

MA. LUISA BENEDICTO, PETITIONER, VS. HON. INTERMEDIATE APPEL-LATE COURT AND GREENHILLS WOOD INDUSTRIES COMPANY, INC., RESPONDENTS.*G.R. No. 70876. July 19, 1990*

Ponente: FELICIANO, J.

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This Petition for Review asks us to set aside the Decision of the then Intermediate Appellate Court dated 30 January 1985 in A.C. - G.R. CV No. 01454, which affirmed in toto the decision of the Regional Trial Court ("RTC") of Dagupan City in Civil Case No. 5206. There, the RTC held petitioner Ma. Luisa Benedicto liable to pay private respondent Greenhills Wood Industries Company, Inc. ("Greenhills") the amounts of P16,016.00 and P2,000.00 representing the cost of Greenhills' lost sawn lumber and attorney's fees, respectively.

Private respondent Greenhills, a lumber manufacturing firm with business address at Dagupan City, operates a sawmill in Maddela, Quirino.

Sometime in May 1980, private respondent bound itself to sell and deliver to Blue Star Mahogany, Inc. ("Blue Star"), a company with business operations in Valenzuela, Bulacan, 100,000 board feet of sawn lumber with the understanding that an initial delivery would be made on 15 May 1980.[1] To effect its first delivery, private respondent's resident manager in Maddela, Dominador Cruz, contracted Virgilio Licuden, the driver of a cargo truck bearing Plate No. 225 GA TH to transport its sawn lumber to the consignee Blue Star in Valenzuela, Bulacan. This cargo truck was registered in the name of petitioner Ma. Luisa Benedicto, the proprietor of Macoven Trucking, a business enterprise engaged in hauling freight, with main office in B.F. Homes Paranaque.

On 15 May 1980, Cruz in the presence and with the consent of driver Licuden, supervised the loading of 7,690 board feet of sawn lumber with invoice value of P16,918.00 aboard the cargo truck. Before the cargo truck left Maddela for Valenzuela, Bulacan, Cruz issued to Licuden Charge Invoices Nos. 3259 and 3260 both of which were initialed by the latter at the bottom left corner.[2] The first invoice was for the amount of P11,822.80 representing the value of 5,374 board feet of sawn lumber, while the other set out the amount of P5,095.20 as the value of 2,316 board feet. Cruz instructed Licuden to give the original copies of the two (2) invoices to the consignee upon arrival in Valenzuela, Bulacan[3] and to retain the duplicate copies in order that he could afterwards claim the freightage from private respondent's Manila office.[4]

On 16 May 1980, the Manager of Blue Star called up by long distance telephone Greenhills' president, Henry Lee Chuy, informing him that the sawn lumber on board the subject cargo truck had not yet arrived in Valenzuela, Bulacan. The latter in turn informed Greenhills' resident manager in its Maddela sawmill of what had happened. In a letter[5] dated 18 May 1980, Blue Star's administrative and personnel manager, Manuel R. Bautista, formally informed Greenhills' president and general manager that Blue Star still had not received the sawn lumber which was supposed to arrive on 15 May 1980 and because of this delay, "they were constrained to look for other suppliers."

On 25 June 1980, after confirming the above with Blue Star and after trying vainly to persuade it to continue with their contract, private respondent Greenhills filed Criminal Case No. 668 against driver Licuden for estafa. Greenhills also filed against petitioner Benedicto Civil Case No. D-5206 for recovery of the value of the lost sawn lumber plus damages before the RTC of Dagupan City.

In her answer,[6] petitioner Benedicto denied liability alleging that she was a complete stranger to the contract of carriage, the subject truck having been earlier sold by her to Benjamin Tee on 28 February 1980 as evidenced by a deed of sale.[7] She claimed that the truck had remained registered in her name notwithstanding its earlier sale to Tee because the latter had paid her only P50,000.00 out of the total agreed price of P68,000.00. However, she averred that Tee had been operating the said truck in Central Luzon from that date (28 February 1980) onwards, and that, therefore, Licuden was Tee's employee and not hers.

On 20 June 1983, based on the finding that petitioner Benedicto was still the registered owner of the subject truck, and holding that Licuden was her employee, the trial court adjudged as follows:

"WHEREFORE, in the light of the foregoing considerations, this Court hereby renders judgment against defendant Maria Luisa Benedicto, ordering her to pay the Greenhills Wood Industries Co. Inc., thru its President and General Manager, the amount of P16,016 cost of the sawn lumber loaded on the cargo truck, with legal rate of interest from the filing of the complaint; to pay attorney's fees in the amount of P2,000.00; and to pay the costs of this suit.

SO ORDERED."[8]

On 30 January 1985, upon appeal by petitioner, the Intermediate Appellate Court affirmed[9] the decision of the trial court in toto. Like the trial court, the appellate court held that since petitioner was the registered owner of the subject vehicle, Licuden, the driver of the truck, was her employee, and that accordingly petitioner should be responsible for the negligence of said driver and bear the loss of the sawn lumber plus damages. Petitioner moved for reconsideration, without success.[10]

In the present Petition for Review, the sole issue raised is whether or not under the facts and applicable law, the appellate court was correct in finding that petitioner, being the registered owner of the carrier, should be held liable for the value of the undelivered or lost sawn lumber.

Petitioner urges that she could not be held answerable for the loss of the cargo, because the doctrine which makes the registered owner of a common carrier vehicle answerable to the public for the negligence of the driver despite the sale of the vehicle to another person, applies only to cases involving death of or injury to passengers. What applies in the present case, according to petitioner, is the rule that a contract of carriage requires proper delivery of the goods to and acceptance by the carrier. Thus, petitioner contends that the delivery to a person falsely representing himself to be an agent of the carrier prevents liability from attaching to the registered owner.

The Court considers that petitioner has failed to show that appellate court committed reversible error in affirming the trial court's holding that petitioner was liable for the cost of the sawn lumber plus damages.

There is no dispute that petitioner Benedicto has been holding herself out to the public as engaged in the business of hauling or transporting goods for hire or compensation. Petitioner Benedicto is, in brief, a common carrier.

The prevailing doctrine on common carriers makes the registered owner liable for consequences flowing from the operations of the carrier, even though the specific vehicle involved may already have been transferred to another person. This doctrine rests upon the principle that in dealing with vehicles registered under the Public Service Law, the public has the right to assume that the registered owner is the actual or lawful owner thereof. It would be very difficult and often impossible as a practical matter, for members of the general public to enforce the rights of

action that they may have for injuries inflicted by the vehicles being negligently operated if they should be required to prove who the actual owner is.[11] The registered owner is not allowed to deny liability by proving the identity of the alleged transferee. Thus, contrary to petitioner's claim, private respondent is not required to go beyond the vehicle's certificate of registration to ascertain the owner of the carrier. In this regard, the letter presented by petitioner allegedly written by Benjamin Tee admitting that Licuden was his driver, had no evidentiary value not only because Benjamin Tee was not presented in court to testify on this matter but also because of the aforementioned doctrine. To permit the ostensible or registered owner to prove who the actual owner is, would be to set at naught the purpose or public policy which infuses that doctrine.

In fact, private respondent had no reason at all to doubt the authority of Licuden to enter into a contract of carriage on behalf of the registered owner. It appears that, earlier, in the first week of May 1980, private respondent Greenhills had contracted Licuden who was then driving the same cargo truck to transport and carry a load of sawn lumber from the Maddella sawmill to Dagupan City.[12] No one came forward to question that contract or the authority of Licuden to represent the owner of the carrier truck.

Moreover, assuming the truth of her story, petitioner Benedicto retained registered ownership of the freight truck for her own benefit and convenience, that is, to secure the payment of the balance of the selling price of the truck. She may have been unaware of the legal security device of chattel mortgage; or she, or her buyer, may have been unwilling to absorb the expenses of registering a chattel mortgage over the truck. In either case, considerations both of public policy and of equity require that she bear the consequences flowing from registered ownership of the subject vehicle.

Petitioner Benedicto, however, insists that the said principle should apply only to cases involving negligence and resulting injury to or death of passengers, and not to cases involving merely carriage of goods. We believe otherwise.

A common carrier, both from the nature of its business and for insistent reasons of public policy, is burdened by the law with the duty of exercising extraordinary diligence not only in ensuring the safety of passengers but also in caring for goods transported by it.[13] The loss or destruction or deterioration of goods turned over to the common carrier for conveyance to a designated destination, raises instantly a presumption of fault or negligence on the part of the carrier, save only where such loss, destruction or damage arises from extreme circumstances such as a natural disaster or calamity or act of the public enemy in time of war, or from an act or omission of the shipper himself or from the character of the goods or their packaging or container.[14]

This presumption may be overcome only by proof of extraordinary diligence on the part of the carrier.[15] Clearly, to permit a common carrier to escape its responsibility for the passengers or goods transported by it by proving a prior sale of the vehicle or means of transportation to an alleged vendee would be to attenuate drastically the carrier's duty of extraordinary diligence. It would also open wide the door to collusion between the carrier and the supposed vendee and to shifting liability from the carrier to one without financial capability to respond for the resulting damages. In other words, the thrust of the public policy here involved is as sharp and real in the case of carriage of goods as it is in the transporting of human beings. Thus, to sustain petitioner Benedicto's contention, that is, to require the shipper to go behind a certificate of registration of a public utility vehicle, would be utterly subversive of the purpose of the law and doctrine.

Petitioner further insists that there was no perfected contract of carriage for the reason that there was no proof that her consent or that of Tee had been obtained; no proof that the driver, Licuden, was authorized to bind the registered owner; and no proof that the parties had agreed on the freightage to be paid.

Once more, we are not persuaded by petitioner's arguments which appear to be a transparent attempt to evade

statutory responsibilities. Driver Licuden was entrusted with possession and control of the freight truck by the registered owner (and by the alleged secret owner, for that matter). Driver Licuden, under the circumstances, was clothed with at least implied authority to contract to carry goods and to accept delivery of such goods for carriage to a specified destination. That the freight to be paid may not have been fixed before loading and carriage, did not prevent the contract of carriage from arising, since the freight was at least determinable if not fixed by the tariff schedules in petitioner's main business office. Put in somewhat different terms, driver Licuden is in law regarded as the employee and agent of the petitioner, for whose acts petitioner must respond. A contract of carriage of goods was shown; the sawn lumber was loaded on board the freight truck; loss or non-delivery of the lumber at Blue Star's premises in Valenzuela, Bulacan was also proven; and petitioner has not proven either that she had exercised extraordinary diligence to prevent such loss or non-delivery or that the loss or non-delivery was due to some casualty or force majeure inconsistent with her liability.[16] Petitioner's liability to private respondent Greenhills was thus fixed and complete, without prejudice to petitioner's right to proceed against her putative transferee Benjamin Tee and driver Licuden for reimbursement or contribution.[17]

WHEREFORE, the Petition for Review is DENIED for lack of merit and the Decision of the former Intermediate Appellate Court dated 30 January 1985 is hereby AFFIRMED. Costs against petitioner.

SO ORDERED.

Fernan, C.J., (Chairman), Gutierrez, Jr., and Cortes, JJ., concur.

Bidin, J., No part, having concurred in the decision of the then Intermediate Appellate Court.

[1] TSN, 5 February 1982, p. 3.

[2] Folder of Exhibits, Exhibits "A" and "B", pp. 1-2.

[3] TSN, 2 February 1982, p. 17.

[4] Ibid., p. 27.

[5] Folder of Exhibits, Exhibit "C", p. 3.

[6] Rollo, Annex "B" of Petition, pp. 21-23.

[7] Folder of Exhibits, Exhibit "1", p. 1.

[8] Record, pp. 175-177.

[9] Rollo, pp. 25-27.

[10] Id., Annex "E", p. 36.

[11] Perez vs. Gutierrez, 53 SCRA 149 (1973); Tamayo vs. Aquino, 105 Phil. 949 (1959); Erez vs. Japete, 102 Phil. 106 (1957).

[12] TSN, 29 March 1982, pp. 7-8.

[13] Article 1733, Civil Code.

[14] Article 1734, id.

[15] Article 1735, id.

[16] De Peralta vs. Mangusang, 11 SCRA 598 (1964); Jereos vs. Court of Appeals, 117 SCRA 395 (1982).

[17] *Mirasol v. Robert Dollar Co.*, 53 Phil. 124 (1929); *Ynchausti Steamship Co. v. Dexter and Unson*, 41 Phil. 289 (1920).

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