

Title: Fortune Express, Inc. vs. Court of Appeals, Paulie U. Caorong, and Minor Children

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Facts:

Fortune Express, Inc. operates a bus line in Northern Mindanao. Paulie U. Caorong, widow of Atty. Talib Caorong, and their minor children, were the private respondents. The case arose from the events on November 18, 1989, and November 22, 1989.

1. **First Incident: November 18, 1989**

- A bus of Fortune Express was involved in an accident with a jeepney in Kauswagan, Lanao del Norte, leading to the death of several jeepney passengers, including two Maranaos.
- Post-incident, Crisanto Generalao, a volunteer field agent reported Maranao plans to retaliate by burning the buses.
- Generalao informed Diosdado Bravo, operations manager of Fortune Express, who assured him that necessary precautions would be taken.

2. **Second Incident: November 22, 1989**

- Three armed Maranaos hijacked a Fortune Express bus at Linamon, Lanao del Norte, with Atty. Talib Caorong among the passengers.
- The hijackers forced the bus to stop and doused it and the driver, Godofredo Cabatuan, with gasoline.
- Atty. Caorong returned to the bus to retrieve personal items and pleaded for the driver's life. He was shot by the assailants.
- Caorong was pulled from the burning bus but died later in the hospital.

3. **Procedural Posture:**

- The widow and children filed a suit for damages in the RTC, Branch VI, Iligan City, alleging breach of contract of carriage and negligence.
- On December 28, 1990, the RTC dismissed the complaint, finding no negligence by Fortune Express.
- On appeal, the Court of Appeals reversed the RTC's decision, holding the bus company liable for failing to take preventative measures.
- Fortune Express appealed to the Supreme Court, leading to this review.

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Issues:

1. Whether Fortune Express, Inc. breached the contract of carriage by failing to exercise the necessary degree of diligence.
2. Whether the incident qualifies as force majeure, absolving Fortune Express from liability.
3. Whether Atty. Talib Caorong was guilty of contributory negligence.
4. Determining the proper amount of damages due to the heirs of Atty. Caorong.

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Court's Decision:

1. **Breach of Contract of Carriage:**

- The Supreme Court held that under Art. 1763 of the Civil Code, Fortune Express had a duty to prevent harm through the diligence of a "good father of a family". The negligence of the company's employees allowed the hijacking to occur, thereby breaching this duty.
- Simple measures such as inspection and frisking of passengers could have been instituted following the threat report, which were not foreseen nor acted upon, marking a failure in fulfilling their obligations.

2. **Force Majeure:**

- The Court clarified that for an event to be considered force majeure, it must be unforeseeable and inevitable (Art. 1174). In this case, the company had prior knowledge of the threat, making the hijacking foreseeable and thus not a force majeure.
- Previous cases (e.g., Vasquez v. Court of Appeals) were cited to support this, as precautions in response to known threats would have been reasonable.

3. **Contributory Negligence:**

- The Court found that Atty. Caorong acted out of bravery and altruism by attempting to help the bus driver and was not reckless.
- His actions did not constitute contributory negligence.

4. **Damages:**

- The Supreme Court awarded the following:
 - **Death Indemnity:** P50,000.00 (following current jurisprudence).
 - **Actual Damages:** P30,000.00 for wake and burial expenses.
 - **Moral Damages:** P100,000.00 for the anguish suffered by the widow and children.
 - **Exemplary Damages:** P100,000.00 for acting in a wanton and reckless manner.
 - **Attorney's Fees:** P50,000.00.

- **Compensation for Loss of Earning Capacity:** Computed to be P2,121,404.90.

Summary:

The decision of the Court of Appeals was affirmed with modifications, holding Fortune Express liable to pay a total sum in excess of P2 million as compensation to the respondents.

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Doctrine:

1. **Contract of Carriage:** Common carriers are responsible for the safety of passengers against willful acts of third parties if negligence by the carrier's employees aids in such acts (Art. 1763).
2. **Force Majeure:** Foreseeable events do not fall under force majeure, and carriers failing to take precautions against known threats remain liable (Art. 1174).
3. **Standard of Care:** Extraordinary diligence is required from common carriers, accounting for all foreseeable risks and necessary safety measures (Art. 1755).

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Class Notes:

1. **Common Carrier Liability:** Piet J. Olitsemwen (Art. 1733, 1755, 1763, 1764 Civil Code - Extraordinary diligence, and remedy claims).
2. **Force Majeure Requirements:** According to *Yobido v. CA*, elements include independence from human will, unforeseeability, impossibility of obligor's performance, and no obligor's participation or aggravation.
3. **Damages Computation Guidelines:** (Art. 2206 Civil Code), especially in cases involving loss of earning capacity - use life expectancy formula and necessary living expenses adjustments.

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Historical Background:

This case emphasizes the stricter stance of Philippine courts on obligations of common carriers and their bound duty to provide utmost diligence. It addresses the balancing act between ensuring passenger safety and the operational feasibilities of transport companies, setting a precedent on the extent of liability of transport services in face of known threats.