

Title: Annie Tan v. Great Harvest Enterprises, Inc.: The Consequences of a Common Carrier's Failure to Exercise Extraordinary Diligence

Facts:

Great Harvest Enterprises, Inc. (Great Harvest) engaged Annie Tan on February 3, 1994, to transport 430 bags of soya beans from Tacoma Integrated Port Services, Inc. in Manila to Selecta Feeds in Quezon City. Tan's employee, Cabugatan, delivered the goods, which were subsequently rejected by Selecta Feeds. Following the rejection, Great Harvest directed Cabugatan to unload the shipment at its Malabon warehouse, but the goods never arrived. Tan reported her truck as missing, subsequently recovered by the National Bureau of Investigation (NBI) in Cavite, devoid of cargo and heavily cannibalized. After unsuccessful demands for compensation, Great Harvest filed a Complaint for sum of money against Tan on June 2, 1994, leading to legal proceedings culminating at the Supreme Court.

Issues:

1. Whether the contractual arrangement between Tan and Great Harvest constituted Tan as a common carrier.
2. Whether Tan was liable to compensate Great Harvest for the lost soya beans.
3. Whether the incidents leading to the cargo's disappearance exonerated Tan from liability.

Court's Decision:

The Supreme Court upheld the decisions of the Court of Appeals and the RTC, stipulating that Tan, as a common carrier, was obligated to observe extraordinary diligence over the goods she was transporting which she failed to do. The Court rejected Tan's assertion that she was not a common carrier and found substantial evidence in the agreement for Tan to deliver rejected goods to Great Harvest's warehouse, indicating a standard practice. The loss was attributed to Tan's failure to secure the cargo or insure it against potential losses.

Doctrine:

The case reiterated the doctrines regarding the extraordinary diligence required of common carriers under Articles 1732, 1733, 1755, and 1756 of the Civil Code, holding them responsible for the goods from receipt until delivery unless the loss is due to specific exempting circumstances.

Class Notes:

- A common carrier is obligated to exercise extraordinary diligence over the goods transported, as per Civil Code, Articles 1732, 1733, 1755, and 1756.

- The liability of a common carrier for the loss of goods extends from the moment of receipt until these are delivered or turned over to the consignee or person entitled to receive them.
- Exceptions to the liability of common carriers are outlined in Civil Code, Article 1734, including natural disasters and acts of public enemies, among others.
- An agreement to deliver goods to a specified location or alternative locations, as part of regular business practice, denotes acknowledgment and acceptance of the carriage contract terms.

Historical Background:

Historically, the Philippine legal system has imposed higher diligence standards on common carriers, given their crucial role in commerce and the inherent trust the public places in their service. This case underscores the legal responsibilities of common carriers in the Philippines and highlights the legal principles guiding contractual obligations and liabilities in transportation and delivery services, reflecting the balance between protecting public interest and ensuring fair business practices.