

FIREMAN'S FUND INSURANCE COMPANY, PLAINTIFF AND APPELLEE, VS. MANILA PORT SERVICE AND OR MANILA RAILROAD COMPANY, DEFENDANTS AND APPELLANTS.

G.R. No. L-21413. September 23, 1966

Ponente: RUIZ CASTRO, J.

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RUIZ CASTRO, J.:

Suit was commenced on October 25, 1960 in the Court of First Instance of Manila by the Fireman's Fund Insurance Company against the Manila Port Service and the Manila Railroad Company to recover a sum of money, plus interest thereon, and attorney's fees.

By agreement of the parties through their respective counsel, and without any evidence being adduced, the case was submitted for decision on December 17, 1962 on the basis of a stipulation of facts, the pertinent and material portions of which we hereunder quote:

"I. PLAINTIFF AND DEFENDANTS ADMIT:

"A. The existence, genuineness and due execution of the Management Contract entered into by and between defendant Manila Port Service and the Bureau of Customs, Republic of the Philippines, on February 29, 1954 for the operation of the arrastre service in the Port of Manila, South Harbor; but aver that neither plaintiff nor its predecessor-in-interest are signatory parties to said Management Contract nor did they have any participation whatsoever in its preparation, execution and consummation, a copy of which is hereto attached as Annex A, and made an integral part hereof.

"B. That the portion of Paragraph 15 of said Management Contract (Annex A-1), pertinent to this case among others, provides:

* * *; in any event the CONTRACTOR shall be relieved and released of any and all responsibility for loss, damage, misdelivery, and/or nondelivery of goods, unless suit in the Court of proper jurisdiction is brought within a period of one (1) year from the date of discharge of the goods, or from the date when the claim for the value of such goods have [has] been rejected or denied by the CONTRACTOR, provided that such claim shall have been filed with the CONTRACTOR, within fifteen (15) days from the date of discharge of the last package from the carrying vessel. * *

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"II. PLAINTIFF ON ITS PART ADMITS:

"1. That all its claims over the 46 items enumerated in paragraph III of the complaint have been discharged shipside, some in bad order, some completely delivered, some completely paid and some time-barred except the following items;

Item No.

Valued at

3

.....

P2,453.20

7

.....

36.57

10

.....

131.16

11

.....

45.60

22

.....

573.94

24

.....

598.16

25

.....

68.89

31

.....

63.67

32

.....

1,396.61

35

.....
940.00

"2. That in effect plaintiff has reduced its 46 claims as enumerated in paragraph 3 of the complaint only to 10 claims enumerated in the immediately preceding paragraph hereon.

"III. PLAINTIFF AND DEFENDANTS ADMIT:

"1. That for all the items enumerated in subparagraph 11 of paragraph II hereof, a provisional claim for each have been filed by the plaintiff within fifteen (15) days from discharge of the last package from the carrying vessels;

"2. That all the said provisional claims covering said items were filed with the different shipping companies that owned the carrying vessels, copies thereof were furnished the defendants Manila Port Service;

"3. That said claims were neither rejected nor approved by defendant Manila Port Service up to the filing of the instant complaint, although it is admitted that this complaint has been filed beyond one year from the date of discharge of last package from the carrying vessels.

"IV. ISSUES INVOLVED:

"1. Whether the instant action is time-barred or has prescribed;

"2. Whether the provisional claims filed by the plaintiff with the shipping companies carrying said cargoes of which a copy thereof was furnished the defendant Manila Port Service, may be considered a provisional claim for all legal purposes pursuant to the pertinent provisions of the Management Contract herein attached as Annex A.

"V. PLAINTIFF AND DEFENDANTS submit to the wise discretion of the Honorable Court the question of award of attorney's fees."

On March 30, 1963 the court a quo rendered judgment sentencing the defendants to pay to the plaintiff the sum of P6,407.40, with interest at the legal rate from the date of the filing of the complaint, P500 as attorney's fees, and costs.

From the said judgment, the defendants have appealed to this Court upon two issues of law, namely, (1) whether the provisional claims filed by the plaintiff with the shipping companies, copies of which were furnished the defendants, may be considered as claims for all legal purposes against the defendants within the purview of the provisions of paragraph 15 of the management contract entered into between the defendants and the Bureau of Customs; and (2) whether the present suit is time-barred under the provisions of the same paragraph 15 of the management contract.

The pertinent provisions of paragraph 15 of the management contract read as follows:

" * * * in any event the Contractor shall be relieved and released of any and all responsibility or liability for loss, damage, misdelivery, and/or nondelivery of goods, unless suit in the court of proper jurisdiction is brought within a period of one (1) year from the date of the discharge of the goods, or from the date when the claim for the value of such goods have [has] been rejected or denied by the Contractor, provided that such claim shall have been filed with the Contractor within fifteen (15) days from the date of discharge of the last package from the carrying vessel. * * *"

Upon the first issue, it is not controverted that the plaintiff did not file any claim directly with the defendants, the former limiting itself to furnishing the latter, within fifteen days from the date of discharge of the goods from the carrying vessels, with copies of the claims lodged by it with the shipping companies. The court a quo considered

this act of the plaintiff as "sufficient compliance with the provisions of the management contract". The defendants contend in this appeal, however, that the provisional claims, not having been filed with them, are not directed against them as "Contractor", and that the requirement that a claim must be "filed with the Contractor" should be complied with strictly, substantial compliance therewith not being sufficient in law. They further contend that if it is true, as recited in the provisional claims filed with the shipping companies, that the shipments were actually either "short-landed or discharged in bad order", then it is the shipping companies as carriers, and not the defendants as arrastre contractor or operator, that are liable.

The position taken by the defendants is, in our view, unassailable. The clear intendment of paragraph 15 of the management contract is that to render the arrastre contractor liable in damages, the claim must be filed directly with and against the contractor in such unequivocal terms as to place the contractor on notice that the claimant intends to hold it liable for loss or damage. The provisional claims in this case were directed against the shipping companies and not against the defendants. Moreover these claims were in fact notices sent to the shipping companies, advising them that the shipments mentioned in the said claims were either "short-landed or discharged in bad order", which conditions attendant upon the goods discharged are not the responsibility of the contractor. For this reason, the defendants rightfully disregarded the copies of these claims as not constituting claims for value filed with and against them.

Upon the second issue, the court a quo took the view that because the defendants never rejected nor denied the provisional claims in question the plaintiff could still file suit in court even after the lapse of one year from the date of the discharge of the goods from the carrying vessels. We reject this view. Before the plaintiff could avail of the 2nd period provided in paragraph 15 of the management contract, to wit, "one year from the date when the claim for the value of such goods have [has] been rejected or denied by the Contractor", two requisites must be present. First, there must be a claim for the value of the goods; second, there must be a rejection or denial of such claim. These two requisites have not been met in this case: there was no claim filed, so there could be no rejection or denial thereof.

In *Tomas Grocery vs. Delgado Brothers, Inc.*, L-11154, April 29, 1959, this Court held that a claim for loss should be "filed with the contractor" within the fifteen-day period before action may be brought in court for the recovery of the value of the loss. In *Consunji, et al vs. Manila Port Service and Manila Railroad Company*, L-15551, November 29, 1960, this Court in effect ruled that if no claim has been filed with the contractor within the fifteen-day period, the action by the consignee or claimant, even if filed within one year after the discharge of the goods from the carrying vessel, cannot prosper. Said this Court in the latter case:

"There is no denying that plaintiffs presented no claim to Manila Port Service within 15 days 'from the date of discharge of the last package from the carrying vessel.' But they maintain, and the lower court agreed with them, that the fifteen-day period was immaterial, because their action was filed 'within one year from the date of the discharge of the goods.' Appellees - and said court - would interpret the herein-above-quoted provision of the Management Contract to mean that 'the arrastre contractor shall be relieved from liability for loss of goods unless:

'1. Suit in the Court of proper jurisdiction is brought within a period of one (1) year from the date of the discharge of the goods, OR

2. Suit in the Court of proper jurisdiction is brought within a period of one (1) year from the date when the claim for the value of such goods have been rejected or denied by the Contractor, provided that such claim shall have been filed with the Contractor within fifteen (15) days from the date of discharge of the last package from the carrying vessel.'

We do not think this interpretation may be sustained. Carriers or depositaries sometimes require presentation of

claims within a short time after delivery as a condition precedent to their liability for losses. Such requirement is not empty formalism. It has a definite purpose, i.e. to afford the carrier or depositary a reasonable opportunity and facilities to check the validity of the claims while the facts are still fresh in the minds of the persons who took part in the transaction and the documents are still available. [1] Now, we see no reason why Manila Port Service - for whose benefit the provision was evidently inserted - should require prompt presentation of claim in one instance, while waiving it in the other. Bearing this in mind, we hold that the proviso about presentation of claim was intended to apply both to the case where suit is brought within one year from the date of discharge of the goods, and to the case where suit is brought within one year from the date when such claim is rejected. It is clear that the paragraph, while imposing a condition precedent to the filing of any suit for losses, at the same time gave the demandant (who has filed the claim) the option either to bring his action (in one year) without waiting for the contractor's resolution on his claim, or to wait for such resolution and then sue if it is unfavorable (in one year)."

Obviously of no application to the present case is the modified doctrine reiterated by this Court in *GSIS, et al vs. Manila Railroad Company, et al*, L-20342, November 29, 1965 (which decision cites three precedent-making cases [2], to the effect that "the period of fifteen (15) days within which a claim should be filed with the Manila Port Service should commence, not from the date of discharge of the goods from the carrying vessel, but from the date the consignee or claimant learns of the loss, damage or misdelivery for which the claim is made, since obviously he is in no position to allege such loss, damage or misdelivery before he comes to know about it, considering that the goods are in the care and custody of the arrastre contractor."

In resume, we hold that (1) no claim for value was filed by the plaintiff with the defendants, the provisional claims being in fact and in law not claims against the arrastre contractor because they were actually directed against the shipping companies; and (2) even if it has been commenced within one year from the date of the complete discharge of the goods from the carrying vessels, the present action cannot prosper because no previous claim was filed with and against the defendants within the intendment of paragraph 15 of the management contract.

ACCORDINGLY, the judgment a quo is reversed, and the complaint is hereby dismissed, at plaintiff-appellee's cost.

Concepcion, C.J., Reyes, J.B.L., Barrera, Dizon, Makalintal, Bengzon, J.P., Zaldivar, and Sanchez, JJ., concur.
Regala, J., no part.

[1] *Roldan vs. Lim Ponzo & Co.* 37 Phil. 285.

[2] *Yu Kimting Construction vs. Manila Railroad Company*, L-17027, November 29, 1965; *Chiok Ho vs. Compañia Maritima, et al*, L-20553, April 30, 1965; *Republic vs. Manila Port Service*, L-19115, March 31, 1964.

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