

INSURANCE COMPANY OF NORTH AMERICA, PLAINTIFF AND APPELLEE, VS. MANILA PORT SERVICE AND/OR MANILA RAILROAD COMPANY, DEFENDANTS AND APPELLANTS.

G.R. No. L-16573. November 29, 1961

Ponente: BARRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/4d88a79f8329/>

BARRERA, J.:

Defendants-appellants Manila Port Service and Manila Railroad Company having been sentenced by the Court of First Instance of Manila (in Civil Case No. 40385), to pay plaintiff-appellee Insurance Company of North America the sum of P224.99, with legal interest from the date of the filing of the action until fully paid, and the costs, have interposed this appeal directly to us on the sole question of whether the case involves admiralty and, therefore, comes within the jurisdiction of the trial court.

Plaintiff-appellee, as the insurer of certain merchandise shipped at San Francisco, California, U.S.A., for Manila, on board the SS "President Tyler" and consigned to the order of Philippine Bank of Communications, Manila, filed the present action originally with the Court of First Instance of Manila, for payment of the sum of P224.99 representing the value of damaged, and/or short delivery of cases of evaporated milk which was unloaded into the custody of defendant-appellant Manila Port Service, as arrastre-operator in the Port of Manila. The Manila Railroad Company is included in the mit as the principal of the Manila Port Service.

In due time, defendants tiled a motion to dismiss on the grounds that (1) the amount of the damage being only P224.99, the case falls within the exclusive jurisdiction of the Municipal Court, pursuant to Section 88 of the Judiciary Act of 1948; and (2) the case is an ordinary civil action and not an action tn admiralty and maritime Jurisdiction and,; therefore, does not fall within the jurisdiction of the Court of First Instance. Action on said motion was, however, deferred by the court until the trial of the case on the merits.

Defendants, thereupon, filed their answer alleging and reiterating as special defense that the amount of the demand being only P224.99, and the suit being an ordinary civil action, not of admiralty jurisdiction, the case falls within the exclusive original jurisdiction of the Municipal Court and not cognizable by the Court of First Instance; that the 3 cartoons of evaporated milk covered by Bad Order Examination Report No. 38363, were discharged from the carrying vessel in bad order, and any loss or damage to cargoes on board said vessel is the responsibility of the carrier and not of the arrastre operator, under the Management Contract entered into between defendant Manila Port Service and the Bureau of Customs; and that defendants in no way acted as the ship's agents for the receipt and delivery of the goods in the piers.

After trial, the court a quo held that the case involved admiralty and was within its jurisdiction to decide and rendered the decision adverted to at the beginning of this opinion.

Defendants-appellants now contend that the trial court erred "in holding that this case involves admiralty and that it is within the jurisdiction of the Court of First Instance."

We agree with defendants-appellants.[1] In the case of *Macondray & Company, Inc. vs. Delgado Brothers, Inc.* (107 Phil., 779), we held:

"The cote at bar does not deal with any, maritime matter or with the administration and application of any maritime law. As custodian of the sixty-eight (68) cartoons of paints it had received from the MS Pleasantville, it was defendant's duty, like that of any ordinary depository, to take good care of said goods and to turn the same over to the party entitled to its possession, subject, to such qualification as may have validly been imposed in the contract between the parties concerned. Such duty on the part of the defendant would be the same if the final destination of the goods were Manila, not Iloilo, and the goods had not been imported from another state. The only issues raised in the pleadings are (1) whether or not defendant had fully discharged its obligation to deliver the aforementioned sixty-eight (68) cartoons of paint; and (2), in the negative case, the amount of indemnity due the plaintiff therefor. The determination of those questions does not require the application of any maritime law and cannot affect either navigation or maritime commerce. The foreign origin of the goods is under the attending circumstances—immaterial to the law applicable to this case or the rights of the parties therein, or the procedure for the settlement of their disputes. Indeed, it is well-settled that—

'In case of controversy involving both maritime and non-maritime subject matter, where the principal matter involved belongs to the jurisdiction of a court of common law or of equity, admiralty will not take cognizance of incidental maritime matters connected therewith but will relegate the whole controversy to the appropriate tribunal.' (2 C.J.S. 66.)." (Italics supplied.)

We reiterated this ruling in the recent case of *Delgado Brothers, Inc. vs. Home Insurance Company, et al.* (111 Phil., 452 61 Off. Gaz., [26] 3922), wherein we stated:

"Respondent, however, submits that the above-quoted ruling is wrong and urge' a re-examination of the issue, arguing that petitioner's arrastre service is maritime in nature and, therefore, actions against petitioner arrastre operator properly come under the jurisdiction of the Court of First Instance of Manila.

"We have carefully considered respondent's arguments, but found nothing to justify a departure from our conclusion in the *Macondray* case, *supra*. Section 2 of the Management Contract entered into between petitioner and the Bureau of Customs on October 21, 1950 (effective January 1, 1951), reads as follows:

'2. During the period while this agreement remains in force and effect, the CONTRACTOR (herein petitioner Delgado Brothers, Inc.) shall be, and the sole manager of the Arrastre Service at the Port of Manila, subject always, however, to the terms, conditions, restrictions, subjections, supervisions, and provisions in this agreement contained, with the exclusive right or privilege of receiving, handling, caring for, and delivering all merchandise, imported and exported, upon or passing over, the Philippine Government-owned wharves and piers in the Port of Manila; as also, the recording or checking of all merchandise which may be delivered to the Port of Manila at shipside, except coal, lumber and firebricks in quantity, case crude oil and kerosene and gasoline in lots of over ten thousand cases or its equivalent, and whole cargoes of one commodity when consigned to one consignee only as hereafter provided and in general to furnish lighting and water services and other incidental services, in order to undertake such work, and with full power to fix the number and salaries of, and to appoint and dismiss, all officers, employees and laborers, temporary and permanent, which may be necessary, and to do all acts conducive to the interests of the Arrastre Service.'" (Italics supplied.)

"Under this provision, petitioner's functions as arrastre operator are (1) to receive, handle, care for, and deliver all merchandise imported and exported, upon or passing over Government-owned wharves and piers in the Port of Manila, (2) as well as to record or check all merchandise which may be delivered to said port at ship-side, and in general, (3) to furnish light and water services and other incidental services in order to undertake its arrastre service. Note that there is nothing in those functions which relate to the trade and business of navigation (1 Am. Jur. 564), nor to the use or operation of vessels (*Id.* at 568). Both as to the nature of the functions and the place of their performance (upon wharves and piers shipside), petitioner's services are clearly

not maritime. As we held in the Macondray case, they are no different from those of a depositary or warehouseman. Granting, arguendo, that petitioner's arrastre service depends on, assists, or furthers maritime transportation (*Id.*, at 565), it may be deemed merely incidental to its afore-mentioned functions as arrastre operator and does not, thereby, make petitioner's arrastre service maritime in character.

'To give admiralty jurisdiction over a contract as maritime, such contract must relate to the trade and business of the sea; it must be essentially and fully maritime in its character; it must provide for maritime services, maritime transactions, or maritime casualties.' (*The James T. Furber*, 129 Fed. 808, cite *in* 66 L.R.A. 212; *Italics supplied.*) (See also 2 C.J.S. 66, *supra*)

Conformably with said rulings, we hold that the trial court had no jurisdiction to entertain and decide the present case.

With this conclusion, we deem it unnecessary to deal with the other issues raised in the briefs of the parties.

Wherefore, the decision appealed from is hereby reversed and set aside, without costs. So ordered.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Paredes, Dizon, and De Leon, JJ., concur.

[1] Successors-in-interest of Delgado Brothers, Inc.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.