

**UCPB GENERAL INSURANCE CORPORATION, PETITIONER, vs.
OWNER OF M/V "SARINDERJIT"; BLUE RIVER
NAVIGATION PTE., LTD.; ASIAN TERMINALS, INC.; AND TOEPFER
INTERNATIONAL ASIA PTE., LTD....**

G.R. No. 182421. October 06, 2008

Ponente: NACHURA, J.

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NACHURA, J.:

The original Petition for Review on Certiorari[1] under Rule 45 filed by United Coconut Planters Bank (UCPB) General Insurance Corporation prays for the reversal of the Court of Appeals (CA) Decision[2] dated February 28, 2008 in CA-G.R. CV No. 87074, which affirmed with modifications the Decision of the Regional Trial Court (RTC) of Manila, Branch 8, dated March 19, 2006, dismissing the complaint against respondents Owner of M/V "Sarinderjit" Blue River Navigation Pte., Ltd., RCS Shipping Agencies., Inc., Asian Terminals, Inc., and Toepfer International Asia Pte., Ltd.

The relevant facts are as follows:

Petitioner filed with the RTC of Manila, Branch 8, a subrogation complaint to recover from respondents the sum of P1,234,950.83 it paid to San Miguel Foods for the shortage of 215.778 metric tons of Indian Soya Bean in bulk, out of 4,342.400 metric tons shipped on board M/V "Sarinderjit" on or about February 9, 1993. Respondent Blue River Navigation is sued as the carrier-owner of the vessel. Respondent RCS Shipping is sued as general agent, Asian Terminals as arrastre operator at the South Harbor, and Toepfer International as the supplier/shipper.

The complaint alleged that San Miguel Foods had purchased from Toepfer International the 4,342.400 metric tons of Indian Soya Bean in bulk. Toepfer, the seller and supplier, chartered M/V "Sarinderjit" and loaded the bulk shipment on board the vessel covered by Bill of Lading No. BEDI-2, with another 3,796.400 metric tons of Indian Soya Bean in bulk consigned to Purefoods Corporation under Bill of Lading No. BEDI-1. The bulk cargoes under the two bills of lading were commingled aboard M/V "Sarinderjit." The complaint likewise stated that the shipment was insured by San Miguel Foods against loss in transit with UCPB General Insurance Corporation which issued Marine Policy No. 009-84/117.

Sometime in March 1993, the vessel arrived in Manila and the shipment was discharged by the arrastre operator Asian Terminals, unloaded onto barges alongside the vessel, then the barges were discharged at the terminal, where the bulk shipment was bagged and loaded onto trucks and delivered to the San Miguel Foods warehouse.

Upon delivery at the warehouse, the bagged shipment was weighed and the San Miguel Foods warehouse entry slip listed a shortage of 215.778 metric tons, as only 4,126.622 metric tons were delivered out of the 4,342.400 metric tons listed in Bill of Lading No. BEDI-2. Subsequently, SGS Far East Ltd., an independent surveyor, confirmed the shortage of 215.778 metric tons.

San Miguel Foods filed a claim for the 215.778 metric-ton shortage which petitioner paid in the amount of

Php1,234,951.08. In consideration of the settlement, San Miguel Foods executed a release deed subrogating UCPB in its right to recover against all bailees. After demands for reimbursement were not heeded by respondents, petitioner filed the complaint.

After trial on the merits, the trial court rendered a decision dismissing the complaint on the ground that insurance coverage had not been proved, and awarding the respondents attorney's fees plus costs, the dispositive portion reading:

WHEREFORE, Complaint is DISMISSED. Plaintiff UCPB is hereby ordered to pay:

- The amount of Php50,000.00 for each of the defendants (1) Blue River Navigation Pte. Ltd. / RCS Shipping Agencies Inc. (2) Asian Terminals Inc., and (3) Toepfer International-Asia Pte., Ltd., as attorneys fees; and

- Costs of suit.

On appeal, the CA affirmed the dismissal of the complaint, but deleted the award of attorney's fees. Petitioner filed a motion for reconsideration, but it was denied in a Resolution dated April 18, 2008.

Aggrieved by the foregoing decisions, UCPB General Insurance Corporation filed this petition.

In a Resolution[3] dated June 30, 2008, we resolved to require the respondents to file their Comment on the instant petition.

Even as the Court awaited the Comment of the respondents, petitioner filed an Omnibus Motion[4] praying, among others, for this Court to render judgment based on a Compromise Agreement[5] entered into by the parties in this case. The substantive portion of the Compromise Agreement states that UCPB General Insurance Corporation shall withdraw the Petition for Review it filed with the Supreme Court, and in reciprocal concession, the respondents shall waive their right to enforce the judgment award of the RTC of Manila in Civil Case No. 94-69615 referring to the costs of suit, as the P50,000.00 attorney's fees had been deleted by the CA decision.

The Compromise Agreement reads:

KNOW ALL MEN BY THESE PRESENTS:

That Plaintiff UCPB GENERAL INSURANCE CO., INC., a corporation duly incorporated under the laws of the Republic of the Philippines with principal office at 24[th] and 25[th] Floors, LKG Tower, Ayala Ave., Makati City, in Civil Case No. 94-69615 entitled "UCPB GENERAL INSURANCE CO., INC., plaintiff, vs. OWNER OF MV "SARINDERJIT," BLUE RIVER NAVIGATION PTE., LTD., RCS SHIPPING AGENCIES, INC., ASIAN TERMINALS INC., AND TOEPFER INTERNATIONAL-ASIA PTE., LTD., defendants" with the Regional Trial Court of Manila, Branch 8; the appellant in CA-G.R. CV No. 87074 entitled UCPB GENERAL INSURANCE CO., INC., plaintiff-appellant, vs. OWNER OF MV "SARINDERJIT," BLUE RIVER NAVIGATION PTE., LTD., RCS SHIPPING AGENCIES, INC., ASIAN TERMINALS INC., AND TOEPFER INTERNATIONAL-ASIA PTE., LTD., defendants-appellants" with the Court of Appeals; and the petitioner in G.R. No. 182421 entitled UCPB GENERAL INSURANCE CO., INC., petitioner, vs. OWNER OF MV "SARINDERJIT," BLUE RIVER NAVIGATION PTE., LTD., RCS SHIPPING AGENCIES, INC., ASIAN TERMINALS INC., AND TOEPFER INTERNATIONAL-ASIA PTE., LTD., respondents" with the Supreme Court, hereby withdraws its Petition For Review with the Supreme Court, and in return, the defendants-appellants and respondents, waive their right to enforce the judgment award of the Regional Trial Court of Manila, Branch 8 in its Decision dated 19 March 2006.

The above compromise agreement is entered into by the parties to end the litigation and to buy peace.

This instrument is waiver of all the rights and/or causes of action arising from the aforecited cases as between the plaintiff-appellant/petitioner UCPB GENERAL INSURANCE CO., INC., and

defendants-appellants/respondents OWNER OF MV "SARINDERJIT," BLUE RIVER NAVIGATION PTE., LTD., RCS SHIPPING AGENCIES, INC., ASIAN TERMINALS INC., AND TOEPFER INTERNATIONAL-ASIA PTE, LTD.

This instrument may be pleaded as an absolute and final bar to any suit/s or legal/ administrative proceedings in any and all jurisdictions that may hereafter be prosecuted by UCPB GENERAL INSURANCE CO., INC. by OWNER OF MV "SARINDERJIT," BLUE RIVER NAVIGATION PTE., LTD., RCS SHIPPING AGENCIES, INC., ASIAN TERMINALS INC., AND TOEPFER INTERNATIONAL-ASIA PTE., LTD., OR ANYONE claiming by, through, or under them, against any persons or things released herein for any matter or thing referred to herein.

IN WITNESS WHEREOF, UCPB GENERAL INSURANCE CO., INC. has caused this instrument to be signed this 3[rd] day of July 2008 in the City of Makati, Philippines.

UCPB GENERAL INSURANCE CO., INC.

By:

(Sgd.)

Atty. Francisco M. Nob
Authorized Representative

CONFORME:

(Sgd.)

OWNER OF MV "SARENDERJIT,"
BLUE RIVER NAVIGATION PTE., LTD.
RCS SHIPPING AGENCIES, INC.

(Sgd.)

Atty. Aileen P. Raterta - Montilla Law Office
ASIAN TERMINALS INC.

(Sgd.)

TOEPFER INTERNATIONAL-ASIA
PTE., LTD.[6]

A compromise agreement is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced.[7] It contemplates mutual concessions and mutual gains to avoid the expenses of litigation, or when litigation has already begun, to end it because of uncertainty of the result.[8] The process of compromise has long been allowed in our jurisdiction, and in the jurisdiction of other states as well.[9]

The validity of the agreement is determined by compliance with the requisites and principles of contracts. Like any other contract, the terms and conditions of a compromise agreement must not be contrary to law, morals, good customs, public policy and public order.[10]

The Court finds that the above Compromise Agreement had been validly executed in accordance with the above requirements.

WHEREFORE, the Omnibus Motion is GRANTED. The Compromise Agreement is APPROVED and judgment is hereby rendered in accordance therewith. By virtue of such approval, this case is now deemed TERMINATED. No pronouncement as to costs.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Chico-Nazario, and Reyes, JJ., concur.

[1] Rollo, pp. 9-29.

[2] Penned by Associate Justice Myrna Dimaranan Vidal, with Associate Justices Jose L. Sabio, Jr. and Jose C. Reyes, Jr., concurring; id. at 38-50.

[3] Rollo, p. 66.

[4] Id. at 67-69.

[5] Id. at 70-73.

[6] Id. at 71-72.

[7] Civil Code, Art. 2028.

[8] Philippine Journalists, Inc. v. National Labor Relations Commission, G.R. No. 166421, September 5, 2006, 501 SCRA 75.

[9] Tanchanco v. Sandiganbayan, G.R. Nos. 141675-96, November 25, 2005, 476 SCRA 202.

[10] Rivero v. Court of Appeals, G.R. No. 141273, May 17, 2005, 458 SCRA 714.

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