

Title: Alejandro Arada vs. Hon. Court of Appeals and San Miguel Corporation

Facts:

Alejandro Arada, conducting business as South Negros Enterprises, owned and operated five vessels and engaged in small-scale shipping. On March 24, 1982, Arada had contracted with San Miguel Corporation (SMC) to transport 9,824 cases of beer empties valued at P176,824.80 from San Carlos City, Negros Occidental to Mandaue City using M/L Maya.

1. On March 24, 1982, Vivencio Babao, the vessel's crew master, applied for clearance to sail from the Philippine Coast Guard, which was denied due to a typhoon.
2. Clearance was granted on March 25, 1982, allowing departure due to calmer seas.
3. While en route, a typhoon developed, big waves buffeted the vessel, damaging its rudder. M/L Maya drifted for sixteen hours before sinking on March 27, 1982, at around 4:00 A.M.
4. The crew was rescued and brought to Palompon, Leyte, where Babao filed a marine protest.
5. A Board of Marine Inquiry hearing concluded Arada, his officers, and crew were not administratively liable for the loss.
6. On March 25, 1983, SMC filed a complaint in the RTC for breach of contract seeking reimbursement for the lost cargoes.
7. On July 18, 1988, the RTC dismissed SMC's first cause of action but awarded them P2,000.00 and P2,849.20 for other claims.
8. SMC appealed to the Court of Appeals, which reversed the RTC's decision on April 8, 1991, ordering Arada to pay P176,824.80 plus interest.
9. Arada further appealed to the Supreme Court.

Issues:

1. Whether M/L Maya was operating as a common carrier under the scope and definition of Philippine Law.
2. Whether the petitioner was liable for the value of the lost cargoes, necessitating the adherence to a standard of extraordinary diligence.
3. Whether findings and decisions by the Board of Marine Inquiry on administrative liability should influence civil liability determination.

Court's Decision:

****Common Carrier Status:****

The Supreme Court affirmed that South Negros Enterprises, evidenced by testimony from Arada's son, operated as a common carrier. The firm was engaged in the business of

shipping goods for various companies, fitting the Civil Code's definition of a common carrier.

****Extraordinary Diligence:****

Common carriers must exercise extraordinary diligence in the safeguarding of goods. The court held that Arada failed to exercise this duty.

- Arada operated under conditions where a typhoon was imminent without proper precautions.
- The vessel master should have monitored the storm's path, having been previously denied clearance and knowing of the storm.
- The court determined that failing to use available tools and failing to record and monitor weather conditions adequately contributed to the loss.

****Administrative vs. Civil Liability:****

The Supreme Court delineated the scope of administrative and civil liability. The exoneration by the Board of Marine Inquiry pertained only to administrative responsibility and was not decisive of civil liability for the lost goods. This distinction aligned with Philippine Merchant Marine Rules, limiting the board's jurisdiction to administrative matters.

Doctrine:

****Common Carrier Standard of Care:**** Articles 1732-1733 of the Civil Code outline the extraordinary diligence required of common carriers regarding the safety of goods transported.

****Presumption of Negligence:**** Article 1756 shifts the burden to the carrier in event of loss, necessitating proof of absence of negligence.

****Jurisdictional Limits:**** The administrative findings by marine inquiry boards do not preclude civil liability determinations by courts.

Class Notes:

1. ****Common Carrier Definition**** - Art. 1732, New Civil Code.
2. ****Extraordinary Diligence Requirement**** - Art. 1733-1739, New Civil Code.
3. ****Presumption of Fault/Necessity to Prove Diligence**** - Art. 1756, New Civil Code.
4. ****Investigative Authority and Jurisdiction**** - Chapter XVI, Philippine Merchant Marine Rules and Regulations.
5. Legal Remedies and Appeals Process:

- Lower court rulings can be appealed based on factual or legal errors.
- Findings of administrative bodies do not translate directly to civil liability in courts.

Historical Background:

During the early 1980s, the development of maritime law and its application to common carriers was becoming increasingly precise in Philippine jurisprudence. This case is a landmark illustration of the shift in emphasis towards higher accountability standards for common carriers, in part responding to broader public safety needs and commercial reliability in shipping practices.