

Title: Home Insurance Company v. Eastern Shipping Lines and Ang Jose Transportation, Inc.

Facts:

- On January 13, 1967, S. Kajita & Co., acting for Atlas Consolidated Mining, shipped 2,361 coils of black hot rolled copper wire rods from Osaka, Japan, aboard the SS Eastern Jupiter, operated by Eastern Shipping Lines. This shipment was insured by the Home Insurance Company for P1,580,105.06 under Insurance Policy No. AS-73633.
- Upon arrival in Manila, 73 coils were found loose or partly cut, and 28 coils were deemed scrap due to damage, resulting in a weight loss of 593.15 kilos.
- Home Insurance Company paid the consignee for the damage under its policy, becoming subrogated to the consignee's rights. They demanded payment from Eastern Shipping Lines and Angel Jose Transportation, which was refused.
- On December 22, 1966, Hansa Transport Kontor shipped 30 packages of service parts from Bremen, Germany, to Manila aboard the SS Neder Rijn, also insured by Home Insurance.
- Due to shipment issues, some packages arrived damaged or with missing items, valued at a loss of P2,426.98. Home Insurance paid the consignee and sought reimbursement from N.V. Nedlloyd Lijnen and its agent, which again was refused.
- Home Insurance filed separate suits against these entities, claiming their right to sue as a foreign entity authorized by an agent in the Philippines. However, their capacity to sue prior to obtaining a necessary business license was denied at the trial level.

Procedural Posture:

- The Court of First Instance dismissed the cases, ruling that Home Insurance did not prove its capacity to sue, as the insurance contracts were executed before it was licensed. Home Insurance thereafter petitioned for review on certiorari to the Supreme Court.

Issues:

1. Did the trial court err in dismissing the cases on the ground that the plaintiff lacked capacity to sue?
2. What impact does a foreign corporation's lack of a business license at the time of contract execution have on their capacity to sue?

Court's Decision:

- The Supreme Court found that public policy was satisfied by Home Insurance subsequently obtaining a license before filing suit. The contracts issued prior to its licensure were not void, and the later compliance restored the ability to enforce the contracts. The

court overturned the dismissal of the lawsuit and ordered the defendants to pay the awarded damages plus interest.

Doctrine:

- The ruling confirmed that acquiring a license to do business can rectify the lack of capacity that would have otherwise barred a foreign corporation from maintaining lawsuits for enforcement of contracts executed prior to such licensing.

Class Notes:

- Key concepts from this case include:

1. Capacity to Sue: Foreign corporations must prove licensure to maintain suits.
2. Subrogation: Home Insurance, as the insurer, stands in the rights of the consignee it compensated.
3. Interpretation of Non-Compliance: Non-compliance with business licensing under Corporation Law affects lawsuit remedial actions but not contract validity.

Historical Background:

- Historically, foreign corporations could not transact business or sue in the Philippines without prior proper licensing under Section 68 and 69 of the old Corporation Law. This precedent aligns with efforts to facilitate fair commercial participation while ensuring jurisdictional accountability. The Corporation Code of the Philippines later clarified these points to enhance trade and compliance clarity.