

Title: Caltex (Philippines), Inc. vs. Sulpicio Lines, Inc. et al.

Facts:

On December 19, 1987, the motor tanker MT Vector, owned by Vector Shipping Corporation and chartered by Caltex (Philippines), Inc., collided with the MV Doña Paz, a passenger ship owned by Sulpicio Lines, Inc. This tragic incident resulted in the death of nearly all passengers and crew members of both vessels. The collision has been marked as one of the country's worst maritime disasters. Following the incident, the Board of Marine Inquiry found MT Vector and its operators at fault.

Subsequently, Teresita Cañezal and Sotera E. Cañezal filed a complaint for damages arising from breach of contract of carriage against Sulpicio Lines in the Regional Trial Court, Manila. Sulpicio then filed a third-party complaint against Francisco Soriano, Vector Shipping Corporation, and Caltex, alleging negligence on Caltex's part for chartering MT Vector knowing its unseaworthiness. The trial court dismissed the third-party complaint against Caltex, which was later reversed by the Court of Appeals, holding Caltex jointly liable with Vector Shipping Corporation for damages.

Issues:

1. Whether a charterer of a vessel is liable for damages resulting from a collision involving the chartered vessel.
2. Whether the charterer's obligation to ensure the vessel's compliance with legal requirements affects liability for damages under Philippine maritime laws and the Civil Code.

Court's Decision:

The Supreme Court found the petition meritorious, ruling that Caltex, as the charterer, has no liability for damages under Philippine Maritime laws. The Court distinguished between different types of charter parties and held that the charter party between Caltex and Vector was a contract of affreightment, whereby the shipowner retains possession, command, and navigation of the ship, making the owner liable for any damages.

The Court also analyzed whether Caltex was negligent under the Civil Code and concluded that Caltex was not liable as it had the right to presume the seaworthiness of MT Vector, especially given that it was cleared by the Philippine Coast Guard to sail.

Doctrine:

The ruling established that in cases of voyage charter, the liability for damages rests on the shipowner, not the charterer. The charterer, unless proven otherwise, has the right to presume the vessel's seaworthiness. The Court also reiterated the distinction between common carriers and private carriers in the context of charter parties.

Class Notes:

- A charterer of a vessel is not automatically liable for damages resulting from incidents involving the chartered vessel.
- The distinction between a contract of affreightment and a demise charter is crucial in determining liability.
- For a ship to be considered seaworthy, it must be adequately equipped and manned for the voyage.
- Under Philippine law, a common carrier is obligated to ensure the vessel's seaworthiness and compliance with all maritime laws.
- Negligence under the Civil Code (Articles 1173, 2176) requires proof of the breach of an obligation of due care, which is not presumed upon charterers in maritime transport incidents.

Historical Background:

This case provides insight into the complexities of maritime law in the Philippines and the obligations of various parties in the transportation of goods by sea. It highlights the aftermath of one of the nation's most devastating maritime disasters and underscores the legal principles guiding liability and negligence in maritime transport.