

### ### Title

Asia Lighterage and Shipping, Inc. vs. Court of Appeals and Prudential Guarantee and Assurance, Inc.

### ### Facts

This case concerns a maritime dispute involving the loss of 3,150 metric tons of Better Western White Wheat valued at US\$423,192.35. The cargo, owned by General Milling Corporation and insured by Prudential Guarantee and Assurance, Inc., was shipped from Portland, Oregon to Manila on the M/V NEO CYMBIDIUM V-26, and then transferred to the petitioner, Asia Lighterage and Shipping, Inc., for delivery. On the way to the consignee's warehouse, the cargo was lost due to the sinking of barge PSTSI III amidst a typhoon. Despite several incidents and warnings, Asia continued the transport leading to the sinking and the eventual total loss of the cargo. Prudential, having indemnified the consignee, sought recovery from Asia, which led to litigation that moved from the Regional Trial Court of Manila to the Court of Appeals, and finally, the Supreme Court.

### ### Issues

1. Whether Asia Lighterage and Shipping, Inc. qualifies as a common carrier.
2. Whether Asia Lighterage exercised extraordinary diligence in the transport of the consignee's cargo.

### ### Court's Decision

1. **\*\*Common Carrier Status\*\***: The Supreme Court ruled that Asia Lighterage and Shipping, Inc. is a common carrier because it offers its services to the public for transporting goods for compensation, fulfilling the criteria of a common carrier as defined by Article 1732 of the Civil Code. The Court made no distinction between regular/scheduled services and occasional/episodic services.
2. **\*\*Exercise of Extraordinary Diligence\*\***: The Court found that Asia Lighterage failed to exercise the required extraordinary diligence in the care and custody of the consignee's goods. Despite the forecast and arrival of a typhoon, Asia persisted in transporting the cargo, which led to its sinking and total loss. The carrier's failure to sufficiently repair the barge and decision to navigate during inclement weather were cited as evidence of negligence.

### ### Doctrine

- The Court reiterated the definition of a common carrier under Article 1732 of the Civil

Code and underscored the requirement of extraordinary diligence as outlined in Articles 1733 to 1735 and 1755 to 1756 of the Civil Code for the safety and care of transported goods.

- A common carrier is presumed to be at fault or to have acted negligently in cases of loss, destruction, or deterioration of the goods, unless it proves that it has observed extraordinary diligence.
- Natural disasters such as typhoons do not automatically exempt carriers from liability unless it is proven to be the proximate and only cause of the loss, and that the carrier exercised due diligence to prevent or minimize the loss before, during, and after the event.

### ### Class Notes

- **Common Carrier**: Engages in the business of transporting goods or passengers for compensation, offering services to the public.
- **Extraordinary Diligence**: Requires a higher level of care and precaution in the transport of goods or passengers, as compared to ordinary diligence.
- **Assumption of Negligence**: In loss, destruction, or deterioration of goods, common carriers are presumed negligent unless they prove they exercised extraordinary diligence.
- **Exceptions to Liability**: Specific exceptions under Article 1734 of the Civil Code where common carriers are not liable for the loss include natural disasters, act of the public enemy, act of the shipper, and inherent nature or defects of the goods.

### ### Historical Background

The case reflects the expectations and legal standards imposed on common carriers in the Philippines regarding the transport of goods, especially during adverse weather conditions. It underscores the carrier's obligation to ensure the safety and integrity of cargo under its custody and the legal interpretations that guide these responsibilities in the face of uncontrollable events like typhoons.