

### Title: Spouses Dante and Leonora Cruz vs. Sun Holidays, Inc.

### Facts:

The case stems from a tragic event on September 11, 2000, when the boat M/B Coco Beach III capsized en route to Batangas from Puerto Galera, leading to the death of several passengers, including Ruelito C. Cruz and his wife. They were staying at Coco Beach Island Resort, owned by Sun Holidays, Inc. (respondent), under a tour package that included the fateful boat transfer.

Following the incident, the Cruzes demanded indemnification from Sun Holidays, which the latter denied, attributing the mishap to a fortuitous event while offering a modest sum in commiseration, which the Cruzes rejected. Subsequently, the Cruzes filed a complaint with the Regional Trial Court (RTC) of Pasig City, asserting negligence on the part of Sun Holidays and classifying it as a common carrier liable for the safety of its passengers. The RTC and the Court of Appeals (CA) initially ruled in favor of Sun Holidays, dismissing the complaint and deeming the company a private carrier that exercised due diligence.

### Issues:

1. Whether Sun Holidays, Inc. is considered a common carrier.
2. Whether the incident was due to Sun Holidays, Inc.'s negligence.
3. The applicability of presumed negligence and extraordinary diligence in the context of a common carrier.
4. Determination of damages due to the breach of contract of carriage.

### Court's Decision:

The Supreme Court reversed the CA's decision, holding Sun Holidays as a common carrier bound to observe extraordinary diligence. The high court found the company negligent for sailing despite adverse weather forecasts, thus failing to ensure the safety of its passengers. Consequently, the presumption of negligence was not adequately rebutted by Sun Holidays.

- **Issue 1**: Sun Holidays was classified as a common carrier, serving the public for compensation, part of its resort package, regardless of not charging separately for the ferry service.

- **Issues 2 & 3**: The court held the defendant negligently disregarded PAGASA weather warnings, directly contributing to the incident, and failed to prove the exercise of extraordinary diligence.

- **Issue 4**: The court awarded damages for the loss of life and earning capacity, moral

and exemplary damages, and attorney's fees, grounded on the principles governing common carriers' obligations and liabilities.

**### Doctrine:**

- The Supreme Court reiterated the doctrine that defines common carriers (Article 1732 of the Civil Code) and their obligation to exercise extraordinary diligence in the safety of passengers (Articles 1733 and 1755). The ruling emphasized that a carrier's liability for the death of a passenger presumes its negligence, which can only be overcome by clear proof of extraordinary diligence.

**### Class Notes:**

1. **Common Carrier**: Defined under Article 1732 of the Civil Code, providing transportation services to the public for compensation, with no distinction on the regularity, scope, or profitability of such service.
2. **Extraordinary Diligence**: Required of common carriers in safeguarding the safety of passengers, as per Article 1733 and 1755 of the Civil Code.
3. **Presumption of Negligence**: Article 1756 establishes that the death or injury of passengers involves a presumption of negligence against the carrier, rebuttable only by proof of extraordinary diligence.
4. **Damages**: Articles 1764 in relation to Article 2206 prescribes the indemnity for death and damages for the loss of earning capacity due to the breach of contract by a common carrier, including moral and exemplary damages under specific conditions.
5. **Fortuitous Event**: To absolve a carrier from liability, the event must be solely attributable to an unforeseeable and inevitable occurrence, not exacerbated by any human intervention.

**### Historical Context:**

This case underscores the stringent obligations imposed on common carriers by Philippine law, particularly in the context of a tourism-based service that includes transportation as part of its offerings. It highlights the paramount importance of passenger safety over business interests, especially in a country prone to volatile weather conditions. The ruling serves as a critical reminder to all transport service providers of the severe legal implications of neglecting the duty of care owed to their patrons.