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**AN ACT AFFORDING PROTECTION TO THE
CARRIAGE OF PASSENGERS AND THEIR
LUGGAGE BY SEA, APPROPRIATING FUNDS
THEREFOR AND FOR OTHER PURPOSES**

**A Legislation Drafting Project submitted in partial fulfillment of the
requirements for the award of the Degree of Master of Laws (LL.M.) at
the IMO International Maritime Law Institute**

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EXPLANATORY NOTE

The Philippines, one of the largest archipelagos in the world, lies in the southeast of Asia. Nearest to it are Malaysia and Indonesia in the south and Taiwan in the north. It's 7,107 islands cover an area of about 300,440 square kilometers stretching in discontinuous coastline of 1,580 kilometers from north to south.

As such, one of the usual modes of transportation of passengers and goods is by maritime traffic. In the year 2003, the Government, through the Department of Transportation and Communications, launched the Republic Nautical Highway from the island of Luzon to the island of Mindanao with the enhancement of the Roll On Roll Off (RORO) vessels for fast and economical transport of passengers and goods, thereby increasing the number of people depending on maritime traffic for their travel and transport of goods. In the Port of Manila alone there are more or less 200 trips of vessels bound for the Visayas and Mindanao and carrying more or less 125,000 passengers per week.

In this scenario, inter-island shipping plays a vital role in the pursuit of national development and economic integration. Nevertheless, indispensable as shipping in the Philippines might be, it has to be noted that sea tragedies involving passenger vessels occurred frequently. When sea tragedies happen, the whole nation laments for the thousands of lives taken away by the repulsive disasters.

To name a few, in the last year alone, three sea tragedies occurred. On June 21, 2008, when Typhoon Frank had swept across the islands of Luzon, Visayas and Mindanao, M/V Princess of the Stars, a second hand Japanese passenger ship built in 1984 capsized in Sibuyan Island in the Province of Romblon at the peak of the typhoon with a total of 851

passengers on board. Just recently, on November 04, 2008, M/B Don Dexter Kathleen sank in Dimasalang, Masbate leaving 42 dead and 11 missing passengers. Two days after, a motorized banca capsized in the Province of Iloilo leaving 11 passengers dead. Regrettably, most of the victims of this kind of tragedy are the less fortunate Filipinos, who for economic reason, depend on maritime traffic as a means of transportation. More often, the victims are not compensated for the loss of their lives and their luggage on board the vessels.

The Civil Code of the Philippines contains no provision regulating the liability of the shipowners to the passengers and their luggage in the event of the sinking and eventual total loss or destruction of the vessel, thus Article 587 of the Code of Commerce applies in such case. Article 587 provides:

“The ship agent shall be civilly liable for the indemnities in favor of third persons which may arise from the conduct of the captain in the case of the goods which he loaded in the vessel, but he may exempt himself therefrom by abandoning the vessel with all the equipment and the freight it may have earned during the voyage”

Although what has been mentioned in the above article is the ship agent, third persons and the goods, in the case of Chua Yek Hong v. Intermediate Appellate Court et al., G.R. No. 74811 September 11, 1988, the Supreme Court expanded the article to include passengers.

It was held in part:

“The term shipagent as used in the foregoing provision (Article 857) is broad enough to include the shipowner (Standard Oil v. Lopez Castelo, 42 Phil 256, 1921). Pursuant to said provision, therefore, both the shipowner and the shipagent are civilly and directly liable for the indemnities in favor of the third persons which may arise from the conduct of the captain in the case of the goods transported, as well as for the safety of passengers transported (Yangco v. Laserna 73 Phil 330, 1941; Manila Steamship Company, Inc v. Abdulhaman et. al. 100 Phil 32 1956).

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However under the same article, this direct liability is moderated and limited by the shipagent and the shipowner’s right of abandonment of the vessel and earned freight. This expresses the universal principle of limited liability under maritime law. The most fundamental effect of abandonment is the cessation of the responsibility of the shipagent/shipowner.

(Switzerland General Insurance Co. Ltd. v. Ramirez L-48264, February 21, 1980, 96 SCRA 297)”

This is the “no vessel, no liability” principle under the Philippine law and jurisprudence, notwithstanding that in the case of *Caltex Philippines v. Sulpicio Lines et al.* G.R. No. 131166, September 30, 1999, the case being that of the charterparty agreement, an award for damages was given to the heirs of Sebastian and Corazon Cañezal. This is an anathema to the hundreds of passengers in sea tragedies. This situation has to be remedied.

The Athens Convention Relating to the Carriage of Passengers and Their Luggage By Sea, 1974 and the Protocol of 2002 to the 1974 Athens Convention are the cure for all the ills respecting the liabilities of the shipowners to their passengers on board their vessels and their luggage.

The Convention came into force on April 28, 1987. Although it applies to international carriage of passengers, its provisions are applicable to the situation of the Philippine maritime transportation. It is “a womb to tomb” regime of shipowners’ liability including the limitation of liability as provided for under the convention.

The liability of the carrier under Article 3 of the Convention suffice it to say that it is very comprehensive and covers death or injury of the passenger in the course of the carriage due to his fault or negligence or of his servants or agents acting within the scope of his employment. There is also a liability attached to the performing carrier which is joint and several with the carrier and not affected by any part of the carriage performed by the former although there is a right of recourse between them.

The Convention provides a period of responsibility of the carrier to the passenger and his luggage from embarkation to disembarkation as well as during the voyage and includes the period when the passenger is being carried to or from the ship provided that such carriage is included in the fare and supplied by the carrier.

The 2002 Protocol to the Convention has increased the limitation of liability of the carrier, provides a strict liability for shipping incidents causing death or injury to passengers and requiring the carrier to procure compulsory insurance or financial guarantee and in some cases reversing the burden of proof as when death or injury is not caused by shipping incident wherein the claimant must prove that the death or injury occurred in the course of the voyage, the extent of the loss and that the carrier is at fault or negligent.

Under the Philippine law, to adopt the Convention into domestic law, there must be a bill filed in the Congress of the Philippines to be sponsored by one of the lawmakers or a group of lawmakers and to pass the legislative mill pursuant to Section 26 Article VI of the 1987 Philippine Constitution, to wit:

“Sec.26 (1) Every bill passed by the Congress shall embrace only one subject which shall be expressed in the title thereof. (2) No bill passed by either House shall become a law unless it has passed three readings on separate days, and printed copies thereof in its final form have been distributed to the Members three days before its passage, except when the President certifies to the necessity of its immediate enactment to meet a public calamity or emergency. Upon the last reading of the last reading of the bill, no amendment thereto shall be allowed, and the vote thereon shall be taken immediately thereafter and the yeas and nays entered into the journal.”

In closing, the enactment of the Athens Passenger Convention into the domestic law will finally remedy if not totally cure the sufferings of the Filipinos patronizing maritime transportation, who after the sea tragedies, the heirs will have to fend for themselves for the loss of lives and their belongings.

**REPUBLIC OF THE PHILIPPINES
CONGRESS OF THE PHILIPPINES
METRO MANILA**

Fifteenth Congress

First Regular Session

Began and held in Metro Manila on _____, the _____ day of _____, year 2009

REPUBLIC ACT NO. _____

**“AN ACT AFFORDING PROTECTION TO THE CARRIAGE OF PASSENGERS
AND THEIR LUGGAGE BY SEA, APPROPRIATING FUNDS THEREFOR AND
FOR OTHER PURPOSES”**

Be it enacted by the Senate and the House of Representatives in Congress duly assembled:

**Article I
GENERAL PROVISIONS**

Section 1. This Act shall be known as the “**Protection to the Carriage of Passengers and their Luggage at Sea Act of 2009**”

Section 2. It is the policy of the State to value the integrity of the human person and afford protection to life and property of its citizens through the enactment of legislation and promulgation of administrative measures to enforce such protection.

Section 3. In case of doubt, the provisions of this Act shall be interpreted liberally in favor of the passenger.

Section 4. As used in and for the purposes of this Act, the following terms are hereby defined as follows:

- (a) “carrier” means a person by or on behalf of whom a contract of carriage has been concluded, whether the carriage is actually performed by that person or the performing carrier.
- (b) “performing carrier” means a person other than the carrier, being the owner, charterer of the a ship who actually performs the whole or part of the carriage.

- (c) “carrier who actually performs the whole or part of the carriage” means the performing carrier, or, in so far as the carrier actually performs the carriage, the carrier.
- (d) “contract of carriage means a contract made by or on behalf of a carrier for the carriage by sea of a passenger and his luggage, as the case may be.
- (e) “ship” means any sea going vessel of whatever type and built capable of carrying twelve passengers and luggage.
- (f) “passenger” means any person carried on a ship under a contract of carriage, or who with the consent of the carrier, is accompanying a vehicle or live animals which are covered by a contract for the carriage of goods under this Act.
- (g) “luggage” means any article or vehicle carried by the carrier under a contract of carriage, excluding articles and vehicles carried under a charter party, bill of lading or other contract primarily concerned with the carriage of goods, and live animals.
- (h) “cabin luggage” means luggage which the passenger has in his cabin or is otherwise in his possession, custody or control. Except as otherwise provided by paragraph j of this section and Article VIII, cabin luggage includes luggage which the passenger has in or on his vehicle.
- (i) “loss or damage to luggage” includes the pecuniary loss resulting from the luggage not having been redelivered to the passenger within a reasonable time after the arrival of the ship on which the luggage has been carried, but does not include delays resulting from labor disputes.
- (j) “carriage” covers the following periods:

1. with regard to the passenger and his cabin luggage, the period during which the passenger and/or his cabin luggage are on board the ship or in the course of embarkation or disembarkation, and the period during which the passenger and his cabin luggage are transported by water from land to the ship and vice versa, if the cost of such transport is indicated in the fare or if the vessel used for this purpose of auxiliary transport has been put at the disposal of the passenger by the carrier. However, with regard to the passenger, carrier does not include the period during which he is in a marine terminal or station or on quay or in or on any other port installation.

2. with regard to cabin luggage, also the period during which the passenger is in a marine terminal or station or on a quay or in or on any other port installation if that luggage has been taken over by the carrier or his servant or agent.

3. with regard to the luggage which is not cabin luggage, the period from the time of its taking over by the carrier or his servant or agent on shore or on board until the time of its redelivery by the carrier or his servant or his agent.

- (k) “international carriage” means any carriage in which, according to the contract of carriage, the place of departure and the place of destination are situated in two different States or in a single State if, according to the contract of carriage or to the scheduled itinerary, there is an intermediate port of call in another State.
- (l) “domestic carriage” means any carriage within the territorial waters of the Philippines, however short the distance.
- (m) “Philippine Flag Vessel” means a ship duly registered under Philippine laws and is owned and controlled or chartered by Filipino citizens or by a corporation or entity owned and controlled by Filipino citizens and flying the Philippine flag.
- (n) “units of account” means the Special Drawing Right as defined by the International Monetary Fund.
- (o) “Philippine Shipping Companies” means shipping companies registered and licensed under the laws of the Philippines to engage in domestic or international water transportation.
- (p) “Office of the Secretary” means the Office of the Secretary of the Department of Transportation and Communications.

Section 5. This Act shall apply to any:

- (a) international carriage undertaken by a Philippine flag vessel;
- (b) the contract of carriage is entered in the Philippines;
- (c) the contract of carriage wherein the place of departure is within the Philippines;
and
- (d) domestic carriage.

Notwithstanding the above, this Act shall not apply when the carriage is subject under any other international convention concerning the carriage of passengers or luggage by another mode of transport, to a civil liability regime under the provisions of such convention, in so far as those provisions have mandatory application to carriage by sea.

Article II Liability of the Carrier

Section 6. For the loss suffered as a result of or personal injury to a passenger caused by shipping incident, the carrier is liable to the extent that such loss in respect of that passenger on each distinct occasion does not exceed 250,000 units of account, unless the carrier proves that the incident:

- (a) resulted from an act of war, hostilities, civil war or a natural phenomenon of an exceptional, inevitable character; or
- (b) was wholly caused by an act or omission done with intent to cause the incident by the third party.

If on to the extent that the loss exceeds the above limit, the carrier shall be further liable unless the carrier proves that the incident which caused the loss occurred without the fault or neglect of the carrier.

Section 7. For the loss suffered as a result of the death of or personal injury caused by a shipping incident, the carrier shall be liable if the incident which caused the loss was due to the fault or neglect of the carrier. The burden of proving fault or neglect shall be with the claimant.

Section 8. For the loss suffered as a result of the loss of or damage to cabin luggage, the carrier shall be liable if the incident which caused the loss was due to the fault or neglect of the carrier. The fault or neglect of the carrier shall be presumed for the loss caused by a shipping incident.

Section 9. For the loss suffered as a result of the loss of or damage to luggage other than the cabin luggage, the carrier shall be liable unless the carrier proves that the incident which caused the loss occurred without the fault or neglect of the carrier.

Section 10. For purposes of this Article:

- (a) “shipping incident” means shipwreck, collision, stranding of the ship, explosion or fire in the ship, or defect in the ship;
- (b) “fault or neglect” includes fault or neglect of the servants of the carrier, acting within the scope of their employment;
- (c) “defect of the ship” means any malfunction, failure or non-compliance with applicable safety regulation in respect of any part of the ship or its equipment when used for the escape, evacuation, embarkation, and disembarkation of passengers; or when used for the propulsion, steering, safe navigation, mooring, anchoring, arriving at or leaving berth or anchorage, or damage control after flooding; or when used for launching of life saving appliances; and
- (d) “loss” shall not include punitive or exemplary damages.

Section 11. The liability of the carrier under this Article only relates to loss arising from incidents that occurred in the course of the carriage. The burden of proving that the incident which caused the loss occurred in the course of the carriage, and the extent of the loss, shall lie with the claimant.

Section 12. Nothing in this Act shall prejudice any right of recourse of the carrier against any third party, or the defense of contributory negligence under Article VI of this Act. Nothing in this Act shall prejudice any right of limitation under Articles VII or VIII of this Act.

Section 13. Presumption of fault or neglect or the allocation of the burden of proof to a party shall not prevent evidence in favor of that party from being considered.

Article III Performing Carrier

Section 14. If the performance of the carrier or part thereof has been entrusted to a performing carrier, the carrier shall remain liable for the entire carriage according to the

provisions of this Act. In addition, the performing carrier shall be subject and entitled to the provisions of this Act for the part of the carriage performed by him.

Section 15. The carrier shall, in relation to the carriage performed by the performing carrier, be liable for the acts and omissions of the performing carrier and of his servants and agents acting within the scope of their employment.

Section 16. Any special agreement under which the carrier assumes obligations not imposed under this Act shall affect the performing carrier only if agreed by him expressly and in writing.

Section 17. Where and to the extent that both the carrier and the performing carrier are liable, their liability shall be joint and several.

Section 18. Nothing in this Article shall prejudice any right of recourse as between the carrier and the performing carrier.

Article IV Compulsory Insurance

Section 19. When passengers are carried on board a ship registered under the laws of the Philippines that is licensed to carry more than twelve passengers, and this Act applies, any carrier who performs the whole or part of the carriage shall maintain insurance or other financial security, such as the guarantee of a bank or similar financial institution, to cover liability under this Act in respect of the death of and personal injury to passengers. The limit of the compulsory insurance or other financial security shall not be less than 250,000 units of account per passenger on each distinct occasion.

Section 20. A certificate attesting that insurance or other financial security is in force in accordance with the provisions of this Act shall be issued to each ship after the Insurance Commission has determined that the requirements of Section 19 have been complied with. The certificate shall contain the following particulars:

- (a) name of the ship, the distinctive letters and port of registry;
- (b) name of the principal place of business of the carrier who actually performs the whole or part of the carriage;
- (c) type and duration of security;
- (d) name and principal business of insurer or other persons providing financial security and, where appropriate, place of business where the insurance or other financial security is established; and
- (e) period of validity of the certificate, which shall not be longer than the period of validity of the insurance or other financial security.

Section 21. The certificate shall be carried on board the ship, and a copy shall be deposited with the authorities who keep the records of the ship's registry.

Section 22. An insurance or other financial security shall not satisfy the requirements of this Act if it can cease, for reasons other than the period of validity of the insurance or security specified in the certificate, before three months have elapsed from the date on which the notice of termination is given to the authorities referred in Section 21, unless

the certificate has been surrendered to these authorities or a new certificate has been issued within the same period. The foregoing provisions shall similarly apply to any modification with results in the insurance or other financial security no longer satisfying the provisions of this Article.

Section 23. The ship's registry shall, subject to the provisions of this Article, determine the conditions of issue and validity of the certificate.

Section 24. Nothing in this Act shall be construed as preventing the Insurance Commission from relying on information obtained from other organizations relating to the financial standing of providers of insurance or other financial securities for the purposes of this Act. The Insurance Commission may initiate its own inquiry should it be believed that the insurer or guarantor named in the insurance certificate is not financially capable of meeting the obligations imposed by this Act.

Section 25. Any claim for compensation covered by insurance or other financial security pursuant to this Article may be brought directly against the insurer or other person providing financial security. In such case, the amount set out in Section 19 as the limit of liability of the insurer or other person providing financial security, even if the carrier or the performing carrier is not entitled to limitation of liability. The defendant may further invoke the defenses (other than bankruptcy or winding up) which the carrier referred to under Section 19 would have been entitled in accordance with this Act. Furthermore, the defendant may invoke the defense that the damage resulted from the willful misconduct of the assured, but the defendant might have been entitled to invoke the proceedings brought by the assured against the defendant. The defendant shall in any event have the right to require the carrier or the performing carrier to be joined in the proceedings.

Section 26. Any sums provided by insurance or other financial security maintained in accordance with Section 19 shall be available exclusively for the satisfaction of the claims under this Act, and any payments made of such sums shall discharge any liability arising under this Act to the extent of the amount paid.

Section 27. The Maritime Industry Authority shall not permit a ship to which this Article applies to operate at any time unless a certificate has been issued under Section 20 and such certificate is in force in respect of any ship that is licensed to carry more than twelve passengers, whenever registered, entering or leaving a port in so far as this Act applies.

Section 28. A war insurance shall be procured by the carrier for the loss suffered as a result or personal injury caused by:

- (a) war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or hostile act by or against a belligerent power;
- (b) capture, seizure, arrest, restraint or detainment, or the consequence thereof or any attempt thereat;
- (c) derelict, mines, torpedoes, bombs or other derelict weapons of war;
- (d) act of any terrorist or any person acting maliciously or from a political motive, and
- (e) confiscation and expropriation.

The limit of war insurance shall not be more than 340 million units of account overall per ship on any distinct occasion. In the event that the claim of individual passengers exceed in the aggregate sum of 340 million units of account overall per ship on any distinct occasion, the carrier shall be entitled to limit his liability in the amount of 340 million units of account.

Section 29. The immediately preceding Section shall apply to radioactive contamination, chemical , biological, biochemical, electromagnetic weapon and cyber attack insurance procured by the carrier.

Article V Valuables

Section 30. The carrier shall not be liable for the loss or damage to monies, negotiable securities, gold, silverware, jewelry, ornaments, works of art, or other valuables, except when such valuables have been deposited with the carrier for the agreed purpose of safekeeping in which case the carrier shall be liable up to the limit provided for in Section 36 of Article VIII unless a higher limit is agreed upon with Section 39 of Article X.

Article VI Contributory Fault

Section 31. If the carrier proves that the death of or personal injury to a passenger or the loss of or damage to his luggage was caused or contributed to by the fault or neglect of the passenger, the court having jurisdiction of the case may exonerate the carrier wholly or partly from his liability.

Article VII Limit of Liability for Death and Personal Injury

Section 32. The liability of the carrier for the death of or personal injury to a passenger under Article II shall in no case exceed 400,000 units of account per passenger on each distinct occasion. Where, the court having jurisdiction of the case, damages are awarded in the form of periodical income payments, the equivalent capital value of such payments shall not exceed the limit.

Section 33. In the event that the claim of individual passengers exceed in the aggregate sum of 250,000 units of account overall per ship on any distinct occasion, the carrier shall be entitled to limit his liability up to the aggregate amount of 340,000,000 units of account, notwithstanding the liability of the carrier for the death of or personal injury to a passenger under Article II and the liability for war and terrorism provided for under Section 28 of Article IV.

Article VIII Limit of Liability for Loss or Damage to Luggage and Vehicles

Section 34. The liability of the carrier for the loss or damage to cabin luggage shall in case exceed 2,250 units of account per passenger, per carriage.

Section 35. The liability of the carrier for the loss of or damage to vehicles including all luggage carried in or on the vehicle shall in no case exceed 12,700 units of account per vehicle, per carriage.

Section 36. The liability of the carrier for the loss of or damage to luggage other than that mentioned in Sections 34 and 35 shall in no case exceed 3,375 units of account per passenger, per carriage.

Section 37. The carrier and the passenger may agree that the liability of the carrier shall be subject to a deductible not exceeding 330 units of account in the case of damage to a vehicle and not exceeding 149 units of account per passenger in the case of loss of or damage to other luggage, such sum to be deducted from the loss or damage.

Article IX Passenger and Luggage Fund

Section 38. There shall be created a Passenger and Luggage Fund under the budget of the Office of the Secretary and counterpart fund from Philippine Shipping Companies for the purposes of claims in this Act. Such fund shall be administered by virtue of an Executive Order to be issued by the President of the Philippines after the effectivity of this Act.

Article X Supplementary Provisions on Limits of Liability

Section 39. The carrier and the passenger may agree, expressly and in writing, to higher limits of liability than those prescribed in Articles VII and VIII.

Section 40. Interest on damages and legal costs shall not be included in the limits of liability prescribed in Articles VII and VIII.

Article XI Defenses and Limits for Carrier's Servants

Section 41. If an action is brought against a servant or an agent of the carrier or of the performing carrier arising out of the damage covered by this Act, such servant or agent, if he proves that he acted within the scope of his employment shall be entitled to avail himself of the defenses and limits of liability which the carrier or the performing carrier is entitled to invoke under this Act.

Article XII Aggregation of Claims

Section 42. Where the limits of liability prescribed in Articles VII and VIII take effect, they shall apply to the aggregate of the amounts recoverable in all claims arising out of the death or personal injury to any one passenger or the loss of or damage to his luggage.

Section 43. In relation to the carriage performed by the performing carrier, the aggregate of the amounts recoverable from the carrier and the performing carrier and from their servants and agents acting within the scope of their employment shall not exceed the highest amount which could be awarded against either the carrier or the performing

carrier under this Act, but none of the persons mentioned shall be liable in excess of the limit applicable to them.

Section 44. In any case where the servant or agent of the carrier or of the performing carrier is entitled under Article XI of this Act to avail himself of the limits of liability prescribed in Articles VII and VIII, the aggregate of the amounts recoverable from the carrier, or the performing carrier as the case may be, and from the servant or agent, shall not exceed those limits.

Article XIII Loss of Right to Limit Liability

Section 45. The carrier shall not be entitled to the benefit of the limits of liability prescribed in Articles VII and VIII and Section 39 of Article X, if it is proved that the damage resulted from an act or omission of the carrier done with intent to cause such damage, or recklessly or with knowledge that such damage would probably result.

Section 46. The servant or the agent of the carrier or of the performing carrier shall not be entitled to the benefit of those limits, if it is proved that the damage resulted from an act or omission of that servant or agent done with intent to cause such damage, or recklessly and with knowledge that such damage would probably result.

Article XIV Basis for Claim

Section 47. No action for damages for the death of or personal injury to a passenger, or for the loss of or damage to luggage, shall be brought against a carrier or performing carrier otherwise in accordance with this Act.

Article XV Notice of Loss or Damage to Luggage

Section 48. The passenger shall give written notice to the carrier or his agent:

- (a) in the case of apparent damage to luggage:
 - (1) for cabin luggage, before, or at the time of disembarkation of the passenger;
 - (2) for all other luggage, before or at the time of its redelivery;
- (b) in the case of damage to luggage which is not apparent, or loss of luggage, within fifteen days from the date of disembarkation or redelivery should have taken place.

Section 49. If the passenger fails to comply with this Article, he shall be presumed, unless the contrary is proved, to have received the luggage undamaged.

Section 50. The notice in writing need not be given if the condition of the luggage has at the time of its receipt has been the subject of joint survey or inspection.

Article XVI

Prescription of Actions

Section 51. Any action for damages arising out of the death of or personal injury to a passenger or for the loss of or damage to luggage shall prescribe after a period of two years.

Section 52. The limitation period shall be computed as follows:

- (a) in the case of personal injury, from the date of disembarkation of the passenger;
- (b) in the case of death occurring during the carriage, from the date when the passenger should have been disembarked, and in the case of personal injury occurring during the carriage and resulting in the death of the passenger after the disembarkation, from the date of death provided that this period shall not exceed three years from the date of disembarkation;
- (c) in the case of loss or damage to luggage, from the date of disembarkation or from the date when disembarkation should have taken place, whichever is later.

Section 53. The Law on Prescription under the Civil Code of the Philippines shall govern the suspension and interruption of the prescriptive periods, but in no case shall an action under this Act be brought after the expiration of any following periods of time:

- (a) A period of five years beginning with the date of disembarkation of the passenger or from the date when disembarkation should have taken place, whichever is later or, if earlier
- (b) a period of three years beginning with the date when the claimant knew or ought reasonably to have known of the injury, loss or damage caused by the incident.

Section 54. Notwithstanding Sections 51, 52 and 53 of this Article, the period of limitation may be extended by the declaration of the carrier or by agreement of the parties after the cause of action has arise. The declaration or agreement shall be in writing.

Article XVII Competent Jurisdictions

Section 55. Any action arising under Articles II and III of this Act shall be filed:

- (a) At the place of habitual residence or place of business of the claimant, or, at the place of habitual residence or the place of business of the defendant, at the option of the claimant, or;
- (b) at the place where the contract of domestic carriage was entered into.

Section 56. After the occurrence of the incident which has caused the damage, the parties may agree that the claim for damages shall be submitted to any jurisdiction or arbitration.

Article XVIII Invalidity of Contractual Provisions

Section 57. Any contractual provision concluded before the occurrence of the incident which has caused the death of or personal injury to a passenger or the loss of or damage to the passenger's luggage, purporting to relieve any person liable under this Act of liability towards the passenger or to prescribe a lower limit of liability than that fixed under this Act except as provided in Section 37 of Article VIII, and any such provision purporting to shift the burden of proof which rests on the carrier or performing carrier, or having the effect of restricting the options specified in Sections 55 or 56 of Article XVII shall be null and void, but the nullity of that provision shall not render void the contract of carriage which remain subject to the provisions of this Act.

**Article XIX
International Conventions on Limitation of Liability**

Section 58. This Act shall not modify the rights or duties of the carrier or performing carrier, and their servants or agents provided for in international conventions relating to the limitation of liability of owners of seagoing ships.

**Article XX
Penal Provision**

Section 59. Any violation of the provisions of this Act, or the rules and regulations promulgated thereunder, shall upon conviction, be punished by a fine of not less than 50,000.00 Pesos nor more than 100,000.00 Pesos or by imprisonment of not less than thirty days nor more than six months or both at the discretion of the court.

**Article XXI
Appropriations**

Section 60. To carry out the purposes of this Act, there is hereby appropriated, out of the funds in the National Treasury not otherwise appropriated, the sum of 50,000,000.00 Pesos and such sum shall thereafter be included in the annual General Appropriations Act.

**Article XXII
Separability Clause**

Section 61. If, for any reason, any section, sentence, clause or term of this Act is held to be illegal, invalid or unconstitutional, such parts not affected by such declaration shall remain in full force and effect.

**Article XXIII
Repealing Clause**

Section 62. All laws, executive orders, rules and regulations and parts thereof inconsistent with this Act are hereby repealed and/ or modified accordingly.

**Article XXIV
Effectivity**

Section 63. This Act shall take effect after fifteen days following its publication in at least two newspapers of general circulation.

**Speaker
House of Representatives**

**President
House of the Senate**

Approved

President of the Republic of the Philippines