

****Title:**** Nedlloyd Lijnen B.V. Rotterdam and The East Asiatic Co., Ltd. vs. Glow Laks Enterprises, Ltd.

****Facts:****

Nedlloyd Lijnen B.V. Rotterdam, engaged in maritime goods transportation, operated alongside its local agent, The East Asiatic Co., Ltd., in the Philippines. Glow Laks Enterprises, Ltd., a foreign company based in Hong Kong, arranged for the transport of 343 cartons of garments from Manila to Colon, Free Zone, Panama, via Nedlloyd's vessels. The goods, valued at US\$53,640.00, were to be consigned to Pierre Kasem, International, S.A., upon presenting the bills of lading. However, upon the cargo's arrival in Panama on 23 October 1987, forged documents facilitated the unauthorized release of the goods.

Glow Laks sought compensation from Nedlloyd, which was denied, leading to the initiation of Civil Case No. 88-45595 in the Regional Trial Court (RTC) of Manila. Nedlloyd contended that their liability ended once the goods were handed over to the National Ports Authority of Panama, as per local law and practice. The RTC, siding with Nedlloyd, dismissed the case and awarded the petitioners litigation expenses. This ruling was appealed to the Court of Appeals, which reversed the RTC's decision, citing the failure of Nedlloyd to prove Panamanian law and customs effectively. Therefore, under Philippine law, the carriers remained responsible for the misdelivered cargo.

****Issues:****

The case centered on several legal issues, including whether Panamanian laws were adequately proven and applicable in this context, the extent of a common carrier's responsibility over shipped goods, and the application of local laws concerning foreign judgments and evidentiary standards.

****Court's Decision:****

The Supreme Court affirmed the Court of Appeals' decision, holding Nedlloyd liable for the value of the misdelivered goods. The Court found that the carriers did not properly substantiate the Panamanian laws they relied on to absolve themselves of liability. Consequently, under the "processual presumption," local laws were applied. Under the New Civil Code, carriers are obligated to observe extraordinary diligence until goods are properly delivered to consignees. The failure to inform the consignee or a designated agent about the goods' arrival further reinforced the presumption of negligence. The petitioners' failure to provide sufficient evidence of such notification or efforts to secure the goods post-discharge led to the conclusion of their liability.

****Doctrine:****

The Supreme Court reinforced the doctrine that a foreign law must be adequately proved to be considered in Philippine courts. Absent such proof, the “processual presumption” applies, assuming foreign laws mirror local laws. Additionally, the Court highlighted the extraordinary responsibility of common carriers in the vigilance over the goods they transport, extending until actual or constructive delivery to the consignee or authorized personnel.

****Class Notes:****

- ****Foreign Law in Philippine Courts:**** To rely on foreign law, it must be adequately pleaded and proven. Failing this, the “processual presumption” assumes foreign laws are akin to local laws.
- ****Extraordinary Diligence of Common Carriers:**** Carriers must exercise extraordinary diligence in the transport and delivery of goods, with their responsibility enduring until actual or constructive delivery to the consignee.
- ****Proof of Foreign Law:**** Required evidence includes a copy of the foreign law attested by the officer having legal custody of it, accompanied by a certification from a relevant official from the Philippine embassy or consulate, authenticated by the official seal.

****Historical Background:****

This case underscores the complexities of international shipping laws and the challenges in applying foreign laws in local courts. It demonstrates the Philippine judiciary’s reliance on established procedures for acknowledging and enforcing foreign laws and principles concerning the obligations of common carriers under the New Civil Code, reflecting the broader principles of justice and consumer protection in the context of global commerce.