

**REPUBLIC MANUFACTURING CO., INC., PLAINTIFF-APPELLEE, VS.
MANILA RAILROAD COMPANY, AS OPERATOR OF THE MANILA
PORT SERVICE, DEFENDANT-APPELLANT.**

G.R. No. L-22382. April 30, 1969

Ponente: FERNANDO, J.

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FERNANDO, J.:

In this appeal by defendant Manila Railroad Company, as operator of the Manila Port Service, from a decision of the Court of First Instance ordering it to pay plaintiff Republic Manufacturing Co., Inc. the sum of P3,770.84 because it could deliver only three out of the four bales of rayon and cotton remnants, the sole question is whether or not such liability was legally incurred considering that in the stipulation of facts plaintiff did admit that under paragraph 15 of the management contract entered into between the Manila Port Service and the Bureau of Customs the amount for which the former is liable should not exceed Five Hundred Pesos (P500.00) "for each package unless the value is otherwise specified or manifested, and the corresponding arrastre charges had been paid." There was like-wise the admission that the above paragraph 15 of the management contract was in substance reproduced in the gate pass and did appear in the permit to deliver imported goods issued by the Bureau of Customs in the name of plaintiff's broker. Notwithstanding the above admission, plaintiff prevailed. Hence this appeal. We reverse.

It is not that the lower court is unaware of the repeated pronouncements of this Tribunal that under the aforesaid paragraph 15, the liability cannot exceed P500.00 for each package. Such a provision was not, however, applied by it in view of what it considered the failure of defendant to plead its limited liability before the Municipal Court of Manila, thus precluding from setting it up on appeal, to the Court of First Instance. Hence its decision.

Defendant Manila Railroad Company would argue in this appeal that before the municipal court the matter was adjudged solely on the basis of documentary evidence, included among which was the management contract. It could not be said then that there was such a failure to set up the defense of limited liability. Attention is likewise invited to the fact that the case was submitted to the Court of First Instance on stipulation of facts, wherein, as above pointed out, plaintiff did admit the execution of such a management contract by and between the Manila Port Service and the Bureau of Customs, including paragraph 15 thereof as indicated above.

Even plaintiff is not insensible to the force of the above argument for in its brief as appellee what it stressed was not such failure to plead but its not being bound by such stipulation considering that it was not a party to the management contract not being a signatory thereto nor to the gate pass issued by the Bureau of Customs. Such a disclaimer, however, is far from persuasive. The stipulation in the management contract should be considered as controlling in the light of our unwavering line of decisions.

It suffices to quote *Atlantic Mutual Insurance Company v. Manila Port Service*,^[1] where this Court, through the then Justice, now Chief Justice, Concepcion, stated: "Plaintiff maintains that, not being a party to the management contract, the consignee - into whose shoes plaintiff had stepped in consequence of said payment - is

not subject to the provisions of said stipulation, and that the same is furthermore invalid. The lower court correctly rejected this pretense because, having taken delivery of the ship-ment aforementioned by virtue of a delivery permit, incorpo-rating thereto, by reference, the provisions of said management contract, particularly paragraph 15 thereof, the gist of which was set forth in the permit, the consignee became bound by said provisions, and because it could have avoided the application of said maximum limit of P500.00 per package by stating the true value thereof in its claim for delivery of the goods in question, which, admittedly, the consignee failed to do * * *." That is still good law.[2]

WHEREFORE, the decision of the lower court of December 3, 1963 is modified in the sense that the liability of defendant Manila Railroad Company is limited to P500.00. Costs against Republic Manufacturing Co., Inc.

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

Concepcion, C.J., and Castro, J., on official leave.

Capistrano, J., did not take part.

[1] L-16271, October 31, 1961.

[2] Two of the recent decisions reiterating such a doctrine are *Rizal Surety & Insurance Co. v. Manila Railroad Company*, 23 SCRA 205 (1968) and *Philippine Education Co. v. Manila Port Service*, 23 SCRA 557 (1968).

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