

Title:

****Oriental Assurance Corporation v. Manuel Ong and Asian Terminals, Inc.****: A Treaty on Liability Limitation and Prescriptive Period in Arrastre Operator Cases

Facts:

JEA Steel Industries, Inc. imported 72 aluminum-zinc-alloy-coated steel sheets in coils from South Korea that were stored under Asian Terminals, Inc. (Asian Terminals) custody in Manila. Manuel Ong (Ong) delivered the coils to JEA Steel's plant, where 11 coils were found damaged. Oriental Assurance Corporation (Oriental), having indemnified JEA Steel under a Marine Insurance Policy, sought compensation from Ong and Asian Terminals.

Asian Terminals argued the damage claim was barred, as notice was not filed within the 15-day period stipulated in the Management Contract with the Philippine Ports Authority and the Gate Pass. The RTC and Court of Appeals ruled in favor of the respondents, citing prescription and absolving Ong of liability for the damages. Oriental then sought review from the Supreme Court.

Issues:

1. Whether the Court of Appeals erred in considering the issue of prescription despite it not being an assigned error in the appeal.
2. Whether the claim against Asian Terminals is barred by prescription.
3. Whether the Court of Appeals erred in ruling that Manuel Ong is not liable for the damage to the cargo.

Court's Decision:

1. ****Issue of Prescription:**** The Supreme Court upheld the Court of Appeals' consideration on the issue of prescription, aligning with exceptions allowing appellate courts to review unassigned errors in the interest of justice.
2. ****Claim against Asian Terminals:**** The Court ruled that Oriental, as an insurer-subrogee, was bound by the Management Contract and Gate Pass terms, including the 15-day prescription period, despite not being a party to these contracts. The Court found substantial compliance with the time limitation for filing claims, yet limited Asian Terminals' liability to P5,000.00 per package in accordance with the Management Contract.
3. ****Liability of Manuel Ong:**** The Supreme Court agreed with lower courts' findings that the damage pre-existed the cargo's loading onto Ong's trucks, thus exculpating him from liability.

Doctrine:

This case reaffirmed the doctrine that the provisions of a gate pass or an arrastre management contract bind an insurer-subrogee even if it is not a party to it, requiring the filing of a claim within a specified period as a condition precedent to a cause of action against the arrastre operator.

Class Notes:

- **Subrogation** is a legal principle allowing an insurer to step into the shoes of the insured to seek indemnification from the responsible party.
- **Arrastre Operator Liability:** Limited to P5,000.00 per package unless otherwise specified pre-discharge.
- **Prescriptive Period for Claims:** A claim against an arrastre operator must be filed within 15 days from receipt of cargo or from the deemed issuance date of a certificate of loss, damage, injury, or non-delivery by the arrastre operator.

Historical Background:

The case highlights the intricacies of maritime law, specifically regarding the roles and liabilities of arrastre operators and insurers in cargo handling and claims. It underscores the importance of contract stipulations in limiting liabilities and prescribing action deadlines, balancing the interests of cargo handlers, insurers, and consignees in international trade logistics.