

### Title:

**\*\*Calvo vs. UCPB General Insurance Co., Inc.: A Case on the Liability of a Customs Broker Acting as a Common Carrier in Cargo Damage\*\***

### Facts:

Virgines Calvo, doing business under the name and style Transorient Container Terminal Services, Inc. (TCTSI), entered into a contract with San Miguel Corporation (SMC) to transfer several reels of paper from the Port Area in Manila to SMC's warehouse. The cargo was insured by UCPB General Insurance, Co., Inc. Following the cargo's arrival and subsequent damage reports indicating that some reels were "wet/stained/torn," UCPB, as subrogee of SMC, paid for the damages and sued Calvo for reimbursement in the Regional Trial Court (RTC) in Makati, which ruled in favor of UCPB. Calvo's appeal to the Court of Appeals was unsuccessful, leading to the Supreme Court petition for review.

### Procedural Posture:

The case originated from a contract failure leading to cargo damage, triggering an insurance claim by SMC against UCPB, which then subrogated the rights to recover the damage costs from Calvo. After the RTC decision favoring UCPB, Calvo appealed to the Court of Appeals, which affirmed the RTC's decision. Dissatisfied, Calvo sought a final recourse through a petition for review on certiorari to the Supreme Court of the Philippines, which led to the present decision review.

### Issues:

1. Whether Calvo, conducting business as TCTSI, qualifies as a common carrier and what implications this classification holds concerning her liability for the cargo damage.
2. The extent of the duty and the requisite level of diligence applicable to Calvo in her capacity handling the cargo - specifically whether she exercised the extraordinary diligence required of common carriers.

### Court's Decision:

The Supreme Court affirmed the appellate court's decision, holding Calvo liable for the damages. Key points in resolving the issue include:

- **\*\*Common Carrier Classification\*\***: The Court rejected Calvo's claim that she was a private carrier, citing the broad definition of common carriers in the Civil Code, which includes carriers offering services selectively as long as these are availed of by the public for compensation.
- **\*\*Liability for Cargo Damage\*\***: Based on evidences, such as the Marine Cargo Survey

Report and the condition of the cargo upon receipt and delivery, the Court found that the damage occurred while in Calvo's custody, dismissing her defense that the damage could have happened while in the ship or the arrastre operator's possession.

### ### Doctrine:

The case reiterates the doctrine that common carriers are presumed liable for the loss, destruction, or deterioration of goods in their keeping unless they can prove observance of extraordinary diligence. This responsibility persists from receipt until delivery of the cargo. The classification of a party as a common carrier is broad and encompasses those offering transportation services to the public under a compensation arrangement, regardless of the regularity or selectivity of such service.

### ### Class Notes:

- **Common Carrier**: Any person or entity engaged in the transportation of goods or people for compensation, offering services to the public, falls under this classification.
- **Extraordinary Diligence**: The high level of care required of common carriers in safeguarding the goods from loss, destruction, or deterioration.
- **Doctrine of Presumed Negligence**: When goods deteriorate or are lost under a common carrier's custody, the carrier is presumed negligent unless they can prove adherence to extraordinary diligence.
- **Relevant Statutes**:
  - Civil Code, Article 1732, defines common carriers.
  - Civil Code, Article 1733 and Article 1735, detail the duty of extraordinary diligence and the presumption of negligence, respectively.

### ### Historical Background:

The Calvo vs. UCPB case underscores the judiciary's interpretation of laws governing transportation and logistic services, reflecting on the responsibilities and liabilities of parties involved in such contracts. It highlights the protective mechanism provided by Philippine laws to consignees through the insurance and subrogation rights, ensuring that damages to goods during transit do not unduly burden the goods' owners.