

SECOND DIVISION

[G.R. NO. 132284, February 28, 2006]

TELENGTAN BROTHERS & SONS, INC., PETITIONER, VS. UNITED STATES LINES, INC. AND THE COURT OF APPEALS, RESPONDENTS.

D E C I S I O N

GARCIA, J.:

Thru this petition for review on certiorari under Rule 45 of the Rules of Court, petitioner Telengtan Brothers & Sons, Inc. (Telengtan) seeks the reversal and setting aside of the decision^[1] dated January 8, 1998 of the Court of Appeals (CA) in CA-G.R. CV No. 18349 which affirmed *in toto* the decision dated January 10, 1985^[2] of the Regional Trial Court of Manila, Branch 38, finding petitioner liable to respondent United States Lines, Inc. (U.S. Lines) for demurrage and damages.

Petitioner Telengtan is a domestic corporation doing business under the name and style La Suerte Cigar & Cigarette Factory, while respondent U.S. Lines is a foreign corporation engaged in the business of overseas shipping. During the period material, the provisions of the *Far East Conference Tariff No. 12* were specifically made applicable to Philippine containerized cargo from the U.S. and Gulf Ports, effective with vessels arriving at Philippine ports on and after December 15, 1978. After that date, consignees who fail to take delivery of their containerized cargo within the 10-day free period are liable to pay demurrage charges.

As recited in the decision under review, the factual antecedents may be summarized as follows:

On June 22, 1981, respondent U.S. Lines filed a suit against petitioner Telengtan seeking payment of demurrage charges plus interest and damages. Docketed as Civil Case No. R-81-1196 of the Regional Trial Court of Manila and raffled to Branch 38 thereof, the complaint alleged that between the years 1979 and 1980, goods belonging to petitioner loaded on containers aboard its (respondent's) vessels arrived in Manila from U.S. ports. After the 10-day free period, petitioner still failed to withdraw its goods from the containers wherein the goods had been shipped. Continuing, respondent U.S. Lines alleged that petitioner incurred on all those shipments a demurrage in the total amount of P94,000.00 which the latter refused to pay despite repeated demands.

In its amended answer with compulsory counterclaim, petitioner Telengtan, as defendant *a quo*, disclaims liability for the demanded demurrage, alleging that it has never entered into a contract nor signed an agreement to be bound by any rule on demurrage. It likewise maintains that, absent an obligation to pay respondent who made no proper or legal demands in the first place, there is justifiable reason to refuse payment of the latter's unwarranted claims. By way of counterclaim,

petitioner states that, upon arrival of the conveying vessels, it presented the Bills of Lading (B/Ls) and all other pertinent documents covering seven (7) shipments and demanded from respondent delivery of all the goods covered by the aforesaid B/Ls, only to be informed that respondent had already unloaded the goods from the container vans, stripped them of their contents which contents were then stored in warehouses. Petitioner further states that respondent had refused to deliver the goods covered by the B/Ls and required petitioner to pay the amount of P123,738.04 before the goods can be released. It thus prays that respondent be ordered to pay the aforestated amount with interest.

After due proceedings, the trial court found for respondent U.S. Lines, as plaintiff therein, and accordingly rendered judgment, as follows:

WHEREFORE, in view of all the foregoing, the Court finds [petitioner] liable to [respondent] for demurrage incurred in the amount of P99,408.00 which sum will bear interest at the legal rate from the date of the filing of the complaint till full payment thereof plus attorney's fees in the amount of 20% of the total sum due, all of which shall be recomputed as of the date of payment in accordance with the provisions of Article 1250 of the Civil Code. Exemplary damages in the amount of P80,000.00 are also granted. The counterclaim is dismissed. Costs against [petitioner]. (Words in bracket ours)^[3]

Party explains the trial court in its decision:^[4]

In other words, contrary to [petitioner's] contentions, both the provisions of the contract between the parties, in this case the bill of lading, and the interpretation given by the higher courts to these provisions are to the effect that demurrage may be lawfully collected. As a matter of fact, [respondent U.S. Lines] has submitted official receipts showing that on many other and previous occasions, [petitioner] paid demurrage to [respondent] (Exhibits "F", "F-1" to "F-4", "G", "G-1" to "G-4", "H", "H-1" to "H-4", and "I", "I-1" to "I-3"). [Petitioner] is, therefore, in estoppel to claim that it did not know of demurrage being charged by [respondent] and that it had not agreed to it since these exhibits show that [petitioner] knew of this demurrage and by paying for the same, it in effect, agreed to the collection of demurrage.

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On the other hand, [petitioner] claims that [respondent] company owes them the far larger sum of P123,738.04 by way of damages allegedly suffered by their goods when [respondent] company removed these goods from its cargo vans and deposited them in bonded warehouses without its consent. It is not disputed that [respondent] company did not [sic] in fact remove these goods belonging to [petitioner] from its vans and deposited them in warehouses. However, this was done by authority of the Bureau of Customs and for that purpose, [respondent] addressed a letter-request to the Collector of Customs, for permission to remove the goods of defendant from its vans (Exhibit "L"). xxx.

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The Court finds that the charges for warehousing were necessary expenses covered by the terms of the bill of lading which the consignee was responsible for. There is therefore now no necessity of discussing whether or not the counterclaim of [petitioner] had prescribed or not. Neither is there any question of bad faith on the part of [respondent]. When it requested for authority to remove [petitioner's] consigned goods from its vans and deposited them in warehouses, [respondent] had already given consignee sufficient time to take delivery of the shipment. This, [petitioner] chose not to do. Instead, it sat pat by the telephone calling without making any positive effort to check up on the shipment or arrange for its delivery to its factory. Once arrived at the port, the shipment was available to consignee for its proper delivery and receipt and the carrier discharged of its responsibility therefor. Rather, by its inaction, [petitioner] was guilty of bad faith. Once it had received the notice of arrival of the carrier in port, it was incumbent on consignee to put wheels in motion in order that the shipment could be delivered to it. The inaction of [petitioner] would only indicate that it had no intention of taking delivery except at its own convenience thus preventing carrier from taking on other shipments and from leaving port. Such unexplained and unbusiness-like delay smacks highly of bad faith on the part of [petitioner] rather than of the [respondent]. (Words in bracket, added).

Appealing to the CA, whereat its recourse was docketed as CA-G.R. CV No. 18349, petitioner contended that the trial court erred in (1) holding it liable for demurrage, (2) dismissing its counterclaim, and (3) awarding exemplary damages and attorney's fees to respondent.

As stated at the outset, however, the CA, in its assailed **Decision dated January 8, 1998**,^[5] affirmed *in toto* the judgment of the trial court.

Undaunted, petitioner is now with this Court *via* the present recourse, imputing to the CA the following errors:

- A. xxx in concluding that it [petitioner] was the one at fault in not withdrawing its cargo from the container vans in which the goods were originally shipped despite documentary evidence and written admissions of private respondent to the contrary.
- B. xxx in affirming the trial court's order for the recomputation of the judgment award in accordance with Article 1250 of the Civil Code contrary to existing jurisprudence and without any evidence at all to support it.^[6]

The petition is partly meritorious.

It is undisputed that the goods subject of petitioner's counterclaim and covered by seven (7) B/Ls with Shipper's Reference Nos. S-16844, S-16846, S-16848, S-17748, S-17750, S-17749 and S-17751^[7] were loaded for shipment to Manila on respondent's vessels in container vans on a "House/House Containers-Shippers Load, Stowage and Count" basis. This shipping arrangement means that the shipping company's container vans are to be brought to the shipper for loading of its

goods; that from the shipper's warehouse, the goods in container vans are brought to the shipping company for shipment; that the shipping company, upon arrival of its ship at the port of destination, is to deliver the container vans to the consignee's compound or warehouse; and that the shipper (consignee) is supposed to load, stow and count the goods from the container van.^[8] Likewise undisputed is the fact that the container vans containing the goods covered by three (3) of the aforesaid B/Ls, particularly those with Shipper's Reference Nos. S-17748, S-17750 and S-17751,^[9] were delivered to a warehouse, stripped of their contents and the contents deposited thereat.^[10]

On the argument that the respondent, upon the foregoing undisputed facts, violated its contractual obligation to deliver when, instead of delivering the goods to the petitioner as consignee thereof, it deposited the same in bonded warehouse/s, petitioner would now score the CA for finding it at fault for non-withdrawal of its cargo from the container vans within the 10-day free demurrage period. Pressing the point, petitioner argues that, since the CA drew an erroneous conclusion from an undisputed set of facts, petitioner now asserts that the matter of who is at fault - its first assigned error - could be treated as a legal issue and not a question of fact.

After careful consideration, the Court sustain the CA's stance faulting the petitioner for not taking delivery of its cargo from the container vans within the 10-day free period, an inaction which led respondent to deposit the same in warehouse/s.

It may be that, when the relevant facts are undisputed, the question of whether or not the conclusion deduced therefrom by the CA is correct is a question of law properly cognizable by this Court.^[11] However, it has also been held that all doubts as to the correctness of such conclusions will be resolved in favor of the disposing court.^[12] So it must be in this case.

At any rate, the Court finds that petitioner's first contention raises a question of fact rather than of law. And settled is the rule that factual findings of the CA, particularly those confirmatory of that of the trial court, as here, are binding on this Court,^[13] save for the most compelling of reasons, like when they are reached arbitrarily.^[14]

As it were, however, the conclusion of the CA on who contextually is the erring party was not exactly drawn from a vacuum, supported as such conclusion is by the records of the case. What the CA wrote with some measure of logic commends itself for concurrence:

However, ... We find that [petitioner] was the one at fault in not withdrawing its cargo from the containers wherein the goods were shipped within the ten (10)-day free period. Had it done so, then there would not have been any need of depositing the cargo in a warehouse.

It is incumbent upon the carrier to immediately advise the consignee of the arrival of the goods for if it does not, it continues to be liable for the same until the consignee has had reasonable opportunity to remove them.

Sound business practice dictates that the consignee, upon notification of the arrival of the goods, should immediately get the cargo from the