

Title: Sweet Lines, Inc. vs. Hon. Bernardo Teves, Presiding Judge, CFI of Misamis Oriental, Branch VII, Leovigildo Tandog, Jr., and Rogelio Tiro

Facts: The case originated from a breach of contract of carriage and damages filed by Leovigildo Tandog, Jr., and Rogelio Tiro against Sweet Lines, Inc. in the Court of First Instance (CFI) of Misamis Oriental. Tandog and Tiro purchased tickets for a voyage on Sweet Lines' vessel but were relocated to another vessel due to operational changes, subsequently enduring inconvenient travel conditions. Sweet Lines moved to dismiss the complaint based on a venue stipulation on the ticket (Condition No. 14) directing all actions to be filed in Cebu City. The CFI denied the motion, as well as a subsequent motion for reconsideration, prompting Sweet Lines to file a petition for prohibition with preliminary injunction with the Supreme Court to restrain the CFI judge from proceeding with the case.

Issues: The primary legal issue was the validity and enforceability of Condition No. 14, which restricted the venue for actions arising from the contract of carriage to the Court of First Instance of Cebu, to the exclusion of all others.

Court's Decision: The Supreme Court dismissed Sweet Lines' petition, ruling that Condition No. 14 is void and unenforceable. The Court reasoned that such terms, being contracts of adhesion, must be scrutinized for fairness and equity. Given the circumstances of the inter-island shipping industry and the monopolistic position of shipping companies, passengers have little bargaining power, making it unjust to strictly enforce such conditions. The Court also highlighted that enforcing Condition No. 14 would undermine public policy by limiting access to justice for individuals outside Cebu City, thus placing them at a disadvantage.

Doctrine: The decision reiterated the doctrine regarding contracts of adhesion, emphasizing that terms imposed unilaterally and not bargained for could be voided if they were deemed unfair, unjust, or contrary to public policy. It also underscored the importance of ensuring that contractual provisions do not hinder the public's access to justice or contravene the public good.

Class Notes:

1. Contracts of Adhesion: Contracts prepared by one party, offered on a "take it or leave it" basis, often scrutinized for fairness given the lack of bargaining power of the other party.
2. Venue Stipulations: While parties can mutually agree to change the venue of actions, such agreements are subject to review, especially in standardized contracts, to ensure they do not unduly inconvenience a party or restrict access to justice.

3. Public Policy: Contracts or contract provisions can be voided if they are injurious to the public good, limit the public's access to legal remedies, or place a party at a significant disadvantage.

Historical Background: This case highlights the challenges in the Philippine inter-island shipping industry, including monopolistic practices, lack of consumer bargaining power, and the courts' role in balancing contractual freedom with public interest and equity. It reflects the judicial perspective on protecting consumers in a transport industry dominated by a few players, emphasizing the need for fairness and accessibility in legal remedies for service users.