

## SECOND DIVISION

[ G.R. NO. 162822, August 25, 2005 ]

**JAIME GUINHAWA, PETITIONER, VS. PEOPLE OF THE  
PHILIPPINES, RESPONDENT.**

### DECISION

**CALLEJO, SR., J.:**

Jaime Guinhawa was engaged in the business of selling brand new motor vehicles, including Mitsubishi vans, under the business name of Guinrox Motor Sales. His office and display room for cars were located along Panganiban Avenue, Naga City. He employed Gil Azotea as his sales manager.

On March 17, 1995, Guinhawa purchased a brand new Mitsubishi L-300 Versa Van with Motor No. 4D56A-C8929 and Serial No. L069WQZJL-07970 from the Union Motors Corporation (UMC) in Paco, Manila. The van bore Plate No. DLK 406. Guinhawa's driver, Leopoldo Olayan, drove the van from Manila to Naga City. However, while the van was traveling along the highway in Labo, Daet, Camarines Norte, Olayan suffered a heart attack. The van went out of control, traversed the highway onto the opposite lane, and was ditched into the canal parallel to the highway.<sup>[1]</sup> The van was damaged, and the left front tire had to be replaced.

The incident was reported to the local police authorities and was recorded in the police blotter.<sup>[2]</sup> The van was repaired and later offered for sale in Guinhawa's showroom.<sup>[3]</sup>

Sometime in October 1995, the spouses Ralph and Josephine Silo wanted to buy a new van for their garment business; they purchased items in Manila and sold them in Naga City.<sup>[4]</sup> They went to Guinhawa's office, and were shown the L-300 Versa Van which was on display. The couple inspected its interior portion and found it beautiful. They no longer inspected the under chassis since they presumed that the vehicle was brand new.<sup>[5]</sup> Unaware that the van had been damaged and repaired on account of the accident in Daet, the couple decided to purchase the van for P591,000.00. Azotea suggested that the couple make a downpayment of P118,200.00, and pay the balance of the purchase price by installments via a loan from the United Coconut Planters Bank (UCPB), Naga Branch, with the L-300 Versa Van as collateral. Azotea offered to make the necessary arrangements with the UCPB for the consummation of the loan transaction. The couple agreed. On November 10, 1995, the spouses executed a Promissory Note<sup>[6]</sup> for the amount of P692,676.00 as payment of the balance on the purchase price, and as evidence of the chattel mortgage over the van in favor of UCPB.

On October 11, 1995, the couple arrived in Guinhawa's office to take delivery of the van. Guinhawa executed the deed of sale, and the couple paid the P161,470.00

downpayment, for which they were issued Receipt No. 0309.<sup>[7]</sup> They were furnished a Service Manual<sup>[8]</sup> which contained the warranty terms and conditions. Azotea instructed the couple on how to start the van and to operate its radio. Ralph Silo no longer conducted a test drive; he and his wife assumed that there were no defects in the van as it was brand new.<sup>[9]</sup>

On October 12, 1995, Josephine Silo, accompanied by Glenda Pingol, went to Manila on board the L-300 Versa Van, with Glenda's husband, Bayani Pingol III, as the driver. Their trip to Manila was uneventful. However, on the return trip to Naga from Manila on October 15 or 16, 1995, Bayani Pingol heard a squeaking sound which seemed to be coming from underneath the van. They were in Calauag, Quezon, where there were no humps along the road.<sup>[10]</sup> Pingol stopped the van in Daet, Camarines Norte, and examined the van underneath, but found no abnormalities or defects.<sup>[11]</sup> But as he drove the van to Naga City, the squeaking sound persisted. Believing that the van merely needed grease, Pingol stopped at a Shell gasoline station where it was examined. The mechanic discovered that some parts underneath the van had been welded. When Pingol complained to Guinhawa, the latter told him that the defects were mere factory defects. As the defects persisted, the spouses Silo requested that Guinhawa change the van with two Charade-Daihatsu vehicles within a week or two, with the additional costs to be taken from their downpayment. Meanwhile, the couple stopped paying the monthly amortization on their loan, pending the replacement of the van. Guinhawa initially agreed to the couple's proposal, but later changed his mind and told them that he had to sell the van first. The spouses then brought the vehicle to the Rx Auto Clinic in Naga City for examination. Jesus Rex Raquitico, Jr., the mechanic, examined the van and discovered that it was the left front stabilizer that was producing the annoying sound, and that it had been repaired.<sup>[12]</sup> Raquitico prepared a Job Order containing the following notations and recommendations:

1. CHECK UP SUSPENSION (FRONT)
2. REPLACE THE ROD END
3. REPLACE BUSHING

NOTE: FRONT STEP BOARD HAS BEEN ALREADY DAMAGED AND REPAIRED.

NOTE: FRONT LEFT SUSPENSION MOUNTING IS NOT ON SPECIFIED ALIGNMENT/MEASUREMENT<sup>[13]</sup>

Josephine Silo filed a complaint for the rescission of the sale and the refund of their money before the Department of Trade and Industry (DTI). During the confrontation between her and Guinhawa, Josephine learned that Guinhawa had bought the van from UMC before it was sold to them, and after it was damaged in Daet. Subsequently, the spouses Silo withdrew their complaint from the DTI.

On February 14, 1996, Josephine Silo filed a criminal complaint for violation of paragraph 1, Article 318 of the Revised Penal Code against Guinhawa in the Office of the City Prosecutor of Naga City. After the requisite investigation, an Information was filed against Guinhawa in the Municipal Trial Court (MTC) of Naga City. The inculpatory portion reads:

The undersigned Assistant Prosecutor of Naga City accuses Jaime Guinhawa of the crime of OTHER DECEITS defined and penalized under Art. 318, par. 1 of the Revised Penal Code, committed as follows:

"That on or about October 11, 1995, in the City of Naga, Philippines, and within the jurisdiction of this Honorable Court, the said accused, being a motor vehicle dealer using the trade name of Guinhawa Motor Sales at Panganiban Avenue, Naga City, and a dealer of brand new cars, by means of false pretenses and fraudulent acts, did then and there willfully, unlawfully and feloniously defraud private complainant, JOSEPHINE P. SILO, as follows: said accused by means of false manifestations and fraudulent representations, sold to said private complainant, as brand new, an automobile with trade name L-300 Versa Van colored beige and the latter paid for the same in the amount of P591,000.00, when, in truth and in fact, the same was not brand new because it was discovered less than a month after it was sold to said Josephine P. Silo that said L-300 Versa Van had defects in the underchassis and stepboard and repairs had already been done thereat even before said sale, as was found upon check-up by an auto mechanic; that private complainant returned said L-300 Versa Van to the accused and demanded its replacement with a new one or the return of its purchase price from said accused but despite follow-up demands no replacement was made nor was the purchase price returned to private complainant up to the present to her damage and prejudice in the amount of P591,000.00, Philippine Currency, plus other damages that may be proven in court."<sup>[14]</sup>

Guinhawa testified that he was a dealer of brand new Toyota, Mazda, Honda and Mitsubishi cars, under the business name Guinrox Motor Sales. He purchased Toyota cars from Toyota Philippines, and Mitsubishi cars from UMC in Paco, Manila.<sup>[15]</sup> He bought the van from the UMC in March 1995, but did not use it; he merely had it displayed in his showroom in Naga City.<sup>[16]</sup> He insisted that the van was a brand new unit when he sold it to the couple.<sup>[17]</sup> The spouses Silo bought the van and took delivery only after inspecting and taking it for a road tests.<sup>[18]</sup> His sales manager, Azotea, informed him sometime in November 1995 that the spouses Silo had complained about the defects under the left front portion of the van. By then, the van had a kilometer reading of 4,000 kilometers.<sup>[19]</sup> He insisted that he did not make any false statement or fraudulent misrepresentation to the couple about the van, either before or simultaneous with its purchase. He posited that the defects noticed by the couple were not major ones, and could be repaired. However, the couple refused to have the van repaired and insisted on a refund of their payment for the van which he could not allow. He then had the defects repaired by the UMC.<sup>[20]</sup> He claimed that the van was never involved in any accident, and denied that his driver, Olayan, met an accident and sustained physical injuries when he drove the van from Manila to Naga City.<sup>[21]</sup> He even denied meeting Bayani Pingol.

The accused claimed that the couple filed a Complaint<sup>[22]</sup> against him with the DTI

on January 25, 1996, only to withdraw it later.<sup>[23]</sup> The couple then failed to pay the amortizations for the van, which caused the UCPB to file a petition for the foreclosure of the chattel mortgage and the sale of the van at public auction.<sup>[24]</sup>

Azotea testified that he had been a car salesman for 16 years and that he sold brand new vans.<sup>[25]</sup> Before the couple took delivery of the vehicle, Pingol inspected its exterior, interior, and underside, and even drove it for the couple.<sup>[26]</sup> He was present when the van was brought to the Rx Auto Clinic, where he noticed the dent on its front side.<sup>[27]</sup> He claimed that the van never figured in any vehicular accident in Labo, Daet, Camarines Norte on March 17, 1995.<sup>[28]</sup> In fact, he declared, he found no police record of a vehicular accident involving the van on the said date.<sup>[29]</sup> He admitted that Olayan was their driver, and was in charge of taking delivery of cars purchased from the manufacturer in Manila.<sup>[30]</sup>

On November 6, 2001, the trial court rendered judgment convicting Guinhawa. The *fallo* of the decision reads:

WHEREFORE, premises considered, judgment is hereby rendered declaring the accused, JAIME GUINHAWA, guilty of the crime of Other Deceits defined and penalized under Art. 318(1) of the Revised Penal Code, the prosecution having proven the guilt of the accused beyond reasonable doubt and hereby imposes upon him the penalty of imprisonment from 2 months and 1 day to 4 months of *Arresto Mayor* and a fine of One Hundred Eighty Thousand Seven Hundred and Eleven Pesos (P180,711.00) the total amount of the actual damages caused to private complainant.

As to the civil aspect of this case which have been deemed instituted with this criminal case, Articles 2201 and 2202 of the Civil Code provides:

"Art. 2201. In contracts and quasi-contracts, the damages for which the obligor who acted in good faith is liable shall be those that are the natural and probable consequences of the breach of the obligation, and which the parties have foreseen or could have reasonably foreseen at the time the obligation was constituted.

"In case of fraud, malice or wanton attitude, the obligor shall be responsible for all damages which may be reasonably attributed to the non-performance of the obligation."

"Art. 2202. In crimes and quasi-delicts, the defendant shall be liable for all damages which are the natural and probable consequences of the act or omission complained of. It is not necessary that such damages have been foreseen or could have reasonably been foreseen by the defendant."

Thus, accused is condemned to pay actual damages in the amount of One Hundred Eighty Thousand Seven Hundred and Eleven Pesos (Php180,711.00), which represents the 20% downpayment and other miscellaneous expenses paid by the complainant plus the amount of

Nineteen Thousand Two Hundred Forty-One (Php19,241.00) Pesos, representing the 1st installment payment made by the private complainant to the bank. Accused is, likewise, ordered to pay moral damages in the amount of One Hundred Thousand Pesos (Php100,000.00) in view of the moral pain suffered by the complainant; for exemplary damages in the amount of Two Hundred Thousand Pesos (Php200,000.00) to serve as deterrent for those businessmen similarly inclined to take undue advantage over the public's innocence. As for attorney's fees, the reasonable amount of One Hundred Thousand Pesos (Php100,000.00) is hereby awarded.

SO ORDERED.<sup>[31]</sup>

The trial court declared that the accused made false pretenses or misrepresentations that the van was a brand new one when, in fact, it had figured in an accident in Labo, Daet, Camarines Norte, and sustained serious damages before it was sold to the private complainant.

Guinhawa appealed the decision to the Regional Trial Court (RTC) of Naga City, Branch 19, in which he alleged that:

1. The lower court erred in its finding that the repair works on the left front portion and underchassis of the van was the result of the accident in Labo, Camarines Norte, where its driver suffered an attack of hypertension.
2. The lower court erred in its four (4) findings of fact that accused-appellant made misrepresentation or false pretenses "that the van was a brand new car," which constituted deceit as defined in Article 318, paragraph 1 of the Revised Penal Code.
3. The lower court erred in finding accused-appellant civilly liable to complainant Josephine Silo. But, even if there be such liability, the action therefor has already prescribed and the amount awarded was exorbitant, excessive and unconscionable.<sup>[32]</sup>

Guinhawa insisted that he never talked to the couple about the sale of the van; hence, could not have made any false pretense or misrepresentation.

On August 1, 2002, the RTC affirmed the appealed judgment.<sup>[33]</sup>

Guinhawa filed a petition for review with the Court of Appeals (CA), where he averred that:

#### I

THE COURT *A QUO* ERRED IN CONVICTING PETITIONER OF THE CRIME OF OTHER DECEITS AND SENTENCING HIM TO SUFFER IMPRISONMENT OF TWO MONTHS AND ONE DAY TO FOUR MONTHS OF *ARRESTO MAYOR* AND TO PAY FINE IN THE AMOUNT OF P180,711.00.

#### II

THE COURT *A QUO* ERRED IN ORDERING PETITIONER TO PAY PRIVATE COMPLAINANT P180,711.00 AS DOWNPAYMENT, P19,241.00 AS FIRST