

****Title:**** Victory Liner, Inc. vs. Rosalito Gammad et al., G.R. No. 157684, Philippine Supreme Court

****Facts:****

- On March 14, 1996, Marie Grace Pagulayan-Gammad was traveling to Tuguegarao, Cagayan, aboard a Victory Liner bus from Manila.
- At around 3:00 a.m., the bus plunged into a ravine in Barangay Baliling, Sta. Fe, Nueva Vizcaya. Marie Grace died, and other passengers suffered injuries.
- On May 14, 1996, Marie Grace's heirs, including her husband Rosalito and their children, filed a complaint for damages against Victory Liner, Inc., citing breach of contract.
- Victory Liner countered that the incident was accidental and claimed it had exercised extraordinary diligence.

****Procedural Posture:****

- Multiple trial court hearings occurred, with Victory Liner's counsel frequently absent. Eventually, Victory Liner was declared to have waived their right to cross-examine the respondents.
- The trial court rendered a decision on November 6, 1998, favoring the respondents, ordering Victory Liner to pay various damages totaling over two million pesos.
- Victory Liner appealed, but the Court of Appeals affirmed, with modifications, the trial court's decision.
- Represented by new counsel, Victory Liner filed a motion for reconsideration to remand the case for cross-examination and presentation of evidence, which was denied by the Court of Appeals.

****Issues:****

1. Whether petitioner's counsel was guilty of gross negligence depriving the petitioner of due process.
2. Whether Victory Liner should be held liable for breach of contract of carriage.
3. Whether the awarded damages were proper.

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

1. ****Negligence of Counsel:****

- The Supreme Court ruled that Victory Liner's counsel's negligence did not deprive the petitioner of its due process rights as there were multiple opportunities to be heard and participate in the trial, which were disregarded primarily by the client's and counsel's own actions.

- The general rule that negligence of counsel binds the client was applied, as no outright deprivation of property or continuing injustice was evident.

2. **Liability for Breach of Contract:**

- Victory Liner was found liable for breach of contract of carriage, as the statutory presumption of negligence was not rebutted. A common carrier must exercise the utmost diligence, and the carrier's failure led to the presumption being upheld.

3. **Damages Awarded:**

- **Death Indemnity:** Affirmed at P50,000.00.

- **Moral Damages:** Provided separately; P100,000.00 for emotional pain due to the death.

- **Exemplary Damages:** Upheld at P100,000.00 as deterrence against future negligence.

- **Actual Damages:** Reduced to P78,160.00 based on substantiated expenses.

- **Temperate Damages:** P500,000.00 awarded due to unsubstantiated documentary proofs of income.

- **Attorney's Fees:** Affirmed at 10% of the total award.

- **Interest Imposed:** 12% per annum from the date of final judgment until fully paid.

Doctrine:

- **Negligence of Counsel:** Generally binds the client unless gross negligence results in the deprivation of due process.

- **Common Carrier Liability:** Under Article 1764 related to Article 2206 of the Civil Code, common carriers must exercise utmost care for passenger safety. Presumption of negligence applies when a passenger is harmed unless rebutted with evidence of due care.

- **Damages:** The awarded damages must be substantiated by documentary evidence unless exceptions justify otherwise. In the lack of such evidence, temperate damages can be awarded.

Class Notes:

- **Negligence (Client and Counsel):** The negligence of counsel typically binds the client, with exceptions for gross or palpable negligence.

- **Common Carrier's Duty:** Extraordinary diligence and presumption of negligence in passenger injury or death (Article 1764).

- **Damages for Death:** Articles 1764 and 2206 outline indemnity for death, including loss of earning capacity, moral damages, exemplary damages, and attorney's fees.

- **Interest on Awards:** Follows *Eastern Shipping Lines, Inc. v. Court of Appeals* rules on

interest computation for monetary awards.

****Historical Background:****

- This case is set against the backdrop of strict legal expectations on common carriers in the Philippines. The jurisprudential insistence on extraordinary diligence comes from the socio-economic context of widespread reliance on public transportation and the state's aim to ensure passenger safety standards. The case serves as a poignant reminder of the liability burdens placed on common carriers to foster public trust and security.