

Title:

Eastern Shipping Lines, Inc. vs. BPI/MS Insurance Corp., & Mitsui Sumitomo Insurance Co., Ltd.

Facts:

This case arose when BPI/MS Insurance Corporation and Mitsui Sumitomo Insurance Company Limited filed a complaint against Eastern Shipping Lines, Inc. (ESLI) and Asian Terminals, Inc. (ATI) to recover damages for two shipments of steel sheets from Japan to the Philippines that arrived damaged. The shipments, insured against all risks, arrived in Manila on two separate occasions in February and May 2004 via ESLI's vessels but were found to be partly damaged upon withdrawal by Calamba Steel Center, Inc., the consignee. Calamba Steel attributed the damages to ESLI (the carrier) and ATI (the arrastre operator) and filed a claim against them. ESLI and ATI denied liability, attributing the damage to each other's negligence.

The Regional Trial Court of Makati City ruled in favor of BPI/MS and Mitsui, holding ESLI and ATI jointly and severally liable for the damages. Both ESLI and ATI appealed the decision to the Court of Appeals, which absolved ATI from liability and modified the RTC decision accordingly, deleting the award of attorney's fees and solely holding ESLI liable.

ESLI, then, filed a Petition for Review on Certiorari to the Supreme Court, contesting its liability.

Issues:

1. Whether ESLI is liable for the damages sustained by the shipments.
2. Whether the limitation of liability under the Carriage of Goods by Sea Act (COGSA) applies.

Court's Decision:

The Supreme Court denied ESLI's petition, affirming the decision of the Court of Appeals. The Court found ESLI liable, ruling that the failure of ESLI to prove that the shipments arrived in Manila in good condition and remained as such prior to handling by ATI (despite being issued clean bills of lading) made ESLI responsible for the loss. Further, the Court ruled that ESLI could not invoke the COGSA's limitation of liability, as the invoices (which were referred to in the bills of lading and admitted as evidence) duly declared the value of the goods and the payment of corresponding freight charges. This effectively nullified ESLI's argument for applying the statutory limitation of liability.

Doctrine:

-The extraordinary responsibility of the common carrier lasts from the time the goods are unconditionally placed in the possession of, and received by the carrier for transportation until the same are delivered, actually or constructively, by the carrier to the consignee or to the person who has a right to receive them.

-A clean bill of lading constitutes prima facie evidence of the receipt by the carrier of the goods as therein described.

-Judicial admissions are legally binding and cannot be later contested by the party making the admission.

Class Notes:

- **Common Carrier's Liability:** A common carrier is responsible for the goods from the moment these goods are unconditionally placed in its possession until delivered to the consignee. A prima facie case of negligence arises when goods deteriorate or are lost while in transit, provided these were in good condition upon receipt by the carrier.

- **Bill of Lading as Evidence:** A clean bill of lading serves as prima facie evidence of the carrier's receipt of the goods in good order and condition.

- **Judicial Admissions:** Statements made by a party during judicial proceedings, including pre-trial stipulations and admissions, are binding on that party and may not be later contradicted.

Historical Background:

The case underscores the balance of the legal responsibilities between carriers and arrastre operators in maritime logistics, emphasizing the protective mantle the law extends to shippers against the perils of maritime transport under Philippine jurisdiction. It also illustrates the application of international maritime doctrines like the Carriage of Goods by Sea Act (COGSA) in local jurisprudence, showcasing the interaction between local laws and international maritime conventions.