

Title:

New World International Development (Phils.), Inc. v. NYK-FilJapan Shipping Corp. and Seaboard-Eastern Insurance Co., Inc., G.R. Nos. 171468 & 174241

Facts:

****1. Contract and Shipment:****

- New World International Development (Phils.), Inc. (New World) purchased three emergency generator sets worth US\$721,500.00 from DMT Corporation (DMT) through Advatech Industries, Inc. (Advatech).
- DMT shipped these generator sets from Wisconsin to LEP Profit International, Inc. (LEP) in Chicago, then by train to Oakland, California, and eventually loaded them onto the vessel S/S California Luna V59, owned by NYK-FilJapan Shipping Corp. (NYK), for delivery to Manila.
- NYK issued a bill of lading, declaring receipt of the goods in good condition.

****2. Incident Occurrence:****

- The ship unloaded the goods in Hong Kong, where they were transhipped to S/S ACX Ruby V/72, also owned by NYK.
- En route to Manila, the vessel encountered Typhoon Kadiang, leading to a sea protest by the captain after arriving at Manila South Harbor on October 5, 1993.

****3. Inspection and Damage Disclosure:****

- Marina Port Services, Inc. (Marina), the cargo-handling operator, received the shipment on October 7, 1993.
- Inspection revealed damage to two of the three container vans, with the generator sets deemed extensively damaged and irreparable upon examination at the job site on October 20, 1993.

****4. Claims and Demands:****

- New World demanded recompense from NYK, DMT, Advatech, LEP, LEP International Philippines, Inc. (LEP Philippines), Marina, and Serbros Carrier Corp. (Serbros), but NYK and LEP denied liability.
- A formal insurance claim was submitted to Seaboard-Eastern Insurance Co., Inc. (Seaboard) on November 16, 1993, which Seaboard initially addressed or further documentation but ultimately refused to process without an itemized list.

****5. Legal Proceedings:****

- New World filed a suit for specific performance and damages against all implicated parties at the Regional Trial Court (RTC) of Makati City under Civil Case 94-2770.
- The RTC ruled in favor of NYK, indicating the one-year prescriptive period under the Carriage of Goods by Sea Act (COGSA) had lapsed by four days; additionally, it dismissed the claims against other respondents.

****6. Appeals and Rulings:****

- New World appealed, leading to a Court of Appeals (CA) decision on January 31, 2006, affirming most of the RTC's rulings but reversing the decision against Seaboard.
- Seaboard filed for reconsideration, resulting in an amended CA decision on August 17, 2006, siding again with Seaboard.
- New World filed a second petition for review with the Supreme Court under G.R. 174241.

Issues:

1. ****In G.R. 171468:****

- Whether the CA erred in affirming the RTC's decision absolving respondents DMT, Advatech, LEP, LEP Profit, Marina, and Serbros from liability.

2. ****In G.R. 174241:****

- Whether the CA erred in ruling that Seaboard's request for an itemized list was reasonable and did not violate the insurance contract.
- Whether the CA erred in holding that the one-year COGSA prescription period for marine claims applied to New World's claim against Seaboard.

Court's Decision:

****1. G.R. 171468:****

- The Supreme Court affirmed the lower court's decision, stating that New World's loss occurred due to NYK's negligence during the typhoon campaign. The court refused to address the negligence claim against other respondents as it raises a factual issue, inappropriate for review on certiorari.

****2. G.R. 174241:****

- ****Itemized List Requirement:**** The Court found Seaboard's additional requirement for New World's claim processing unreasonable, given the existing documents sufficed by policy standards.
- ****Prescription:**** The Court held that the delayed filing against NYK was due to Seaboard's unreasonable demands and refusal to process the claim promptly, making Seaboard liable to pay the stipulated insurance amount plus legal interests and attorney's fees.

Doctrine:

1. **Burden of Proof on Carrier:** Article 1734 of the Civil Code states carriers must prove their due diligence to invoke exempting causes like natural calamities.
2. **Insurance Contract Construction:** Contracts of adhesion are construed strongly against the drafter, typically the insurance company.

Class Notes:

- **Elements of Marine Insurance Claims:** Submission of substantial documents as evidence of loss, policies being construed against insurers, and prescriptive periods under COGSA.
- **Legal Statutes:**
- **Article 1734, Civil Code:** Exempts carriers from liability due to natural calamities unless they prove diligence.
- **Sections 243 and 244, Insurance Code:** Specifies timelines for insurance claim payments and penalties for delays, including doubled interest rates.

Historical Background:

The historical context revolves around interpreting maritime laws and insurance stipulations amid frequent shipping disruptions due to natural events in the Philippines. The case highlights procedural challenges in cargo loss claims involving multiple stakeholders, emphasizing adherence to prescriptive periods and insurer obligations in prompt claim settlement.