

### Title: Tuna Processing, Inc. vs. Philippine Kingford, Inc.

### Facts:

On January 14, 2003, Kanemitsu Yamaoka and five Philippine tuna processors, including respondent Philippine Kingford, Inc., entered into a Memorandum of Agreement (MOA) concerning the licensing and royalty collection under the Yamaoka Patent across the United States, the Philippines, and Indonesia. Tuna Processors, Inc. (TPI), was established as part of this agreement, with certain rights and obligations towards collecting royalties and enforcing the patent. Subsequently, Kingford, among others, withdrew from the agreement and defaulted on their obligations. This led to TPI submitting the dispute to arbitration in California, USA, which resulted in a favorable award for TPI.

TPI then sought to enforce the arbitral award in the Philippines by filing a Petition for Confirmation, Recognition, and Enforcement of Foreign Arbitral Award with the RTC of Makati City. The RTC initially dismissed Kingford's Motion to Dismiss but, after Judge Alameda's inhibition and Judge Ruiz's reconsideration, dismissed TPI's petition for lacking legal capacity to sue in the Philippines due to its unlicensed status to do business there.

TPI appealed to the Supreme Court on these grounds, arguing that its right to enforce the arbitral award was supported by the Alternative Dispute Resolution Act of 2004, the New York Convention, and the UNCITRAL Model Law on International Commercial Arbitration.

### Issues:

1. Whether TPI, an unlicensed foreign corporation, has the legal capacity to enforce a foreign arbitral award in Philippine courts.
2. The reconciliation of the Corporation Code's provisions with the Alternative Dispute Resolution Act of 2004, the New York Convention, and the Model Law.

### Court's Decision:

The Supreme Court reversed the RTC's decision and ruled that TPI can enforce the foreign arbitral award in the Philippines. It held that the Alternative Dispute Resolution Act of 2004, aligned with both the New York Convention and the Model Law, takes precedence as a more specific law regarding arbitration over the general Corporation Code. The Court emphasized that the enforcement of foreign arbitral awards in the Philippines does not require the petitioner to be licensed to do business in the country. Therefore, TPI's lack of local

corporate license does not preclude it from seeking enforcement of the arbitral award.

### Doctrine:

The Alternative Dispute Resolution Act of 2004, along with the New York Convention and the Model Law, provide a legal framework that allows foreign arbitral awards to be recognized and enforced in the Philippines regardless of the petitioner's corporate licensing status within the country.

### Class Notes:

- Foreign Arbitration and Philippine Jurisdiction: A foreign corporation can enforce an arbitral award in the Philippines without being licensed to do business locally, as supported by the Alternative Dispute Resolution Act of 2004.
- Precedence of Special Laws over General Laws: In cases of conflict, specific laws related to arbitration and dispute resolution prevail over the general provisions of the Corporation Code regarding foreign corporations.
- Principles of International Comity: The enforcement of foreign arbitral awards, as prescribed under international agreements like the New York Convention and incorporated in local legislation, is an embodiment of the Philippines' commitment to international arbitration norms.

### Historical Background:

This case reflects the evolving landscape of international commerce and the Philippines' alignment with global arbitration standards. It underscores the country's commitment to uphold international commercial arbitration awards, fostering a more predictable and stable business environment for foreign investors and entities involved in cross-border commercial activities.