

REPUBLIC OF THE PHILIPPINES (FOR THE BUREAU OF PUBLIC HIGHWAYS), PLAINTIFF-APPELLANT, VS. CONSOLIDATED TERMINALS, INC., DEFENDANT-APPELLEE.

G.R. No. L-27810. December 14, 1981

Ponente: ABAD SANTOS, J.

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ABAD SANTOS, J.:

Civil Case No. 57711 of the Court of First Instance of Manila, Branch XXIV, was initiated by the Republic of the Philippines against Consolidated Terminals, Inc. in order to obtain the immediate re-lease of imported bridge materials even without prior payment of storage charges. The defendant answered with a counterclaim for the payment of storage charges plus legal interest thereon.

After the parties had submitted a Stipulation of Facts, the trial court rendered the following judgment:

"WHEREFORE, judgment is hereby rendered dismissing plaintiff's complaint and ordering plaintiff to pay unto the defendant the amount of Ninety Five Thousand Three Hundred Nineteen Pesos and Seventy Two Centavos (P95,319.72) with legal interests thereon computed from the time this judgment becomes final, until full satisfaction thereof.

"The writ of preliminary mandatory injunction issued on July 20, 1964 is hereby dissolved."

The Republic of the Philippines appealed the judgment and since it involves a purely legal question, it was sent to this Court for re-solution.

If the instant case had been brought before Us on a petition for review on certiorari under R.A. No. 5440, We would have summarily dismissed it for utterly lacking in merit. But the appeal was perfected on May 26, 1966, and at that time R. A. No. 5440 had not yet been enacted. Hence, We shall resolve the appeal in a signed decision instead of issuing a minute resolution.

The Stipulation of Facts reads as follows:

"A. THE PARTIES ADMIT:

1. Their respective capacities to sue and be sued;
2. During all times material to this action, defendant was and still is operating, under its Customs Bonded Warehouse Permit issued by the Collector of Customs, Port of Manila, a customs bonded warehouse located inside the Lustevco Terminal, Second Street, Port Area, Manila;
3. Sometime in 1962, the Bureau of Public Highways imported Development Loan Fund financed bridge materials, consisting of 368 pack-ages of structural steel and miscellaneous items, earmarked for the following government projects, to wit:

Palagao Bridge at Cagayan Province

Bonot Diut Bridge at Zamboanga del Norte

Dequis Bridge at Zamboanga del Norte

Baracbac Bridge at Pangasinan

Lintukan Bridge at Cotabato

Butalo Bridge at Cotabato

Manguto Bridge at Cebu;

4. That said bridge materials arrived in the Port of Manila on November 23, 1962 on board the vessel S/S 'MELAMPUS', Reg. No. 1686, landed ship-side and transferred to defendant's warehouse for storage and safekeeping;

5. That since November 24, 1962, said bridge materials remained in storage in defendant's ware-house until July 27, 1964 when the Bureau of Public Highways succeeded in having the same withdrawn without paying storage charges therefor by reason of that Writ of Preliminary Mandatory Injunction dated July 20, 1964 issued by the Honorable, Judge Jose L. Moya, and after posting a bond in the amount of P80, 000.00 pursuant to the order of the same Court dated July 25, 1964;

6. That prior to the withdrawal of the said bridge materials, the defendant has been charging, as it continues to charge, a storage fee of P0. 50 per revenue ton on cargoes transferred to it under the flexible and/or selective system or for deposit under warehousing entries, a transfer fee of P2.00, and a flat rate of P2.00 per ton for handling in and out of its warehouse even before the adoption by the Bureau of Customs on December 26, 1963 of the rules and rates prescribed under Customs Memorandum Order No. 130-63, a thermofax copy of which is hereto attached as Annex "A";

7. That the plaintiff had been billed by the defendant in accordance with the aforesaid rates as evidenced by the attached true copies of ware-housing charges marked as Annexes 'B', 'B-1', 'B-2', 'B-3', 'B-4', 'B-5' & 'B-6', all in the total amount of P95, 319. 74;

8. That plaintiff's reluctance to pay defendant its storage charges on the former's importations for its uses and purposes is supported by the opinion of the Acting Collector of Customs as expressed in said official's letters to the defendant dated April 17, 1963 and July 3, 1963, true copies of which are hereto attached as Annexes "C" and "C-1", respectively. A copy of another correspondence by the Commissioner of Public High-ways addressed to the Collector of Customs dated April 5, 1963 is hereto attached as Annex "C-2" and made an integral part hereof; and,

9. That the request of the Acting Collector of Customs as expressed in his letter to the de-fendant dated April 17, 1963 which is Annex "C" hereof, was declined by the latter in a letter to the former dated May 16, 1963 for the reasons stated therein, a true copy thereof being hereto attached as Annex "D".

"B. THE PARTIES AGREE:

That the only issue left for the determination of this Honorable Court is whether or not the im-portation of the plaintiff for its uses and purposes, which were stored in the private warehouse of the defendant, is exempt from the payment of storage charges."

The Republic of the Philippines claims that it is exempt from paying storage charges to the defendant by virtue of the provisions of Section 3005 (a) of the Tariff and Customs Code of the Philippines (R. A. No. 1937) which stipulates:

"Section 3005. General Provision. -

a. Articles, supplies or materials imported by any branch of the Philippine Government, except those imported by Philippine government entities which are intended for commercial or profit-making purposes, shall be exempt from storage charges: Provided, That whenever such consignments shall have been imported by other than the Philippine Government or branches thereof, or for sale there-to, storage shall be charged thereon as herein-before provided. "

While it is true that the above-quoted provision appears to support the contention of the plaintiff, its full meaning can be understood only if it is related to Section 3001 of the same Code which defines "storage charge" as follows:

"Section 3001. Definition. - Storage charge is the amount assessed on articles for storage in customs premises, cargo sheds and warehouses of the government. The owner, consignee or agent of either, of the articles, is liable for this charge."

Accordingly, the exemption of government importations from storage charges obtains only where such importations are stored in government warehouses. Upon the other hand, the defendant's business is warehousing for profit and it must necessarily impose storage charges on articles deposited with it. If the Republic of the Philippines were to be exempted from paying storage charges to the defendant, the result will be deprivation of property without due process of law or naked confiscation. This is not the Rule of Law.

To remove any doubt that Our interpretation is correct, Section 3005 (a) of R.A. No. 1937 has been amended by P. D. No. 34 [1972] so that it now reads as follows:

"Section 3005. General Provisions. -

a. Articles, supplies or materials imported by any branch of the Philippine Government shall be subject to storage charges."

WHEREFORE, the appeal is hereby dismissed and the judgment of the lower court is affirmed in toto. No costs.

SO ORDERED.

Aquino, Concepcion, Jr., De Castro, Ericta, and Escolin, JJ., concur.

Barredo, (Chairman), J., no part.

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