

SEA BASS CARRIERS, INC., PETITIONER, VS.UCPB GENERAL INSURANCE, CO., RESPONDENT.

Ponente: INTING, S.B., J.

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INTING, S.B., J.:

The parties to this Petition[1] seek this Court's approval of their Compromise Agreement[2].

The facts:

Petitioner Sea Bass Carriers, Inc. (“Petitioner ”) is a corporation engaged in inter-island shipping business. Respondent UCPB General Insurance, Co. (“Respondent”) is a domestic non-life insurance company.

The case stems from a Complaint[3] filed by the Respondent against the Petitioner with the Metropolitan Trial Court (“MTC”), Branch 65, Makati City. Respondent alleges: that on or about February 3, 2008 Petitioner's vessel MT “Regina Victoria” loaded on board at Sto. Domingo , Albay a bulk shipment of 1,001.2897 MT of crude coconut oil in good order and condition for transport to Bauan, Batangas in favor of assured-consignee, United Coconut Chemicals, Inc. (COCOCHEM) and for which it issued a Bill of Lading No. 1; that the bulk shipment were insured for the voyage by Respondent under the latter's Marine Cargo Open Policy No. H0F08CR-MCN004696; that on February 6, 2008 the vessel arrived at the port of Bauan, Batangas and thereafter discharged only 993.5344MT of the bulk shipment at COCOCHEM's shore tank hence, short landed by 7.7552MT worth Php402,628.90; that the short landing was attributable to the failure of Petitioner to exercise the diligence required from it by law as a common carrier for which reason the consignee COCOCHEM suffered short landing in the amount of Php402,628.90 Philippine open policy; that the Petitioner refused to pay while Respondent paid the claim of Php 142,711.06 and therefore Respondent was subrogated to the rights and legal actions of COCOCHEM against the Petitioner; that Respondent demanded from Petitioner reimbursement of the amount paid to COCOCHEM under the Marine Open Policy but Petitioner refused to make such payment.

Respondent further alleges: that likewise, on or about February 10, 2008, Petitioner's vessel MT “Maria Veronica” loaded on board at Sto. Domingo , Albay a shipment of 899.9207 MT of crude coconut oil in good condition for transport to Bauan, Batangas in favor of COCOCHEM and for which it issued Bill of Lading No. 1; that the bulk shipment were insured for the voyage by COCOCHEM with the Respondent under the latter's Marine Cargo Open Policy No. H0F08CR-MCN004696; that on February 12, 2008 the vessel MT “Regina Victoria” arrived at the port of Bauan, Batangas and thereafter discharged only 891.0262MT of the bulk shipment at COCOCHEM's shore tank, hence short-landed by 8.8945MT worth Php387,369.70; that the short landing of 8.8945MT was attributable to Petitioner's failure to exercise the extra-ordinary diligence required from it by law as a common carrier; that thereafter, COCOCHEM filed claims with the Respondent under the Marine Open Policy but Petitioner refused to pay while Respondent paid the claim of Php191,404.77 and therefore Respondent was subrogated again to the rights and legal actions of COCOCHEM against Petitioner; that Respondent demanded from Petitioner reimbursement of the amount paid to COCOCHEM under the Marine Open Policy; that the Petitioner again, refused to pay the said amount prompting Respondent to file the aforesaid Complaint with the MTC for the reimbursement of the aforesaid amount paid to COCOCHEM plus the expenses for attorney's

fees and costs of suit.

Petitioner, on the other hand, claims in its Answer[4] that it is not liable for the aforesaid shortages. Petitioner alleged: that under the Addendum to the Voyage Charter Party Agreement , it is given an allowable loss on COCOCHEM's shipment up to ¼ or 1% of the quality of the loaded cargo, computed on a ship-to-ship basis, that is the difference between the quantity of the cargo loaded on board the ship at the point of origin and the cargo on board the ship prior to the discharge at the port of destination; that based on the ship-to-ship computation, no loss occurred during the transit as the loss did not go beyond the allowable loss provision provided for in the Addendum; that Petitioner was not in any way negligent in the carriage COCOCHEM's shipments; that COCOCHEM's claim of shortages based on shore-to-shore data was erroneous as it should be based on ship-to-ship data.

On June 15, 2012, the MTC rendered a Decision[5] in favor of Respondent, the dispositive portion provides, to wit:

“WHEREFORE, premises considered, judgment is hereby rendered ordering defendant SEA BASS CARRIERS, INC. to pay plaintiff the amounts of:

- P142,711.06 representing the value of the lost shipment on board M/T “Regina Victoria” plus 6% interest per annum from the time of the filing of the Complaint until fully paid;

- P191,404.77 representing the value of the lost shipment on board M/T “Maria Veronica” plus 6% interest per annum from the time of the filing of the Complaint until fully paid; and

- P50,000.00 as and by way of attorney's fees.

Costs against defendant.

Consequently, Petitioner moved[6] for the reconsideration of said decision which was denied by the MTC in its Order[7] dated October 2, 2012, the pertinent portion provides to wit:

“Acting on the Motion for Reconsideration filed by defendant on August 29, 2012 as well as the Opposition thereto filed by plaintiff on September 4, 2012, there being no showing that the court overlooked or misappreciated cogent facts or circumstances which, if considered, would alter the resolution of the case, the Motion for Reconsideration is hereby DENIED.

SO ORDERED.”

Consequently, Petitioner filed a Notice of Appeal[8] which was denied by the Regional Trial Court (RTC), Branch 57, Makati City in its Decision[9] dated May 10, 2013, the dispositive portion provides to wit:

“WHEREFORE, in view of the foregoing, the appeal interposed by the defendant Sea Bass Carriers, Inc. is hereby DENIED. The assailed Decision of the Metropolitan Trial Court Branch 65 of Makati City is hereby AFFIRMED in toto.

SO ORDERED.”

Petitioner then filed a Motion for Reconsideration[10] which was denied by the RTC in its Order[11] dated August 27, 2013, the dispositive portion provides, to wit:

“WHEREFORE, the aforesaid motion is hereby DENIED for lack of merit.

SO ORDERED.”

Consequently, Petitioners filed before this Court a Petition for Review[12] assailing the said May 10, 2013

Decision[13] of the RTC and its August 27, 2013 Order[14]. On January 9, 2014, the Court in its Minute Resolution[15] referred the instant case to the Philippine Mediation Center-Court of Appeals (PMC-CA) for possible amicable settlement.

On May 5, 2014, the PMC-CA reported[16] that there was successful settlement between them as shown from the Compromise Agreement[17] they have executed.

In the aforesaid Compromise Agreement[18] dated May 5, 2014, the parties stipulated, to wit:

“xxx xxx xxx

The parties, SEA BASS CARRIERS, INC., petitioner and UCPB GENERAL INSURANCE CO., respondent, hereby agree to settle the case in an amount mutually agreed upon and acceptable to both parties including the 80% award of the RTC payable in five monthly installments secured by five post-dated checks.

The parties now ask for the dismissal of this case, CA-G.R. SP. NO. 132023, and that the obligation in accordance with the decision of the REGIONAL TRIAL COURT be considered fully satisfied.

Both parties further agree that no further action based on the same grounds be brought against each other ; and that this Agreement applies to all claims and damages or losses either party may have against each other , whether those damages or losses are known or unknown, foreseen or unforeseen.

xxx xxx xxx “

Under Article 2028 of the Civil Code, a compromise agreement is a contract whereby the parties, by making reciprocal concessions, avoid litigation or put an end to one already commenced. Compromise is a form of amicable settlement that is not only allowed, but also encouraged in civil cases.[19]

The contracting parties may establish such stipulations, clauses, terms, and conditions as they deem convenient, provided that these are not contrary to law, morals, good customs, public order, or public policy.[20]

Thus, finding the above Compromise Agreement to have been validly executed and not contrary to law, morals, good customs, public order, or public policy, we approve the same.

WHEREFORE, the foregoing premises considered, the Compromise Agreement is hereby APPROVED and judgment is hereby rendered in accordance therewith. The parties are hereby enjoined to comply with and abide by the said terms and conditions thereof. By virtue of such approval, this case is now deemed CLOSED and TERMINATED.

SO ORDERED.

Reyes, Jr., (Chairperson) and Lopez, JJ., concur.

[1] Rollo, pp. 3-21

[2] Rollo, pp. 403

[3] Rollo, pp. 49-52

[4] Rollo, pp. 56-63

[5] Rollo, pp. 308-316

[6] Rollo, pp. 317-328

[7] Rollo, pp. 333

[8] Rollo, pp. 334

[9] Rollo, pp. 26-28

[10] Rollo, pp. 29-36

[11] Rollo, pp. 39

[12] Supra Note 1

[13] Supra Note 9

[14] Supra Note 11

[15] Rollo, pp. 386

[16] Rollo, pp. 402

[17] Supra note 2

[18] Ibid.

[19] Harold v. Aliba, G.R. No. 130864, October 2, 2007, 534 SCRA 478, 486

[20] Civil Code, Art. 1306

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