

****Title: Standard Vacuum Oil Company vs. Luzon Stevedoring Co., Inc.****

****Facts:****

- Plaintiff, Standard Vacuum Oil Company, entered into a contract with Defendant, Luzon Stevedoring Co., Inc., for the transportation of 2,916.44 barrels of bulk gasoline from Manila to Nin Bay, Sagay, Iloilo.
- The gasoline was loaded onto Defendant's barge No. L-522.
- Defendant's tugboat "Snapper" picked up the barge and set off on February 2, 1947.
- The barge was connected to the tugboat "Snapper" by a tow rope, and three other barges were also towed.
- Weather conditions were favorable until February 4, 1947, when the "Snapper's" engine stopped due to a broken idler.
- A radio message was sent to Defendant's officials in Manila.
- Defendant's tugboat "Tamban" was dispatched for assistance, but had to return to Batangas for a map, causing a delay.
- Failing to anchor due to deep waters, the "Snapper" and the barges drifted and were dashed against rocks, leading to the "Snapper" sinking and the barge leaking gasoline.

****Procedural Posture:****

- Plaintiff filed an action to recover P75,578.50 as damages in the Court of First Instance of Manila.
- Defendant claimed the loss was due to a fortuitous event beyond its control.
- The trial court dismissed the complaint.
- Plaintiff appealed the decision to the Supreme Court.

****Issues:****

1. Whether Defendant could be held liable for the loss of gasoline during transportation.
2. Whether the loss was due to Defendant's negligence or a fortuitous event beyond Defendant's control.
3. Whether Defendant acted with due diligence in maintaining the tugboat "Snapper" and in efforts to rescue it.

****Court's Decision:****

1. ****Liability for Loss during Transportation:****

- The Court emphasized Article 361 of the Code of Commerce, recognizing that merchandise transported at sea is at the risk of the shipper unless expressly stipulated otherwise.
- The burden of proof to show that the loss was due to force majeure or accident falls on the carrier.

2. **Negligence vs. Fortuitous Event:**

- The tugboat "Snapper" was inadequately equipped and not subjected to an overhaul or dry-dock inspection, showing a lack of reasonable diligence by the Defendant.
- Defendant's efforts post-engine failure were insufficient, i.e., the delayed and inadequate rescue response showcased a lack of adequate and prompt action required.

3. **Due Diligence in Tugboat Maintenance and Rescue Efforts:**

- The "Snapper" was acquired as surplus property and was not seaworthy, lacking necessary equipment such as spare parts and proper manning per regulatory requirements.
- Defendant's claim of lack of local dry-dock facilities and equipment shortages was not sufficient to justify the lack of seaworthiness and preparedness.
- The rescue attempt by the smaller, inadequately equipped tug "Tamban" highlighted poor rescue strategy and readiness, contributing to the ultimate loss of gasoline.

Doctrine:

- **Doctrine of Carrier's Liability:** Under Article 361 of the Code of Commerce, carriers are generally liable for the loss or damage of the goods during transport unless due to accident, force majeure, or inherent defects of the goods. The burden of proof lies with the carrier to demonstrate such circumstances.
- **Due Diligence in Carrier Operations:** Carriers must ensure the seaworthiness of the vessel, proper maintenance, adequate spare parts, and a competent crew to avoid liability for loss or damages. Failing to meet these standards results in negligence.

Class Notes:

- **Article 361, Code of Commerce:** Carrier's responsibility for goods unless damage due to specific exempted causes.
- **Seaworthiness:** Requirement for vessel maintenance and proper equipment, critical to determining due diligence.
- **Burden of Proof:** Shift from shipper proving delivery in good condition and non-delivery to carrier proving fortuitous events as causes of loss.

- **Competent Crew**: Legal requirements for vessel crew competency as per Section 1203, Revised Administrative Code (Philippines).

Historical Background:

The case provides insight into post-World War II operations involving surplus military equipment repurposed for commercial use in the Philippines. Navigational and logistical challenges, as well as the lack of facilities, may contribute to operational difficulties. This period necessitated stringent legal oversight on the operations of private shipping companies to ensure safety and reliability in commercial practices. The ruling affirmed meticulous standards in the management of maritime operations, emphasizing legal liability when such standards are not met.