

**RIZAL SURETY & INSURANCE COMPANY, PLAINTIFF-APPELLEE,
VS. MANILA RAILROAD COMPANY, MANILA PORT SERVICE AND
AMERICAN PRESIDENT LINES, LTD., DEFENDANTS, MANILA
RAILROAD COMPANY, A...**

G.R. No. L-29244. March 31, 1976

Ponente: ANTONIO, J.

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ANTONIO, J.:

We re-affirm, in the present case, the rule that where the loss or disappearance of a portion of a shipment may have taken place during the voyage, giving rise to a maritime case which falls within the original jurisdiction of the court of first instance, the fact that the amount claimed is less than the jurisdictional limit of said court is of no moment. The cause of action being indivisible, involving as it does laws on ordinary as well as maritime contracts, jurisdictional limitation as to the amount must yield to the greater jurisdiction of the court of first instance as to subject matter, rather than to that of the city court.

The pertinent facts are as follows:

On April 3, 1961, Greene & Associates shipped on board the SS "President Cleveland" at San Francisco, California, fifty-one (51) packages of Poultry Tonic and Feed Supplement consigned to Superior Poultry & Livestock Supply Co., Inc. in Manila. This shipment was insured with the Rizal Surety & Insurance Company. On April 17, 1961, the aforesaid shipment was discharged into the custody of the Manila Port Service, a subsidiary of the Manila Railroad Company, as arrastre operator. When the cargo was subsequently delivered to the consignee, twenty-one (21) packages were found short and/or missing and four (4) packages were in bad order. As a consequence of such loss and damage, the Rizal Surety & Insurance Company, as insurer, paid to the consignee the amount of P699.17 representing its liability under the insurance contract. The insurance company filed a claim with both the vessel and the arrastre operator for reimbursement of said payment, and when the two refused, instituted the present action against them on October 3, 1961.

Defendant American President Lines, Ltd. denied liability, claiming that any loss or damage suffered by the cargo must have occurred after the said cargo was discharged into the custody of the Manila Port Service.

Defendants-appellants Manila Railroad Company and Manila Port Service moved to dismiss the complaint insofar as they are concerned, on the ground that the court had no jurisdiction over the case against them, inasmuch as the admiralty and maritime jurisdiction of the court, invoked by the plaintiff by reason of the contract of affreightment, does not apply to the Manila Railroad Company and Manila Port Service, which are not parties to the said contract, and the action being one for recovery of a sum of money involving less than P5,000.00, the municipal court and not the court of first instance has jurisdiction.[1]

An opposition to the foregoing motion to dismiss was filed by plaintiff on November 2, 1961.

On November 10, 1961, the court a quo issued an order deferring action on the motion to dismiss until trial on the

merits on the ground that the grounds invoked in support of said motion are not indubitable. Defendants-appellants Manila Railroad Company and Manila Port Service accordingly filed their answer on November 16, 1961, denying liability and alleging that "the arrastre operator Manila Port Service has always exercised due care and diligence * * * in receiving and handling goods thereby amply complying with the requirement of law in the exercise of ordinary diligence." As special defenses, they reiterated the lack of jurisdiction of the court, the case not being maritime or admiralty in nature.

After trial on the merits, the court a quo rendered a decision, dated March 20, 1963, stating in part, thus:

"It appearing from the evidence for defendant American President Lines, Ltd. (Exhibits 4-APL to 4-F-APL), as well as from Exhibit 4-MPS, that the aforesaid 51 packages of Poultry Tonic and Feed Supplement were discharged from the carrying vessel, "SS PRESIDENT CLEVELAND", into the custody of Manila Port Service on or about April 17, 1961, in good order and condition, and that on April 20, 1961, the consignee filed a provisional claim relative to the said shortdelivery and damage of cargo, it follows, under the applicable laws and authorities too well-known to need mention herein, that only defendants Manila Port Service and Manila Railroad Company are liable for the shortdelivered and damaged cargo.

"On October 20, 1961, defendants Manila Port Service and Manila Railroad Company filed a MOTION TO DISMISS plaintiff's complaint on the ground that the latter's cause of action - insofar as said defendants are concerned - not being maritime or admiralty in nature, and said complainant's demand being less than P5,000.00, this Court has no jurisdiction over the subject matter of this case. It will be noted, however, that with respect to the other defendant American President Lines, the maritime or admiralty jurisdiction of this Court is involved, hence the ground of the said motion to dismiss has no leg to stand on. It would be most inconvenient and against the rule regarding multiplicity of suits for plaintiff to file separate actions against the two defendants in the Municipal Court and against the third defendant in the Court of First Instance, considering that the said actions bear on the same subject matter, namely, the shortdelivered and damaged goods. On the other hand, it would be in harmony with the spirit, if not the express provisions of the Rules of Court that all the said defendants be joined in a single suit and brought before the court of proper jurisdiction, to wit, this Court, to the end that the said suit may be decided once and for all."[2]

The court a quo accordingly ordered defendants-appellants Manila Port Service and Manila Railroad Company "to pay to plaintiff, jointly and severally, the sum of P635.82, with legal interest thereon from the filing of the complaint until fully paid, and the costs." The counterclaim and cross-claim of defendant American President Lines, Ltd. were dismissed.

The Manila Port Service and Manila Railroad Company appealed the above decision to the Court of Appeals, assailing the jurisdiction of the court of first instance.

Finding that a purely legal question is involved, the Court of Appeals certified the appeal to Us.

The instant appeal is without merit.

The questions involved herein were definitely settled in previous cases. In *Rizal Surety & Insurance Company v. Manila Railroad Company, et al.*, [3] a case involving the same issue and substantially the same parties, this Court stated, in part:

"Considering that the action against Delgado Shipping Agencies, Inc. is one of admiralty and belongs to the jurisdiction of the Court of First Instance while the action against the Manila Port Service and the Manila Railroad Company is based on the arrastre contract which, because of the amount involved, comes under the exclusive jurisdiction of the municipal court, can the instant case be taken cognizance of by the former upon the theory that both defendants are sued in the alternative?

"The answer must be in the affirmative bearing in mind that the cause of action against the alternative

defendants arises out of the same transaction which is the recovery of the value of the lost merchandise and the nature of the loss could not be determined at the moment. This view finds support in Section 5 of Rule 2 of the Rules of Court which provides:

'SEC. 5. - Joinder of causes of action - Subject to rules regarding jurisdiction, venue and joinder of parties, a party may in one pleading state, in the alternative or otherwise, as many causes of action as he may have against an opposing party (a) if the said causes of action arise out of the same contract, or (b) if the causes of action are for demands for money, or are of the same nature and character.

'In the cases falling under clause (a) of the preceding paragraph, the action shall be filed in the inferior court unless any of the causes joined falls within the jurisdiction of the Court of First Instance, in which case it shall be filed in the latter court.

'In the cases falling under clause (b) the jurisdiction shall be determined by the aggregate amount of the demands, if for money, or by their nature and character, if otherwise.'

"As may be seen, the instant case comes within the purview of the rule abovequoted for therein it is postulated that a party may in one pleading state in the alternative as many causes of action as he may have against an opposing party if they arise from the same transaction with the particularity that the case may be filed in the Court of First Instance if any of said causes of action falls exclusively within its jurisdiction. This is precisely what was done in this particular case. Because of the uncertainty of the place where the disappearance of the shipment occurred, plaintiff brought the case in the alternative before the court of first instance upon the theory that it may have occurred while the shipment was in transit or while in the custody of the arrastre operator.

"This case also finds support in *International Harvester Company of the Philippines vs. Aragon, et al.*, 84 Phil., 363. In said case, the complaint was filed in the municipal court against both the shipping company as agent of the vessel on which the shipment was loaded and the Manila Terminal Company, Inc. as alternative defendants, seeking to recover the sum of P200.00 as value of undelivered goods, it being uncertain whether said cargo was lost at sea or while in storage at the Port of Manila. In affirming the dismissal of the case this Court stated that the municipal court had no jurisdiction over the same because it is predicated on the contract of carriage by sea which falls within the exclusive jurisdiction of the court of first instance. And reasoning by analogy, we may say that the instant case also falls exclusively within the jurisdiction of the Court of First Instance of Manila upon the theory that the loss or disappearance of a portion of the shipment may have taken place during the voyage and hence it involves a maritime case which falls within the original jurisdiction of said court. The fact that the amount sought to be collected is less than its jurisdictional limit is of no moment, because the cause of action being indivisible, covering as it does laws on ordinary as well as maritime contract, such jurisdictional limitation as to amount must yield to the greater jurisdiction of the court as to subject matter for reasons of expediency and convenience.

'Constitutional and statutory provisions conferring jurisdiction on the inferior courts of demands below certain amounts do not forbid determination of said demands in the superior court where they are connected with larger claims or with a type of demand solely within the jurisdiction of the superior court.' (21 C.J.S., p. 81, *Italics supplied*)"

The same ruling was enunciated in *Rizal Surety & Insurance Company v. Manila Railroad Company, et al.*, [4] and *Switzerland General Ins. Co. Ltd. v. Java Pacific & Hoegh Lines, et al.*, [5]

WHEREFORE, the decision appealed from is hereby affirmed. Costs against defendants-appellants.

Barredo, (Acting Chairman), Aquino, Concepcion, Jr., and Martin, JJ., concur.

Fernando, J., (Chairman), is on official leave.

Martin, J., was designated to sit in the Second Division.

[1] Record on Appeal, p. 19.

[2] Record on Appeal, pp. 53-54.

[3] 16 SCRA 912.

[4] 16 SCRA 908.

[5] 16 SCRA 916.

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