

**ELITE SHIRT FACTORY, INC., PETITIONER-APPELLANT, VS. THE
HON. W. L. CORNEJO AND/OR THE CITY COURT OF MANILA,
COMPANIA MARITIMA AND THE PHILIPPINE STEAM NAVIGATION
CO., INC., RES...***G.R. No. L-26718. October 31, 1969*

Ponente: FERNANDO, J.

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The question presented by this appeal from a decision of the lower court, then presided by Judge, now Justice Arsenio Solidum of the Court of Appeals, dismissing a petition for certiorari filed by the Elite Shirt Factory, Inc., now appellant, is one that this Court will pass upon for the first time. Does the exclusive jurisdiction conferred on a court of first instance over admiralty and maritime cases include the suit where the shipper files a claim against the carrier, the goods having been landed, stored in its bodega but subsequently burned, no delivery having been made to the consignee as a result?[1] The lower court answered in the affirmative. It dismissed the petition for certiorari filed against respondent Judge W. L. Cornejo of the City Court of Manila who, after deciding in favor of petitioner which sought to recover damages in the amount of P2,124.00 resulting from the cargo being burned, refused to grant the motion for execution and in addition, set aside its original decision, the ground for such dismissal being the lack of jurisdiction of respondent Judge, the matter falling within the exclusive admiralty and maritime jurisdiction of a court of first instance. Hence, this appeal. We agree with the conclusion reached by the lower court, and we affirm.

According to the brief for appellant Elite Shirt Factory, Inc., it delivered to respondent Campania Maritima on November 29, 1963 for shipment to designated consignees several cartons of merchandise. While such cargo was stored in the bodega of respondent Campania Maritima at Pulpandan, Negros Occidental, and before they could be delivered to the consignees, a fire broke out, as a result of which appellant allegedly suffered damages in the amount of P2,124.00. The brief for appellant continues: "On June 13, 1964, therefore, petitioner-appellant filed with the City Court of Manila a complaint against Campania Maritima for the reimbursement of said amount of P2,124.00 as actual damages. A motion to dismiss said complaint was filed by Campania Maritima on the ground that the city court does not have jurisdiction over said case, the same being in the nature of maritime and admiralty, and within the jurisdiction of courts of first instance. Said motion to dismiss was denied by the city court for lack of merit, after which Campania Maritima filed an answer to the complaint impleading respondent-appellee Philippine Steam Navigation Co., Inc., as third party defendant on the ground, among others, that the fire which gutted the warehouse of Campania Maritima and destroyed the goods stored therein started from the section occupied by the third-party defendant and caused by the latter's negligence. Respondent-appellee Philippine Steam Navigation Co., Inc. filed its answer to the third-party complaint. At the scheduled hearing of the complaint and third-party complaint, respondent-appellee Philippine Steam Navigation Co., Inc., failed to appear by reason of which an ex-parte judgment was rendered against it and respondent-appellee Campania Maritima agreed to pay the petitioner-appellant the sum of P2,124.00 plus interest thereon at the legal rate so a judgment by

consent was rendered against it." [2] Upon petition of the Philippine Steam Navigation Co., Inc. to set aside such judgment on the ground that its failure to appear on the date of the hearing was due to an excusable neglect, respondent Judge set aside the decision rendered by him. Necessarily, a motion for execution of such decision filed by appellant was denied.

After an unsuccessful motion for reconsideration, a petition for certiorari with preliminary injunction was filed by appellant with the Court of First Instance of Manila, then presided by now Justice Arsenio Solidum, against respondent Judge and respondents Compania Maritima and the Philippine Steam Navigation Co., Inc. In its answer to such petition, respondent Compania Maritima invoked the question of jurisdiction alleging that the matter was within the exclusive admiralty and maritime jurisdiction of the court of first instance in accordance with the Judiciary Act, respondent Judge therefore being without power in the premises. Such a defense found favor with the lower court which in the decision, now on appeal, of June 16, 1966 dismissed the petition as in its view the respondent Judge lacked jurisdiction.

As the appealed decision would put it: "As regards the contention of the petitioner that the liability of the carrier, Compania Maritima, from the time the shipment was deposited in its warehouse in Pulupandan, Negros Occidental, was no longer as a common carrier but as a depositary, is not well taken for the reason that the warehouse in which the cargo was deposited at the time it was burned was owned by the carrier, Compania Maritima, itself. Hence, the ruling in the cases of Macondray & Co., Inc. vs. Delgado Bros., G. R. No. L-13116, April 28, 1960, and Delgado Bros. vs. Home Insurance Company, G. R. No. L-15567, March, 1961, cited by the petitioner, to the effect that from the moment the goods are discharged in the port of destination, the liability of the same receiving the goods and keeping them until they are delivered to their designated consignees is that merely of a depositary, is not applicable to the present case for the simple reason that in those two cases, the shipments were delivered by the carrier to the Customs Arrastre Service, the arrastre operator of the Port of Manila. While the ruling in said cases insofar as it states that the liability of the carrier ceases upon the discharge of the goods in the port of destination is correct, the same cannot be correctly applied to the present case inasmuch as the goods in question were delivered not to another party but to the warehouse in Pulupandan, Negros Occidental, owned by the carrier, Compania Maritima, which undertook the delivery of said goods to the corresponding consignees by virtue of a maritime contract. Unfortunately, the said cargo was burned before the Compania Maritima, could comply with its maritime obligation to deliver the same to the consignees." [3]

Petitioner is of a different mind. It would, in this appeal, maintain the view which did not find favor with the lower court that respondent Judge had jurisdiction, the goods having been discharged in the port of destination, the liability of the one in which they were kept being merely that of a depositary. This is how it would develop such a contention in its brief: "That is why if the goods were lost, burned or damaged after they were discharged at the port of destination and while they were at the warehouse of the defendant and the latter is sued for the loss damage of the goods, then he is sued in his capacity as a [depositary] and not that of a ship owner or as a common carrier. If that is so, then the one keeping the goods is not engaged in maritime proper and therefore subject to the jurisdiction of the city court. The act of keeping the goods for safekeeping until they are delivered to the consignee is merely incidental to the business or trade of navigation. So where the defendant is primarily sued for its liability as a [depositary] of the goods and not as shipowner or as a common carrier, as in the instant case, whatever issue relative to maritime is merely incidental to the main issue. It is well-settled that in cases where the goods were burned, lost or damaged while in store before they are delivered to the consignees, then ordinary courts have jurisdiction." [4]

It is thus evident that the question presented, as set forth at the opening of this decision, is novel in character. The argument advanced by petitioner is not utterly devoid of plausibility but is not sufficiently persuasive to call for a

reversal of the judgment. The decisive consideration is that the admiralty jurisdiction as decided by us in a leading case, *International Harvester Co. v. Aragon*,^[5] extends over all maritime contracts in whatever form entered into, whether executed or still to be performed. As long as the subject matter thereof is maritime service or a maritime transaction, then it is embraced within such a concept. When, as in this case, the proceeding in effect is one for a breach of a contract of shipment, the jurisdiction of the court of first instance under the specific provision of the Judiciary Act is undeniable. The view cannot be accepted, as petitioner would insist both here and in the lower court, that the obligation of respondent *Campania Maritima* from the contract entered into by it with the petitioner had ceased the moment the goods were discharged in the port of destination. It was still under duty to deliver the same to the consignees. Until there be compliance therewith, it cannot be said that the contract of affreightment was at an end. That remained the basis of whatever liability, a point not passed upon in this proceeding, would attach to respondent *Compania Maritima*. That is why it would not be in consonance with the settled law if under the above specific facts the matter would not be considered as falling within the admiralty jurisdiction of a court of first instance.

WHEREFORE, the decision of the lower court of June 16, 1966 is affirmed. With costs against petitioner-appellant.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Sanchez, Castro, Teehankee, and Barredo, JJ., concur.

[1] Sec. 44. Courts of First Instance shall have original jurisdiction: *** (d) In all actions in admiralty and maritime jurisdiction, irrespective of the value of the property in controversy or the amount of the demand; * * *. (The Judiciary Act of 1948).

[2] Brief for the Petitioner-Appellant, pp. 2-3.

[3] *Ibid*, Appendix, pp. 17-18.

[4] *Ibid*, p. 9.

[5] 84 Phil. 363 (1949). Cf. *Negre v. Cabahug Shipping & Co.*, 16 SCRA 655 (1966).

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