

Title:

MOF Company, Inc. vs. Shin Yang Brokerage Corporation

Facts:

The case involves a dispute between MOF Company, Inc. (MOF), the petitioner, and Shin Yang Brokerage Corp. (Shin Yang), the respondent, over the payment of freight and other charges related to a shipment of secondhand cars and other articles from Korea to Manila. The shipment was carried out by Halla Trading Co. using Hanjin Shipping Co., Ltd. (Hanjin), with MOF being Hanjin's exclusive general agent in the Philippines. The bill of lading named Shin Yang as the consignee and stated that the payment was on a "Freight Collect" basis amounting to P57,646.00.

MOF repeatedly demanded payment from Shin Yang, which refused, arguing it was only a consolidator/forwarder, did not cause the importation, was not the ultimate consignee, and did not consent to be named in the bill of lading. Consequently, MOF filed a case for sum of money in the Metropolitan Trial Court of Pasay City, which ruled in favor of MOF. The Regional Trial Court affirmed this decision, but the Court of Appeals dismissed MOF's complaint for insufficiency of evidence, leading MOF to file a petition for review on certiorari with the Supreme Court.

Issues:

1. Whether a consignee, not a signatory to the bill of lading, is bound by its stipulations.
2. Whether Shin Yang, having denied any involvement and without evidence of acceptance or demand for the goods, is liable for freight and handling charges.

Court's Decision:

The Supreme Court denied the petition, affirming the Court of Appeals' decision that MOF failed to substantiate its claim against Shin Yang. The Court highlighted that the bill of lading alone, absent any other evidence demonstrating Shin Yang's consent or involvement in the shipment, was insufficient to hold Shin Yang liable for the charges. The Supreme Court elaborated on the conditions under which a consignee may be bound by the bill of lading, emphasizing the demand for fulfillment or an agency relationship, both of which were absent in this case.

Doctrine:

The ruling reiterates the principle that the burden of proof in civil cases rests upon the party who asserts the affirmative of an issue. It also underscores the doctrine that a

consignee, not a signatory to a bill of lading and without evidence of accepting its terms or acting in a way that would manifest agreement to those terms, cannot be automatically bound by the bill of lading for freight charges.

Class Notes:

- The burden of proof rests on the party asserting a claim.
- A consignee named in a bill of lading is not automatically liable for charges unless there's evidence of consent or demand for the goods based on the bill of lading.
- Essential elements for a party to be bound by a contract: consent, subject matter, and cause.
- Civil Code, Article 1311 (stipulation for another) necessitates the beneficiary's acceptance of the benefit before its revocation for the stipulation to bind the party.

Historical Background:

This case illustrates the complexities involved in international shipping practices, specifically the roles and liabilities of consignees who are named in a bill of lading. It highlights the legal challenges in proving involvement and consent in the absence of explicit agreements or evidence beyond the bill of lading. Such situations are common in international trade, where transactions involve multiple parties across different jurisdictions, underscoring the importance of clear documentation and explicit consent in contractual relationships.