

****Title:**** Planters Products, Inc. vs. Court of Appeals, Soriamont Steamship Agencies, and Kyosei Kisen Kabushiki Kaisha

****Facts:**** Planters Products, Inc. (PPI) purchased Urea fertilizer from Mitsubishi International Corporation, which was transported on M/V “Sun Plum” owned by Kyosei Kisen Kabushiki Kaisha (K K K K) from Alaska, USA to La Union, Philippines. Before the voyage, a time charter-party was entered into between Mitsubishi and K K K K under the Uniform General Charter. The vessel’s holds were inspected and found fit for the cargo. Upon arrival in the Philippines, a shortage and contamination of the Urea fertilizer were discovered. PPI claimed damages from SSA, K K K K’s agent, which was refused. PPI filed an action for damages against the carrier, asserting the negligence of the common carrier. The trial court ruled in favor of PPI, but the Court of Appeals reversed this decision, exempting K K K K from liability and categorizing the M/V “Sun Plum” as a private carrier due to the charter-party.

****Issues:****

1. Whether a charter-party agreement transforms a common carrier into a private carrier, negating the presumption of negligence under civil law.
2. Whether the carrier proved it exercised the degree of diligence required by law.
3. The applicability of the presumption of negligence against the carrier.

****Court’s Decision:**** The Supreme Court dismissed the petition, affirming the appellate court’s decision, stating that the presumption of negligence does not automatically apply to private carriers. The Court differentiated between a common carrier and a private carrier in the context of a charter-party. It held that in this case, M/V “Sun Plum” operated as a private carrier due to the specific terms of the charter-party. The Court further found that the carrier had exercised sufficient diligence to overcome the presumption of negligence.

****Doctrine:**** The Court elucidated on the distinction between common and private carriers, particularly in situations involving a charter-party. It emphasized that a common carrier can become a private carrier for the duration of a charter-party that includes both the vessel and its crew. Furthermore, it reiterated the carrier’s responsibility to exercise due diligence in the carriage of goods and the shift in the burden of proof once the carrier demonstrates such diligence.

****Class Notes:****

- ****Common Carrier vs. Private Carrier****: The nature of a carrier’s operation (public vs

private) depends on the character of the charter-party and the extent of control over the vessel and its crew.

- ****Presumption of Negligence****: In cases of loss, destruction, or deterioration of goods, common carriers are presumed negligent. This presumption shifts upon the carrier's demonstration of extraordinary diligence.
- ****Charter-party Agreement****: A charter-party can change the legal standing of a carrier from a common to a private carrier based on the degree of control retained over the vessel.
- ****Diligence Required****: The degree of diligence required of a carrier (extraordinary for common carriers and ordinary for private carriers) is pivotal in disputes over cargo damage or loss.

****Historical Context:**** This case demonstrates the evolving understanding of maritime law in the Philippines, particularly the nuances of categorizing carriers under the influence of charter-party agreements. It underscores the judiciary's role in interpreting contracts vis-à-vis statutes governing common carriers, emphasizing the need for carriers to demonstrate diligence explicitly.