

Title: Asian Terminals, Inc. vs. Allied Guarantee Insurance, Co., Inc.

Facts:

1. **February 5, 1989:** A shipment of 72,322 lbs. of kraft linear board was transported from the U.S.A. to San Miguel Corporation in Manila via the vessel M/V Nicole, operated by Transocean Marine, Inc.
2. **April 8, 1989:** The vessel arrived in Manila, and the shipment was offloaded by Marina Port Services, Inc., the predecessor of Asian Terminals, Inc. (ATI), between April 8-13, 1989.
3. **April 13, 1989:** Assessment revealed 158 rolls of the goods were damaged upon shipping. Upon delivery to Dynamic Brokerage Co. Inc. (the customs broker) and then to San Miguel, another 54 rolls were found damaged.
4. **Total damage:** The total damage was assessed to be 212 rolls worth P755,666.84.
5. **March 8, 1990:** Allied Guarantee Insurance, Co., Inc. (Allied), having paid the amount to San Miguel and subrogated in its rights, filed a complaint for maritime damages against Transocean, Philippine Transmarine, Dynamic, and Marina.
6. **Defendant positions:**
 - **Marina:** Claimed due diligence and stated goods were already in a bad condition.
 - **Transocean & Philippine Transmarine:** Denied responsibility, attributing damage to pre-existing conditions and acts of nature. Asserted proper diligence.
7. **Regional Trial Court (RTC) Decision (September 9, 1993):**
 - Transocean was found liable for 158 rolls (P623,935.76).
 - Marina (now ATI) and Dynamic were found jointly and severally liable for the additional 54 rolls (P131,731.08).
 - All defendants were to pay 25% of the principal amount as attorney's fees and costs.
8. **Appeal to the Court of Appeals by ATI:**
 - ATI contended non-responsibility for the additional 54 rolls, arguing damages to have occurred after goods were released from their custody.
9. **Court of Appeals Decision (November 9, 2007):** Affirmed the RTC's ruling in full.

10. **Motion for Reconsideration by ATI:** Denied.

11. **Petition for Review to the Supreme Court:** Filed by ATI challenging liability and attorney's fees.

Issues:

1. Whether ATI was liable for the damage to the additional 54 rolls of kraft linear board.
2. Whether the award of attorney's fees was justified.

Court Decision:

1. **Liability for Damages:**

- The Supreme Court affirmed the findings of both the RTC and the Court of Appeals that ATI, along with Dynamic, failed to prove the absence of negligence and due care in handling the goods.
- The evidence presented (Turn Over Survey of Bad Order Cargoes and Requests for Bad Order Survey) did not absolve ATI from liability as these documents lacked sufficient credibility.
- Rule 45 confines issues to questions of law. The case at hand involved disputed facts and assessments of evidence, thus outside the scope of Rule 45.

2. **Attorney's Fees:**

- The award of attorney's fees was deleted. The court found no compelling legal or factual basis was provided as required by Article 2208 of the Civil Code.

Doctrine:

- **Burden of Proof on Arrastre Operators:** Arrastre operators must unequivocally show that losses were not due to their negligence.
- **Scope of Rule 45:** Petitions under Rule 45 should involve purely legal questions and not re-evaluation of factual findings by lower courts.

Class Notes:

- **Key Elements:**
- **Common Carrier Liability:** Extraordinary diligence required to avoid damage during transport.

- **Arrastre Operator Responsibility:** Custodian of goods; liable for damages unless proven otherwise.
- **Burden of Proof:** Lies with the arrastre operator to demonstrate due diligence and non-negligence.
- **Legal Doctrine:** Subrogation rights of insurers and justified claims.

Relevant Statutes:

- **Article 2208 of the Civil Code:** Criteria for awarding attorney's fees.
- **Rule 45, Rules of Court:** Appeals concerning questions of law.

Historical Background:

The case takes place against a backdrop where Philippine jurisprudence emphasizes stringent obligations on common carriers and arrastre operators due to their vital role in logistics and the economy. Ensuring these operators adhere to high standards of care reinforces the security and reliability of commercial transactions in the trading sector. Additionally, the case underscores the judicial system's commitment to due process and the delineation of responsibilities among varied stakeholders in the shipping and logistics chain.