

### Title:

**\*\*Federal Express Corporation v. Luwalhati R. Antonino and Eliza Bettina Ricasa Antonino\*\***

### Facts:

In November 2003, Eliza Bettina Ricasa Antonino became liable for monthly common charges and real estate taxes on her property, Unit 22-A in Allegro Condominium, New York. To settle these obligations, Luwalhati R. Antonino and Eliza sent checks totaling US\$29,345.53 through Federal Express Corporation (FedEx) to Veronica Z. Sison in New York. The package, however, was reportedly delivered to Sison's neighbor, not to Sison herself, leading to the non-payment of the charges and subsequent foreclosure of the unit.

FedEx claimed it was absolved of liability because the package contained prohibited items and was misdeclared. The company maintained that Luwalhati and Eliza failed to comply with the requirement of filing a written notice of claim within 45 days from acceptance of the shipment. After FedEx's refusal to acknowledge their claim, Luwalhati and Eliza initiated a lawsuit resulting in a Regional Trial Court ruling in their favor, awarding moral and exemplary damages, and attorney's fees. FedEx's appeals to the Court of Appeals and subsequent motion for reconsideration were denied, prompting them to petition the Supreme Court.

### Issues:

1. Whether FedEx can be held liable for damages due to non-delivery of the checks.
2. Whether the respondents' failure to comply with the condition precedent of filing a written notice within 45 days absolves FedEx of liability.
3. Whether the shipping of checks was a violation of FedEx's Air Waybill, exempting FedEx from liability.
4. Ambiguities in contracts of adhesion and their interpretation.

### Court's Decision:

1. **\*\*On FedEx's Liability:\*\*** The Supreme Court held FedEx liable for damages, citing the duty of common carriers to observe extraordinary diligence in shipping goods, which includes ensuring delivery to the consignee or an authorized person. FedEx's failure to deliver the package directly to Sison was tantamount to loss of goods, thus engendering liability.
2. **\*\*On the Condition Precedent:\*\*** The Supreme Court affirmed the lower courts' decisions that substantial compliance was met due to FedEx giving Luwalhati and Eliza a "run-

around”, affecting their ability to comply timely with the 45-day notice requirement.

3. **On Shipping of Checks Violating Air Waybill:** The Court found that the prohibition in the Air Waybill was not violated by the respondents as the shipped items were checks, which are not considered legal tender or “negotiable instruments equivalent to cash”, thus not falling under the prohibited items.

4. **On Ambiguities in Contracts of Adhesion:** The Court reiterated that ambiguities in contracts of adhesion should be interpreted against the drafter, in this case, FedEx.

### ### Doctrine:

The Supreme Court established that the duty of common carriers to observe extraordinary diligence does not terminate until the delivery of goods to the consignee or a person authorized to receive them. It also underscored that ambiguities in contracts of adhesion are interpreted against the party that prepared them.

### ### Class Notes:

- **Common Carrier’s Obligation:** A common carrier is bound to observe extraordinary diligence in the vigilance over the goods transported by them.
- **Contracts of Adhesion:** Ambiguities in contracts of adhesion are interpreted against the party that prepared the contract.
- **Legal Tender v. Negotiable Instruments:** Checks, despite being negotiable instruments, are not considered legal tender and therefore, their shipment does not automatically violate common prohibitions in carriers’ terms against transporting cash or cash equivalents.
- **Substantial Compliance:** In certain conditions, especially when the carrier’s actions impair the shipper’s ability to comply, substantial compliance with the procedural requirements (e.g., filing a claim within specified period) may suffice.

### ### Historical Background:

The case illuminates the responsibilities of common carriers in the facilitation of international shipments, particularly when dealing with valuable but non-cash items like checks. It stresses the high level of diligence required by law for carriers in protecting the interest of senders and the implications of contractual ambiguities crafted by service providers against them.