

### Title:

National Steel Corporation vs. Court of Appeals and Vlasons Shipping, Inc.: A Case on Private Carriage and Seaworthiness

### Facts:

National Steel Corporation (NSC) and Vlasons Shipping, Inc. (VSI) engaged in a legal dispute concerning damage to a shipment and issues of demurrage and attorney's fees, leading to separate petitions for review by the Philippine Supreme Court. On July 17, 1974, NSC, as the charterer, and VSI, as the owner, entered into a Contract of Voyage Charter Hire whereby NSC hired VSI's vessel, MV "VLASONS I," to transport steel products from Iligan City to North Harbor, Manila. The agreed terms included a freight payment, a laydays/canceling schedule, and a loading/discharging rate, with stipulations on demurrage/dispatch charges and cargo insurance responsibilities. Upon arrival at Manila and subsequent unloading, the cargo was found wet and rusty, leading NSC to file a damage claim against VSI. The Regional Trial Court of Pasig dismissed NSC's complaint, ordering NSC to pay VSI for unpaid freight, demurrage, and attorney's fees. The Court of Appeals modified this, reducing the demurrage award and deleting the attorney's fees award. Both parties filed motions for reconsideration, which were denied, prompting the petitions for review to the Supreme Court.

### Issues:

1. Whether a charterer is liable for demurrage due to cargo unloading delays caused by weather.
2. The admissibility and effect of "seaworthiness certificates" as evidence of the vessel's condition.
3. The impact of a charterer's failure to insure cargo on the shipowner's liability for cargo damage.
4. The negligence of the vessel's crew and the shipper's stevedores regarding the handling and care of the cargo.
5. Applicability of the Civil Code provisions on common carriers to a private carrier.

### Court's Decision:

The Supreme Court affirmed the Court of Appeals' decision with the modification that the award for demurrage to VSI was deleted. It reiterated the vessel as a private carrier, thus not subject to the presumption of negligence applicable to common carriers. The Court found NSC failed to prove that the damage was due to VSI's willful negligence or failure to make the vessel seaworthy. The Court highlighted the distinction between a common carrier

and a private carrier, underlining that stipulations in a charter party primarily govern the latter's obligations. The Supreme Court also held that certificates of seaworthiness, while partially inadmissible, did not alter the fact that NSC bore the burden of proving the vessel's unseaworthiness and failed to do so.

### ### Doctrine:

The case elucidates the rules on seaworthiness of a private carrier, its responsibility for damage to cargo, and liability for demurrage and attorney's fees. It also establishes that, in contracts of private carriage, the obligations and liabilities of the parties are determined by their specific agreement rather than the general law on common carriers.

### ### Class Notes:

- **Private Carrier vs. Common Carrier**: The obligations and liabilities towards cargo are governed by the terms agreed upon in the charter party or contract of affreightment, distinguishing it from common carriage.
- **Burden of Proof**: In disputes involving private carriers, the shipper (or charterer) bears the burden of proving the carrier's negligence or failure to fulfill its obligations, such as ensuring seaworthiness.
- **Seaworthiness**: The carrier must exercise due diligence to make the vessel seaworthy at the beginning of the voyage, but liability for cargo damage due to unseaworthiness must be proven to stem from the carrier's lack of due diligence.
- **Demurrage**: Defined as the compensation for detention of a vessel beyond the agreed laytime, which is subject to the terms of the charter party, including weather conditions affecting laytime computation.
- **Admissibility of Evidence**: The admissibility of certificates and documents as proof of seaworthiness follows specific rules, impacting the burden of proof in legal disputes on cargo damage.

### ### Historical Background:

This case provides insights into the legal treatment of maritime contracts in the Philippines, particularly highlighting the distinction between private and common carriers, and the specific legal doctrines applied to disputes arising from such contracts. This distinction is crucial in maritime law, influencing how cases of cargo damage and demurrage are resolved in the Philippine legal context.