine of PHP 240,000.00 pursuant to the Table of Fines under Department Administrative Order No. 6, Series of 2007, Article 164 of the RA 7394, and Rule XIII, Section 2 of the Department Administrative Order No. 7, Series of 2006.[18]

Prefatorily, the Arbitration Office ruled that the applicable law in the instant case is Article 100 of RA 7394, opining that the enactment of RA 10642 does not preclude the former law's application.[19] This was because Section 7 of RA 7394 states: "Nothing herein shall be construed to limit or impair the rights and remedies of a consumer under any law." [20]

Anent the substantive issues, the Arbitration Office found that because of its defects, the vehicle was unfit or inadequate for the purpose or use for which it was intended at the time it was purchased, as the defect was made obvious on the same day it was released to Marilou. This defect was later on confirmed since the vehicle's transmission assembly was recommended to be replaced. As such, the Arbitration Office granted Marilou's prayer since the imperfection of the vehicle was discovered within the warranty period.[21]

Aggrieved, respondents appealed to the DTI Secretary.

The DTI Secretary Ruling

In a Decision[22] dated August 17, 2017, the DTI Secretary affirmed the ruling of the Arbitration Office in toto.[23] In so ruling, the DTI Secretary found that respondents were liable for the defect of the car as barely hours from receiving it, Marilou and her husband already experienced the shift shock phenomenon, which was immediately relayed to TBI's agent, Mishel.[24]

As to the application of the Consumer Act, the DTI Secretary held that "[RA 10642], while it states that it shall apply primarily in the determination and resolution of Consumer complaints as it relates to Motor Vehicles, it nevertheless recognizes the applicability of the Consumer Act." The DTI Secretary stated, "[w]e believe that we cannot render inutile the provisions of the Consumer Act because even the Lemon Law itself categorically states that, 'Nothing herein shall be construed to limit or impair the rights and remedies of a consumer under any law.'" [25]

Undeterred, respondents separately filed Rule 65 Petitions for Certiorari before the CA, to which the DTI Secretary, through the Office of the Solicitor General (OSG) filed its Comments.[26]

The CA Ruling

In a Decision[27] dated February 28, 2020, the CA granted the Petitions. As such, it nullified the ruling of the DTI Secretary, which affirmed the ruling of the Arbitration Office, and accordingly, dismissed Marilou's Complaint.[28]

Preliminarily, the CA pointed out that the issue in the case at bar was not rendered moot and academic by the repair of the vehicle because the resolution of the substantive issues has a practical use or value for the parties. Moreover, the CA held that even if the case was actually moot and academic, by way of exceptions, courts may resolve the case when the case is capable of repetition yet evading judicial review.[29]

On the merits, the CA found that the DTI Secretary committed grave abuse of discretion amounting to lack or excess of jurisdiction in rendering the assailed Decision for a number of reasons. First, it emphasized that what was involved in the present case was a brand-new motor vehicle which entitled Marilou to avail of the remedies under RA 10642. However, she failed to follow the prerequisites in order to avail the same, specifically, when she

did not authorize respondents to repair the subject vehicle upon the latter's offer. Hence, the DTI Secretary gravely erred in entertaining Marilou's Complaint knowing full well that the RA 10642 was already effective in 2014.[30]

Second, before a grant of refund of money paid or replacement can be made, RA 10642 requires that (a) there must be a finding by the DTI of a "nonconformity"[31] and (b) said finding must be supported by an independent qualified expert on the existence of defect or condition that substantially impairs the use, value or safety of the subject vehicle.[32] However, the CA found that the Arbitration Office's ruling—which held that there was a "defect on the transmission assembly is a major issue considering that it is not safe to operate a motor vehicle with a defective shift gear"—was a layman's opinion not supported by an independent expert opinion.[33]

Third, the CA held that since what was involved in the controversy was a brand-new motor vehicle, RA 10642 is the applicable law because it is a special law that governs the purchase of brand new motor vehicles. On the other hand, RA 7394 is a general law that covers transactions for the purchase of durable and non-durable consumer products. Applying the rule on statutory construction, a special law prevails over a general law.[34]

Fourth, the CA stated that although Marilou based her Complaint on RA 7394, RA 10642 was still the proper law to apply since her Complaint was filed after the effectivity of the later legislation. Moreover, to adopt the position of the DTI and the OSG that Marilou can invoke RA 7394 because of the last paragraph of Section 7 of RA 10642 which provides that "[n]othing [in the law] shall be construed to limit or impair the rights and remedies of a consumer by any law" will render nugatory the enactment of the latter law.[35]

Lastly, the CA found that DTI committed grave abuse of discretion when it improperly imposed an administrative fine in the sum of PHP 240,000.00 on TBI and TMPC since RA 10642 does not provide for administrative fines for violation of the said law.[36]

The DTI Secretary, through the OSG, filed a Motion for Reconsideration dated June 15, 2020, which the CA denied in a Resolution[37] dated November 18, 2020; hence, this Petition, without Marilou's participation.[38]

The Issue Before the Court

The core issue for the Court's resolution is whether the CA correctly ascribed grave abuse of discretion on the part of the DTI Secretary when it applied RA 7394 instead of RA 10642, and thereafter, ruled in favor of Marilou and against respondents.

The DTI Secretary contends that RA 10642 is an alternative and not an exclusive remedy for consumers of new vehicles. Thus, when the consumer invokes RA 10642, then it is the law to be applied; whereas if the consumer invokes RA 7394, then said law shall be applied. Furthermore, the DTI Secretary avers that consumers cannot be forced to avail of the remedies under RA 10642 when they have an existing cause of action in other consumer protection laws, e.g., RA 7394.[39] In this case, Marilou availed of the Consumer Act as the allegations in her complaint alleged a violation of the said law. Moreover, the Consumer Act allows the imposition of administrative penalties, hence, the DTI was duly authorized to impose such penalties to TBI and TMPC.[40]

For their part and citing several cases, respondents argue that the DTI Secretary, acting as a quasi-judicial body, may not question the decision of an appellate court reversing its decision.[41] They contend that the DTI Secretary, who rendered the decision which the CA reversed, should have remained impartial and detached since its function is to hear and decide administrative cases instituted by or brought before it directly or on appeal and not to litigate.[42] Moreover, respondents opine that the Petition must be dismissed as the case has become moot since the subject vehicle was already repaired last June 14, 2016.[43] Nonetheless, respondents maintain that the CA correctly ruled that after the effectivity of RA 10642, the resolution of consumer complaints on brand new

motor vehicles should be governed by the same and not by RA 7394.[44]

The Court's Ruling

The Petition is without merit.

DTI Secretary is not the proper party to file the present petition

In a similar case of *Republic v. Namboku*[45] (*Namboku*), where the Secretary of Labor filed a petition for review questioning the CA's reversal of her earlier resolution, the Court, through Justice Mariano C. Del Castillo, held that such act was improper as the Secretary of Labor was not a real party in interest. The Court declared:

The Secretary of Labor is not the real party-in-interest vested with personality to file the present petitions. A real party-in-interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. As thus defined, the real parties-in-interest in these cases would have been PALCEA-SUPER and PJWU-SUPER. It would have been their duty to appear and defend the ruling of the Secretary of Labor for they are the ones who were interested that the same be sustained. Of course, they had the option not to pursue the case before a higher court, as what they did in these cases. As to the Secretary of Labor, she was impleaded in the Petitions for Certiorari filed before the CA as a nominal party because one of the issues involved therein was whether she committed an error of jurisdiction. But that does not make her a real party-in-interest or vests her with authority to appeal the Decisions of the CA in case it reverses her ruling. . . .[46] (Emphasis supplied)

Moreover, in the same case, the Court clarified that "the government party that can appeal is not the disciplining authority or tribunal which previously heard the case and imposed the penalty of demotion or dismissal from the service. The government party appealing must be one that is prosecuting the administrative case against the respondent. Otherwise, an anomalous situation will result where the disciplining authority or tribunal hearing the case, instead of being impartial and detached, becomes an active participant in prosecuting the respondent. . . ."[47]

Thus, and pursuant to *Namboku*, it was erroneous for the DTI Secretary, through the OSG, to file the present Petition as it was acting as a quasi-judicial body when it issued the Decision dated August 17, 2017. The DTI Secretary is not a real party in interest vested with personality to file the present Petition. The real party in interest in this case would have been Marilou.

The instant case had been rendered moot and academic but nevertheless falls under recognized exceptions thereto

Furthermore, settled is the rule that "[t]he existence of an actual case or controversy is a necessary condition precedent to the court's exercise of its power of adjudication. An actual case or controversy exists when there is a conflict of legal rights or an assertion of opposite legal claims between the parties that is susceptible or ripe for judicial resolution. In the negative, a justiciable controversy must neither be conjectural nor moot and academic. There must be a definite and concrete dispute touching on the legal relations of the parties who have adverse legal interests. The reason is that the issue ceases to be justiciable when a controversy becomes moot and academic; otherwise, the court would engage in rendering an advisory opinion on what the law would be upon a hypothetical state of facts." [48] In this regard, it bears stressing that "[a] case or issue is considered moot and academic when it ceases to present a justiciable controversy by virtue of supervening events, so that an adjudication of the case or a declaration on the issue would be of no practical value or use. In such instance, there is no actual substantial relief which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness. This is because the judgment will not serve any useful purpose or have any practical legal effect because, in the nature of things, it cannot be enforced." [49]

In this case, the justiciable controversy has already ceased due to the happening of a supervening event, more particularly, the repair of the subject vehicle on September 9, 2016, as stated in the statement of facts of the CA.[50] To reiterate, during the pendency of the proceedings before the DTI, the vehicle was already brought to TBI for change oil and ECU reprogramming which resolved the shift shock problem. As such, the case has been rendered moot and academic.

"Nevertheless, when a case or an issue becomes moot, jurisprudence provides that the Court will still rule on the case when any of the following circumstances is present: first, there is a grave violation of the Constitution; second, the exceptional character of the situation and the paramount public interest are involved; third, when the constitutional issue raised requires formulation of controlling principles to guide the bench, the bar, and the public; and fourth, the case is capable of repetition yet evading review." [51]

As correctly ruled by the CA, this case properly falls within the exceptions as delineated above, more particularly, the fourth exception. The case is capable of repetition yet evading review. Hence, the Court deems it proper to formulate governing principles for future controversies.

RA 10642 (Lemon Law) is not an exclusive remedy

At this juncture, the Court recognizes that the crux of the instant controversy is which between RA 7394 and RA 10642 is the proper law to be applied insofar as Marilou's complaint is concerned. As may be gleaned above, the DTI Secretary is of the opinion that the former law can be applied; whereas the TBI and TMPC posited that the latter law is applicable.

On the one hand, Article 100 of RA 7394 (the law relied upon by Marilou) reads:

Article 100. Liability for Product and Service Imperfection. — The suppliers of durable or non-durable consumer products are jointly liable for imperfections in quality that render the products unfit or inadequate for consumption for which they are designed or decrease their value, and for those resulting from inconsistency with the information provided on the container, packaging, labels or publicity messages/advertisement, with due regard to the variations resulting from their nature, the consumer being able to demand replacement to the imperfect parts.

If the imperfection is not corrected within thirty (30) days, the consumer may alternatively demand at his option:

(a)

the replacement of the product by another of the same kind, in a perfect state of use;

(b)

the immediate reimbursement of the amount paid, with monetary updating, without prejudice to any losses and damages;

(c)

a proportionate price reduction.

The parties may agree to reduce or increase the term specified in the immediately preceding paragraph; but

such shall not be less than seven (7) nor more than one hundred and eighty (180) days.

The consumer may make immediate use of the alternatives under the second paragraph of this Article when by virtue of the extent of the imperfection, the replacement of the imperfect parts may jeopardize the product quality or characteristics, thus decreasing its value.

If the consumer opts for the alternative under sub-paragraph (a) of the second paragraph of this Article, and replacement of the product is not possible, it may be replaced by another of a different kind, mark or model: Provided, That any difference in price may result thereof shall be supplemented or reimbursed by the party which caused the damage, without prejudice to the provisions of the second, third and fourth paragraphs of this Article.

On the other hand, Sections 4 to 7 of RA 10642 (the law relied upon by respondents) provide:

Section 4. Coverage. — This Act shall cover brand new motor vehicles purchased in the Philippines reported by a consumer to be in nonconformity with the vehicle's manufacturer or distributor's standards or specifications within twelve (12) months from the date of original delivery to the consumer, or up to twenty thousand (20,000) kilometers of operation after such delivery, whichever comes first. The following causes of nonconformity shall be excluded:

(d)

Noncompliance by the consumer of the obligations under the warranty;

(e)

Modifications not authorized by the manufacturer, distributor, authorized dealer or retailer;

(f)

Abuse or neglect of the brand new motor vehicle; and

(g)

Damage to the vehicle due to accident or force majeure.

Section 5. Repair Attempts. — At any time within the Lemon Law rights period, and after at least four (4) separate repair attempts by the same manufacturer, distributor, authorized dealer or retailer for the same complaint, and the nonconformity issue remains unresolved, the consumer may invoke his or her rights under this Act.

The repair may include replacement of parts, components, or assemblies.

Section 6. Notice of Availment of Lemon Law Rights. — Before availing of any remedy under this Act and subject to compliance with the provisions of Section 5 hereof, the consumer shall, in writing, notify the manufacturer, distributor, authorized dealer or retailer of the unresolved complaint, and the consumer's intention to invoke his or her rights under this Act within the Lemon Law rights period.

The warranty booklet issued by the manufacturer, distributor, authorized dealer or retailer shall clearly state the manner and form of such notice to constitute a valid and legal notice to the manufacturer, distributor,

authorized dealer or retailer. It shall also clearly state the responsibility of the consumer under this section.

Section 7. Availment of Lemon Law Rights. — Subsequent to filing the notice of availment referred to in the preceding section, the consumer shall bring the vehicle to the manufacturer, distributor, authorized dealer or retailer from where the vehicle was purchased for a final attempt to address the complaint of the consumer to his or her satisfaction.

It shall be the duty of the manufacturer, distributor, authorized dealer or retailer, upon receipt of the motor vehicle and the notice of nonconformity required under Section 6 hereof, to attend to the complaints of the consumer including, as may be necessary, making the repairs and undertaking such actions to make the vehicle conform to the standards or specifications of the manufacturer, distributor, authorized dealer or retailer for such vehicle.

In case the nonconformity issue remains unresolved despite the manufacturer, distributor, authorized dealer or retailer's efforts to repair the vehicle, pursuant to the consumer's availment of his or her Lemon Law rights, the consumer may file a complaint before the DTI as provided for under this Act: Provided, however, That if the vehicle is not returned for repair, based on the same complaint, within thirty (30) calendar days from the date of notice of release of the motor vehicle to the consumer following this repair attempt within the Lemon Law rights period, the repair is deemed successful: Provided, finally, That, in the event that the nonconformity issue still exists or persists after the thirty (30)-day period but still within the Lemon Law rights period, the consumer may be allowed to avail of the same remedies under Sections 5 and 6 hereof.

To compensate for the non-usage of the vehicle while under repair and during the period of availment of the Lemon Law rights, the consumer shall be provided a reasonable daily transportation allowance, an amount which covers the transportation of the consumer from his or her residence to his or her regular workplace or destination and vice versa, equivalent to air-conditioned taxi fare, as evidenced by official receipt, or in such amount to be agreed upon by the parties, or a service vehicle at the option of the manufacturer, distributor, authorized dealer or retailer. Any disagreement on this matter shall be resolved by the DTI.

Nothing herein shall be construed to limit or impair the rights and remedies of a consumer under any other law. (Emphasis supplied)

The confusion is brought about by the last paragraph of Section 7 of RA 10642, which states, "[n]othing herein shall be construed to limit or impair the rights and remedies of a consumer under any other law." On one hand, the Arbitration Office interprets this to mean that RA 7394's application is not precluded by the enactment of RA 10642.[52] Likewise, the DTI Secretary opines that while RA 10642 primarily applies in the determination and resolution of consumer complaints with respect to motor vehicles, the law nevertheless recognizes the applicability of RA 7394, or the Consumer Act.[53] On the other hand, respondents contend otherwise. As such, the Court undertakes to construe the said provision.

At first glance, a reading of the foregoing laws reveals that both provide for consumer remedies should they purchase defective goods or services (RA 7394) or brand-new motor vehicles (RA 10642). The CA opined that the laws are repugnant with one another since RA 7394 gives the supplier 30 days to correct the imperfection of the goods or service before the consumer can invoice his/her rights under the same act;[54] while RA 10642 gives the manufacturer, distributor, authorized dealer or retailer at least four separate repair attempts to resolve the nonconformity.[55] However, the Court finds there is no irreconcilable conflict precisely because of the last paragraph of Section 7 of RA 10642.

Basic is the rule of statutory construction that when the law is clear and unambiguous, the Court is left with no alternative but to apply the same according to its clear language. In *H. Villarica Pawnshop, Inc. v. Social Security Commission*,[56] the Court, through Justice Alexander G. Gesmundo, expounded on such rule, viz.:

It is the duty of the Court to apply the law the way it is worded. Basic is the rule of statutory construction that when the law is clear and unambiguous, the court is left with no alternative but to apply the same according to its clear language. The courts can only pronounce what the law is and what the rights of the parties thereunder are. Fidelity to such a task precludes construction or interpretation, unless application is impossible or inadequate without it. Thus, it is only when the law is ambiguous or of doubtful meaning may the court interpret or construe its true intent.

Parenthetically, the "plain meaning rule" or *verba legis* in statutory construction enjoins that if the statute is clear, plain and free from ambiguity, it must be given its literal meaning and applied without interpretation. This rule of interpretation is in deference to the plenary power of Congress to make, alter and repeal laws as this power is an embodiment of the People's sovereign will. Accordingly, when the words of a statute are clear and unambiguous, courts cannot deviate from the text of the law and resort to interpretation lest they end up betraying their solemn duty to uphold the law and worse, violating the constitutional principle of separation of powers.[57]

Applying the foregoing rule to the case at bar, a plain reading of the last paragraph of Section 7 will show that there is nothing that prevents a consumer from availing of the remedies under RA 7394 or any other law for that matter even if the subject of the complaint is a brand new vehicle. As such, the Court agrees with the position taken by the DTI Secretary, wherein RA 10642 is an alternative remedy granted to the consumer and the consumer is free to choose to enforce his or her rights under RA 7394 or any other law.

In sum, the petition is dismissible since the DTI Secretary, through the OSG, was not the proper party to file this petition. Furthermore, the controversy in the present case has already been rendered moot by the repair of the vehicle by the reprogramming of the ECU, thereby getting rid of the shift shock. Nevertheless, since the case is capable of repetition yet evading review and for the guidance of the bench and the bar, the Court deems it proper to state that with respect to brand new vehicles, the consumer may choose between RA 10642, RA 7394, and other remedies available under any other law.

ACCORDINGLY, the instant Petition is DISMISSED.

SO ORDERED.

Leonen, SAJ. (Chairperson), M. Lopez, and J. Lopez, JJ., concur.
Lazaro-Javier,[*] J., on official business.

[*] On official business.

[1] Rollo, pp. 12-47.

[2] *Id.* at 53-76. Penned by Associate Justice Ramon M. Bato, Jr., with Associate Justices Zenaida T. Galapate-Laguilles and Walter S. Ong concurring.

[3] *Id.* at 78-79.

[4] *Id.* at 112-118. Penned by Acting Arbitration Officer Jesus Radmar T. Resente.

[5] *Id.* at 80-88. Penned by Undersecretary Atty. Rowel S. Barba.

[6] *Id.* at 54.

[7] See rollo, pp. 54-55.

[8] Titled "An Act Strengthening Consumer Protection in the Purchase of Brand New Motor Vehicles," approved

on July 15, 2014.

[9] See rollo, p. 55.

[10] Id. at 119-120.

[11] Id.

[12] Id. at 121-124.

[13] Id. at 56.

[14] Id.

[15] Id. at 56-57.

[16] Id. at 57.

[17] Id. at 112-117. Penned by Acting Arbitration Officer Jesus Radmar T. Resente.

[18] Id. at 117.

[19] Id. at 114.

[20] Id. at 116.

[21] Id.

[22] Id. at 80-87. Penned by Undersecretary Atty. Rowel S. Barba.

[23] Id. at 87.

[24] Id. at 85-86.

[25] Id. at 87.

[26] Id. at 57.

[27] Id. at 53-75. Penned by Associate Justice Ramon M. Bato, Jr. with Associate Justices Zenaida T. Galapate-Laguilles and Walter S. Ong, concurring.

[28] Id. at 75.

[29] Id. at 60.

[30] Id. at 61-66.

[31] Id. at 66. "(a) there must be a finding by the DTI of nonconformity which refers to any defect or condition that substantially impairs the use, value or safety of a brand new motor vehicle which prevents it from conforming to the manufacture[r]'s or distributor's standards or specifications, which cannot be repaired, but excluding conditions resulting from noncompliance by the consumer of his or her obligations under the warranty, modifications not authorized by the manufacturer or distributor, abuse or neglect, and damage due to accident or force majeure ..."

[32] Id.

[33] Id. at 66-68.

[34] Id. at 63-71.

[35] Id. at 68-71.

[36] Id. at 72-74.

[37] Id. at 78-79. Penned by Associate Justice Ramon M. Bato, Jr., with Associate Justices Zenaida T. Galapate-Laguilles and Walter S. Ong, concurring.

[38] See id. at 13-14.

[39] Id. at 37.

[40] Id. at 43.

[41] Id. at 166.

[42] Id. at 173.

[43] Id. at 176.

[44] Id. at 177.

[45] 739 Phil. 59 (2014) [Second Division].

[46] Id. at 71.

[47] Id. at 75-76, citing *National Appellate Board v. P/Ins. Mamauag*, 504 Phil. 186, 200 (2005) [Per J. Carpio, First Division].

[48] *Balag v. Senate of the Philippines*, 85 Phil. 451, 461 (2018) [Per J. Gesmundo, En Banc].

[49] *Sahar International Trading, Inc. v. Warner Lambert Co.*, 735 Phil. 613, 621 (2014) [Per J. Perlas-Bernabe, Second Division].

[50] Rollo, p. 57.

[51] *People v. Montierro*, G.R. No. 254564, July 26, 2022 [Per J. Caguioa, En Banc], citing *International Service for the Acquisition of Agri-Biotech Applications, Inc. v. Greenpeace Southeast Asia (Philippines)*, 791 Phil. 243, 250 (2016) [Per J. Perlas-Bernabe, En Banc].

[52] Rollo, p. 116.

[53] See id. at 84.

[54] See RA 7394, Article 100.

[55] See RA 10642, Section 5.

[56] 824 Phil. 613 (2018) [Third Division].

[57] Id. at 628-629.

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.