Tata Motors Ltd V/S Antonio Paulo Vaz&anr

Civil Appeal No 574of 2021

Decided on 18.2.2021

Legal Point ;

1. Car 2009 model sold as new in 2011-Whether amounts to Unfair Trade practice.
2. Whether manufacturer liable for the acts of authorized dealer

Facts of the case ;

One Mr Antonio Paulo Vaz bought a car in 2011from a car dealer Vistar Goa (P) Ltd and availed bank credit also . It was found that car was of 2009 model ,had run 622 km ,had scatch marks on the body ,the alloy wheels were corrugated inside and music system was also not provided as promised . Customer requested to either replace the vehicle with 2011 model or refund the amount so paid for the purchase of car . Dealer did nothing which led to filing of consumer complaint before the District Consumer Forum at Goa.Antinio refused the delivery of vehicle .

Dealer never appeared and was proceeded ex-party. Manufacturer, rebutted the allegation stating that the fact car having 2009 model was known to the consumer and it was registered for the first time in the name of consumer. It is further stated that there was pre-delivery test and car had run some milage for the purpose .

District Forum did not believe that customer had any knowledge of 2009 model when he is purchasing in 2011. Pre-delivery trial cannot run 622 km . Forum ordered dealer as well as manufacturer replace the car with new one and new model with 10% interst on the amount paid alongwith 20000 compensation coupled with Rs 5000/- cost. Dealer and manufacturer both held liable.

Manufacturer now comes to state commission with a plea-

There is no nexus between consumer and the manufacturer ,he has not sold car to consumer neither rreceived money from him .

It further states that dealer and manufacturer have principal to principal relation and hence not liable for the acts of dealer who is not their agent .

It further alleged that no expert opinion was sought to prove the fact that car was defective in any manner.

State commissoion slapped fine of rs 5000/-as cost on manufacturer and dismissed the appeal making following observations-

Manufacturer could not produce any document such as invoice dated 28.2.2009 bearin no 9010016851 in order to prove Relation between dealer and manufacturer as principal to principal . Commission also held that expert opinion was nor required in a case where facts speak of itself

National commission rejected both the pleas again taken by the manufacturer that complainant is not consumer for him as he had not accepted delivery of car from the dealer and second contention was the same as his relationship with dealer was of principal to principal he,nce not liable . National commission was of the view that letter from manufacturer to dealer written on 4.12.2012 reveals that agreement was under stipulated terms and conditions and dealership could be withdrawn if rules not followed . Complainant had refused to take delivery but car was already registered in his name and rejection was due to defects found and notified.National commission imposed cost of Rs 2,00,000/- out of which one lac was to be paid to consumer and one lac to consumer welfare fund.

Now Tata Motors comes before the supreme court with the following arguments –

1. No allegations have been made by the complainant against them . The entire complain talks of car 2009 make has been sold in 2011 as new car by the dealer
2. Complainant has not established that there was any defect in the product which could fasten liability of manufacturer. Manufacturer had no knowledge about the fact that their 2009 make has been represented as 2011 model and any dispute has arisen between the buyer and seller dealer During he warranty if manufacturer is notified of any defect he could have knowledge But in this case nothing of this kind happened
3. About relationship between dealer and manufacturer , invoice by which dealer had purchased the vehicle bears date Feb 2009 meaning thereby manufacturer was not in picture when dealer sells this model to complainat as 2011 model .agreement between the parties under clause 29 also reveals that in case of expiry of dealership ,all liability lies with the dealer about unsold and unused spare parts and manufacture may or may not take them back

Complainant rebutted the above arguments –

- A cash discount of Rs 80,000/- with free music system was offered by dealer which cannot be possible without involvement of manufacturer
- No customer can purchase car directly from manufacturer ,it has to done through dealer only and manufacturer remains there at the back .
- Complainat also refereed to the case of Jose Phillips Mampillil where in defect in paint was found and also piston ringsof the engine had gone . In this case manufacturing defect was found by the court and manufacturer was made liable .

Observations by The Supreme court –

- Jose Phillips Mampillil case is not applicable in the present case . Defect in piston of engine was accepted and the vehicle was not found used as is done in this case .
- Discount could be offered by dealer to increase their sale to meet the targets which ultimately result into some rewards by the manufacturer
- Manufacturer had no knowledge of any dispute neither there was any fault established by the complainant

- The relationship between the dealer and manufacturer in this case stands as principal to principal
- National commission has not justified as to why punitive damages are ordered to be paid when no other customer suffered due to this dispute of old model with defects sold as new car.
- Order by the Natonal Commission holding manufacturer defecient or indulging into unfair trade practices is set aside
- Dealer found guilty is directed to execute the order passed below by district forum and state commission to refund the sale price with interest to the complainant
- Amount deposited by manufacturer to the court during the proceedings be returned with interest accrued.
