

### Title:

\*\*Westwind Shipping Corporation, et al. vs. UCPB General Insurance Co., Inc., and Asian Terminals, Inc.: A Crucial Examination of Liability in Marine Cargo Damage\*\*

### Facts:

The case originated from an incident on August 23, 1993, when Kinsho-Mataichi Corporation dispatched 197 metal containers/skids of tin-free steel from Kobe, Japan, to San Miguel Corporation (SMC) in Manila, Philippines. The cargoes, aboard M/V Golden Harvest and managed by Westwind Shipping Corporation, were insured with UCPB General Insurance Co., Inc. Upon arrival in Manila and during unloading by Asian Terminals, Inc. (ATI), six containers were damaged, followed by additional damage to nine containers discovered upon delivery to SMC's warehouse. SMC's claim against UCPB led to a subrogation receipt being signed after compensation. UCPB then filed a complaint for damages against Westwind, ATI, and Orient Freight International, Inc. (OFII) on August 30, 1994. The Manila City Regional Trial Court dismissed the complaint, leading to UCPB's appeal. The Court of Appeals reversed this decision, holding Westwind and OFII liable for the damages.

### Issues:

1. Whether ATI's liability claims were rightfully deemed prescribed.
2. If Westwind and OFII were correctly found liable for the cargo damages during unloading and transport, respectively.
3. The extent of liability and obligation of common carriers in the vigilance over the goods during transport and unloading under the context of Philippine law and established jurisprudence.

### Court's Decision:

The Supreme Court affirmed the Court of Appeals' decision, rejecting the petitions from Westwind and OFII. It clarified that the carrier's responsibility includes careful loading, handling, stowage, and discharging of the goods as defined by the Carriage of Goods by Sea Act (COGSA) and the Civil Code of the Philippines. The Court emphasized that discharging cargo remains under the custody and responsibility of the carrier, dismissing Westwind's claims of ceased liability upon cargo transfer to ATI. Moreover, OFII was recognized as a common carrier given its engagement in the transport of goods as a fundamental part of its brokerage services. Consequently, under the presumption of negligence applicable to common carriers, OFII failed to demonstrate the extraordinary diligence required to rebut the presumption of negligence for the subsequent damage to the cargo.

### ### Doctrine:

This case reaffirms the doctrine that a common carrier's extraordinary responsibility for the goods it transports lasts from the moment these goods are unconditionally placed in its possession until they are delivered to the consignee or the person with the right to receive them. Furthermore, it establishes that customs brokers who undertake the transport of goods as part of their service offering are considered common carriers and are thus bound to observe the same extraordinary diligence in the vigilance over the goods.

### ### Class Notes:

- **Common Carrier Obligations:** Under Article 1733 of the Civil Code, common carriers must observe extraordinary diligence in the vigilance over the goods they transport.
- **Presumption of Negligence:** Article 1735 establishes that common carriers are presumed negligent if goods are lost, destroyed, or deteriorated unless they prove extraordinary diligence.
- **Role of Customs Brokers as Common Carriers:** Customs brokers engaging in the transportation of goods for compensation are deemed common carriers, subject to the obligations and presumptions applicable to common carriers.
- **Non-delegable Responsibility of Cargo Unloading:** The responsibility for cargo, including during unloading, remains with the common carrier, who is accountable for the actions of its agents or third parties involved in the process.

### ### Historical Background:

This case illustrates the intersection of maritime law, insurance subrogation rights, and the responsibilities of common carriers under Philippine law. It highlights the judiciary's role in interpreting statutes and principles, like the COGSA and the Civil Code, in the context of evolving commercial practices and technological advancements in cargo handling and transportation. The decision underscores the Philippine legal system's commitment to protecting the rights of consignees and ensuring that carriers observe the highest standards of care.