Title: Unsworth Transport International (Philils.), Inc. vs. Court of Appeals and Pioneer Insurance and Surety Corporation

Facts:
The case began when Sylvex Purchasing Corporation delivered a shipment of 27 drums of various raw materials for pharmaceutical manufacturing to Unsworth Transport International, Inc. (UTI) on August 31, 1992. UTI, in turn, issued a bill of lading and transported the goods via American President Lines, Ltd. (APL) vessels to the consignee, United Laboratories, Inc. (Unilab), in Manila. Upon receipt and inspection by Oceanica Cargo Marine Surveyors Corporation, one drum was found damaged with a cut/hole and approximately 1% spillage. Notably, a later gate pass indicated a discrepancy in the drum count. Following survey reports highlighting damage and shortages, Unilab filed a claim against UTI and Pioneer Insurance, which paid the claim and, as subrogee, sued UTI, APL, and the petitioner for damages.

After the Regional Trial Court (RTC) ruled in favor of Pioneer Insurance, ordering UTI and APL to pay damages, attorney's fees, and litigation costs, the Court of Appeals affirmed this decision, rejecting UTI's contention that it was merely a forwarder, not a common carrier, and therefore not liable. UTI appealed to the Supreme Court, challenging the findings on its liability, the extent of damages suffered, and its diligence in handling the cargo.

Issues:
1. The classification of UTI as a common carrier or merely a forwarder.
2. The establishment of UTI's liability for the damages suffered by the cargo.
3. The demonstration of due diligence by UTI in the transport and handling of the goods.
4. The adequacy of evidence presented by Pioneer Insurance for the cargo damage claim.

Court's Decision:
The Supreme Court partially granted the petition, affirming with modification the appellate court's decision. The Court delineated the responsibilities of a freight forwarder and, upon issuance of a bill of lading by UTI, classified it as a common carrier liable for the goods. It found UTI had not exercised extraordinary diligence in the care of the goods, indicated by the receipt of goods in good condition and their subsequent damage. However, the Court ruled that UTI's liability should be limited to $500 per package as prescribed under the Carriage of Goods by Sea Act (COGSA), because the shipper did not declare a higher value. Thus, the damages awarded to Pioneer were reduced to $500, with interest and attorney's fees.

Doctrine:
This case reaffirms the liability of freight forwarders as common carriers once they undertake to deliver goods, requiring them to exercise extraordinary diligence. It also illustrates the application of the package limitation rule under the COGSA, where the liability of the carrier is limited to $500 per package unless a higher value is declared by the shipper.

Class Notes:
– Freight forwarders can be deemed common carriers upon issuing a bill of lading and assuming responsibility for the transport of goods.
– Common carriers are presumed negligent for the loss, damage, or deterioration of goods unless they prove they exercised extraordinary diligence.
– The package limitation rule under the COGSA limits a carrier's liability to $500 per package unless a higher value is declared and inserted in the bill of lading.

Historical Background:
The evolution of liability in transportation law, particularly regarding the role of freight forwarders and the limitations imposed by international statutes such as the COGSA, reflects the balance between protecting shipping entities from exorbitant liability and ensuring that shippers are compensated for losses due to negligence. This case exemplifies the intricacies of defining carrier responsibilities and liabilities within the modern context of global trade and multifaceted shipping operations.