375 Phil. 627

THIRD DIVISION

[G.R. No. 106770, October 22, 1999]

JOHNNY K. LIMA AND WILLIAM LIMA, PETITIONERS, VS. TRANSWAY SALES CORPORATION AND THE COURT OF APPEALS, RESPONDENTS.

D E C I S I O N

PURISIMA, J.:

At bar is a Petition for Review on *Certiorari* under Rule 45 of the Revised Rules of Court assailing the Decision of the Court of Appeals in CA - G.R. No. 11420, dated October 10, 1991, and its Resolution, dated August 4, 1992, denying the Motion for Reconsideration.

The facts that matter are as follows:

> On October 19, 1981, Johnny K. Lima brought a Complaint against Transway Sales Corp. and Jose U. Yao for Delivery of Personal Property with Damages and prayer for the issuance of writ of replevin, docketed as Civil Case No. 14755 before Branch II of the Regional Trial Court of Davao, alleging inter alia:
>
> > xxx " 2. That sometime before July, 1981, Plaintiff contracted the Defendant to install an airconditioner in Plaintiff's Volkswagen car with full assurance that the car airconditioner have a cooling effect in such type of a car;
> >
> > 3. That acting on such assurance by the Defendant, Plaintiff had his car installed the airconditioner;
> >
> > 4. That after the installation by the defendant of the airconditioner on Plaintiff's car, the airconditioner has no cooling effect contrary to the Defendant's full assurance and despite repeated demands to repair or reinstall another airconditioner, defendant refused and failed and still refuses and fails to do so.
> >
> > 5. That sometime in the month of July, 1981, the Defendant without authority to impound took possession, held and impounded the car valued at P55,000.00 with Motor No. BJ-515079; Serial Chassis No. FJ-829501; Plate No. BV-6-727; Color Blue; in its premises unlawfully and despite demands to release the car, the Defendant refuses and fails to do so," xxx[1]

In an Order dated November 15, 1981, Judge Francisco Z. Consolacion of the lower court of origin found the existence of a mechanic's lien in favor of defendant and

denied the application for seizure sought for by plaintiffs, citing Article 1731 of the New Civil Code which provides:

> "He who has executed work upon a movable has a right to retain it by way of pledge until he is paid."

The defendant filed its Answer on November 26, 1981, averring thus:

> "The plaintiff had used the car with the airconditioner from March 1981 to July 1981 without any complaint. When plaintiff complained about the airconditioner sometime in July 1981 defendants tested the car in the presence of plaintiff's mechanic and driver and the cooling efficiency is good.
>
> Apparently, plaintiff's complaint is that when the car is driven at a low speed, especially within the city, the cooling effect is reduced, but that is normal in air-conditioned vehicles.
>
> 5. Defendants admit having detained possession of plaintiff's car but denies specifically the allegation contained in paragraph 5 that defendant(s) without authority to impound, took possession, held and impounded the car valued at P55,000.00 with Motor No. BJ-515079, Serial/Chassis No. FJ-829501, Plate No. BV-6-727, Color Blue, the truth being that defendants, who have executed work on the vehicle above described by installing thereon an air-conditioning unit, supplying the air-conditioning unit made by Mac Frost Co., materials and labor in connection therewith, has a right to retain said motor vehicle by way of pledge until the defendants shall have been paid by the plaintiff the value of the air-conditioning unit, materials and labor supplied by defendants in connection with said installation.
>
> xxx xx x xxx
>
> 2. By reason of the defendants's mechanic's lien on the car, the plaintiff may not take possession of the said car even by an action for replevin without first paying for the value of the air-conditioning unit, the materials and labor supplied by the defendants in the installation of said air-conditioning unit on the plaintiff's car.
>
> 3. The case has become moot and academic for the reason that the plaintiff already paid the defendant's claim in connection with the installation of the air-conditioning, materials and labor supplied by defendants in installing said air-conditioning unit. The defendants delivered the car to, and accepted by the plaintiff or his representative in good order and condition. xxx"[2]

In the Answer to defendant's Counterclaim dated December 11, 1981, the plaintiffs countered:

> "xxx it was Defendant's own making since the Defendant illegally detained the car, because there was no mechanic's lien, as the installation of the air-conditioning unit was a case of a contract of sale between the Plaintiff and the Defendant, the Plaintiff being the buyer and the Defendant, the seller, the installation being a part of the contract of

sale, and that there was breach of the contract of sale, the air-conditioning unit having no cooling effect, the complaint having been lodged by Plaintiff immediately upon receipt of the car but the Defendant refused and failed to remedy the defect and if any lien there was, it was released when the Defendant delivered the car to the Plaintiff only to be repossessed after more than three (3) months.

xxx 3. That although indeed, Plaintiff caused the release of the Volkswagen car, by paying the alleged indebtedness, he has done so under protest xxx[3]

On November 11, 1982, plaintiffs presented a Motion to Admit Amended Complaint to which the defendant interposed its Opposition on December 1, 1982. Plaintiffs sent in their Reply to such Opposition on December 10, 1982.

On December 24, 1982, the trial court allowed the Amended Complaint which alleged that:

xxx "on or about March 12, 1981, Plaintiff purchased an airconditioner with free installation from the Defendant for the sum of P5,819.50 and on or about March 21, 1981, Plaintiff had another vehicle re-aligned for which defendant charged Plaintiff the sum of P46.35;

3. That Defendant before installing the airconditioner on Plaintiff's Volkswagen car fully assured the latter that the airconditioner could have cooling effect on such type a car;

4. That acting on such assurance by the Defendant, Plaintiff had his car installed the airconditioner;

5. That after the installation by the Defendant of the airconditioner on Plaintiff's car, the airconditioner has no cooling effect contrary to the Defendants fully (sic) assurance and despite repeated demands to repair or reinstall another airconditioner;[4]

The parties filed below their Memorandums on February 12, 1986 and March 6, 1986, respectively. After their offer of evidence, the lower court came out with its Decision, disposing thus:

"WHEREFORE, all the foregoing consideration duly considered, judgment is hereby rendered dismissing the complaint for lack of merit, and rendering judgment on defendants' counterclaim, hereby ordering the plaintiffs, jointly and solidarily, to pay the defendants:

1.-the amount of P50,000.00 as moral damages for having injured the reputation and goodwill of the defendants;

2.-the amount of P5,000.00 as exemplary damages;

3.-the amount of P5,000.00 as and for attorney's fees;

4.- the amount of P2,000.00 as and for litigation expenses; and

5. -to pay the costs of the suit.[5]

In support of its judgment of affirmance, the Court of Appeals ratiocinated and concluded:

> "Based upon a careful and painstaking examination and evaluation of the evidence adduced, plaintiff's seemingly narrow, straight-jacketed version has to fail, as it clearly defies logic.
>
> Necessarily and unavoidably, in the installation of the air-conditioner, costs for the labor of the mechanic is part and parcel of the costs of the unit bought by the car owner. Now, if the car owner, for reasons of his own, without taking into consideration the other parties side, refuses to pay such cost price of the air-conditioning unit, how then can one service shop owner/dealer (here the defendant-corporation) pay its mechanic responsible for installing the unit on the car? It is simply on this very aspect where, as correctly and judiciously found and resolved by the Court even way back November 19, 1981, after due hearing, that the issue as to the existence of a "mechanic's lien" has to be ruled in the affirmative. xxx
>
> xxx xxx xxx

Ex-Senator Arturo Tolentino, in his Commentaries and Jurisprudence on the Civil Code, Vol. II, pp. 941-942, said:

> "A person who has made repairs upon an automobile at the request of the owner is entitled to retain it until he has been paid the price of the work executed (Bachrach Motor Co. vs. Mendoza, 43 Phil. 410). This lien of the mechanic on the property on which he has made repairs, is superior to the right of the chattel mortgage, and the latter cannot take possession of the property, even by action for replevin, without first paying for the value of the services of the mechanic." (Bachrach vs. Mantel, 25 Phil. 410)
>
> xxx xxx xxx
>
> The plaintiffs's contention, however, that the air-conditioning unit installed did not efficiently cool, the car, hence, raised that as an excuse for refusing to pay the agreed invoice price of the same. Such excuse appear flimsy. For a period encompassing about four (4) months from the unit's installation, plaintiffs undoubtedly used the air-conditioner without any complaint as to its malfunctioning or unsatisfactory performance. While they had claimed having called by telephone the office of the defendant-corporation three or four times complaining about the sub-normal efficiency of the unit, such deserves scant, if any, credence as common sense would show that a car owner, the moment he notices some malfunctioning in his car, or its accessory, would immediately bring it immediately (sic) to the shop where such trouble can be repaired or fixed, or where the accessory have (sic) been obtained and installed for check-up and repair by its expert mechanics. One does not merely call-up the service shop concerned, except when the vehicle itself is stalled by other serious defects. A straight-dealing car owner would not even dare bring his motor vehicle to another shop on the pretext that defendant's service failed to fix the alleged malfunctioning of the air-conditioning unit, which is not only another risky recourse, but quite inconceivable. It

was only July 1981 when the complaint on the alleged improper functioning of the air-conditioning unit was made, as embodied in the letter of their Legal Counsel, but only after they were in receipt of a collection letter (Ex. "3") from defendant-corporation (tsn., pp. 118-119, Aug. 14, 1984, Test. of Jose U. Yao)

xxx xxx xxx

As to the contrasting, directly contradict positions portrayed by the plaintiffs and the defendants on whether Credit Invoice No. 14253 (Exh. "D"; "2") refers to an alignment of a Galant Car, and not the Volkswagen car as plaintiffs want the Court to believe, but on the contrary refers to the very same Volkswagen car of plaintiff, as defendants contend, this Court is strongly inclined to give more weight and credence to the postulated version of the defendants. Logic and simple common sense supports this conclusion. Not only because both invoices are in the name of William Lima but both were duly signed by him (Exh. "1-A", "2-A") when he brought his Volkswagen car for installation of the car airconditioner on March 12, 1981, and again for the alignment (wheels) on March 21, 1981. It is a fact that even if a motor vehicle is relatively new, it does not mean that it does not need its wheels aligned. Experience says it should. Moreover, the explanation of Jose U. Yao appears highly impressed with factual basis, logical and highly convincing, in contrast to what plaintiffs have noticeably exaggerated.

xxx xxx xxx

And, quite importantly, for the institution of the verified complaint despite its built-in lack of legal as well as factual basis, resulting as a consequence in not only compelling the defendants to engage the services of counsel to protect their right and interest in this unfounded suit for an agreed fee of P5,000.00, but have undeniably subjected their business good will and reputation to unwarranted damage and injury, as a consequence of the malicious and unwarranted suit, it being one of the City's successful and reputable progressive firm engaged in the business of selling and dealing with automotive accessories, tires, batteries, air-conditioners, plus service shops, inter alia, as managed by defendant Jose U. Yao, basic tenets of justice and fairplay dictates that they be awarded commensurate compensation for clear damages and injuries it/they have suffered on account of this unfounded complaint apart from exemplary damages it is entitled to if only to set the example for the public good, so as to inculpate (sic) upon the plaintiffs to act in the future in its dealings with others with more prudence, circumspection and fairness."[6]

On May 5, 1986, the plaintiff filed a notice of appeal and the trial judge ordered that the records be forwarded to the Intermediate Appellate Court (now Court of Appeals). On April 1, 1987, the plaintiffs filed their Briefs and on October 10, 1991, the Ninth Division of the Court of Appeals reproduced in verbatim the findings of fact of the trial court and ruled in favor of the defendants, to wit:

"In view of the foregoing, there was no error committed by the Court a quo in not holding defendants liable to the plaintiff for damages, nor in