Comm2 Reviewer
Part II (Ch. 7 – 13)

Contract of Common Carriage · Obligations of the Parties · Defenses of the Common Carrier · Actions and Damages · Air Transport and the Montreal Convention · Maritime Law

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Each part begins on a new page and follows the same shape: a coverage map with study priorities, then the discussion with key cases cited, then quick-recall tables and exam traps.

Part II-A — Contract of Common Carriage

PART 1 - SYLLABUS

1. Coverage Map

§	Topic	Priority	The one rule you must state cold	Authority
1	Definition; Parties; Elements; Perfection	Core	A common carrier contract needs a carrier who offers carriage to the public and a shipper or passenger who accepts, and it is perfected by consent alone from the moment goods are unconditionally received or passage is accepted	Arts. 1732-1733, 1736; Compañia Maritima, L-18965 (1964); British Airways, G.R. No. 92288 (1993)
2	Common Carriers: tests, characteristics, exclusions	Core	Anyone who offers land, water, or air carriage for pay to the public is a common carrier, and regularity, principal purpose, owned vehicles, or a narrow clientele change nothing	Art. 1732; National Steel, G.R. No. 112287 (1997); Sps. Cruz, G.R. No. 186312 (2010); Sps. Pereña, G.R. No. 157917 (2012); FPIC, G.R. No. 125948 (1998)
3	Effect of Charter Party	High	A time or voyage charter leaves the owner-carrier common, and only a bareboat or demise charter that transfers possession and control makes the operator private	Planters Products, G.R. No. 101503 (1993); National Steel, G.R. No. 112287 (1997)
4	Common vs Private Carrier; vs Towage, Arrastre, Stevedoring, Travel Agency	High	Custody plus transport for the public makes a carrier, while mere hauling, receiving, loading, or arranging without undertaking carriage does not	U.S. v. Tan Piaco, G.R. No. L-15122 (1920); Unsworth, G.R. No. 166250 (2010)

§	Topic	Priority	The one rule you must state cold	Authority
5	Tramp vs Line Service; Governing Laws; Nature of Business	Moderate	Voyage and time charters are read with the Civil Code and the Code of Commerce, and the business stays impressed with public interest however the vessel is scheduled	Arts. 1732-1733; Code of Commerce Arts. 361-362
6	Registered Owner Rule and Kabit System; Boundary System	High	The registered owner answers for vehicles operated under his franchise even against the real owner or an unauthorized transferee, and the kabit operator and owner cannot invoke their illegal tie-up against the victim	Registered-owner doctrine; boundary-system doctrine
7	Formalities: Bill of Lading	Core	The bill of lading evidences receipt and the contract and passes title by endorsement and delivery, yet the carriage contract lives by consent and the bill is dispensable	Code of Commerce Arts. 350, 353; Compañia Maritima, L-18965 (1964); Unsworth, G.R. No. 166250 (2010)

2. Learning Objectives

1. Recite the Art. 1732 definition word for word and name its four elements.
2. Sort parties and perfection: shipper, passenger, sub-contractor, and when consent perfects air, bus, and train carriage.
3. Run the common-carrier test on brokers, lighterage, freight forwarders, TNVS and TNCs, pipelines, and school vans.
4. Apply the charter-party rule: time and voyage charters stay common while bareboat or demise goes private.
5. Distinguish common from private carriage and from towage, arrastre, stevedoring, and travel agency work.
6. State the registered-owner rule with its kabit and pari delicto limits and explain the boundary system.
7. Run bill-of-lading problems: kinds, receipt and title functions, Negotiable-instrument limits, and prohibited stipulations.
8. Draft a four-paragraph answer on formation, characterization, charter effect, or bill-of-lading effect.

3. Authority Inventory

A. Cases

Case	G.R./Citation	One-line ratio	§
Torres-Madrid Brokerage v. FEB Mitsui Marine	G.R. No. 194121, July 11, 2016	Broker that sub-contracts delivery without trucks is still a common carrier and answers for the lost cargo with reimbursement against the sub-contractor	1, 2
Compañia Maritima v. Insurance Co. of North America	G.R. No. L-18965, October 30, 1964	Delivery of hemp to the carrier lighter perfected the carriage and the bill of lading was dispensable	1, 7
British Airways v. Court of Appeals	G.R. No. 92288, February 9, 1993	Acceptance of prepaid tickets and fare perfected passenger carriage though no ticket was issued	1
LRTA v. Navidad	G.R. No. 145804, February 6, 2003	Train carriage begins at fare payment and entry and the carrier owes utmost diligence over its premises	1
National Steel v. Court of Appeals	G.R. No. 112287, December 12, 1997	A vessel on charter serving select charterers only is a private carrier tested by public holding-out	2, 3
U.S. v. Tan Piaco	G.R. No. L-15122, March 10, 1920	Carriage by special contract under customer control is private since the use is by permission and not by public right	2, 4
Sps. Cruz v. Sun Holidays	G.R. No. 186312, June 29, 2010	A resort ferrying package-tour guests for an imputed fare is a common carrier despite ancillary purpose and narrow clientele	2
Luzon Stevedoring v. Public Service Commission	G.R. No. L-5458, September 16, 1953	Tug-and-barge service for limited regular clients for pay is common carriage under the limited-clientele clause	2
Sps. Pereña v. Sps. Nicolas	G.R. No. 157917, August 29, 2012	A pay school van is a common carrier since the test is the nature held out and not the headcount served	2
FPIC v. Court of Appeals	G.R. No. 125948, December 29, 1998	A pipeline carrying petroleum for hire is a land common carrier though it owns no vehicle	2

Case	G.R./Citation	One-line ratio	§
Westwind Shipping v. UCPB	G.R. Nos. 200289 and 200314, November 25, 2013	A broker that received goods in good order and delivered them damaged answers as a common carrier	2
Unsworth Transport v. Court of Appeals	G.R. No. 166250, July 26, 2010	A forwarder that issues its own bill of lading and undertakes delivery binds itself as carrier	2, 7
LTFRB v. Valenzuela	G.R. No. 242860, March 11, 2019	App-based TNVS and TNC service offered to the riding public is carriage subject to franchise regulation	2
Planters Products v. Court of Appeals	G.R. No. 101503, September 15, 1993	A time charter with the owner keeping vessel, crew, and command leaves the carrier common	3
Ganzon v. Court of Appeals	G.R. No. L-48757, May 30, 1988 (full card in Part II-B)	Duty runs from unconditional receipt to actual or constructive delivery and an illegal order is no competent authority	5
Republic v. Lorenzo Shipping	G.R. No. 153563, February 7, 2005 (full card in Part II-B)	Signed receipts by the entitled recipient end responsibility where the original bill cannot be produced	5, 7
Regional Container Lines v. Netherlands Insurance	G.R. No. 168151, September 4, 2009 (full card in Part II-B)	Discharge without turnover keeps custody and diligence alive through the unloading period	5
Lu Do & Lu Ym v. Binamira	G.R. No. L-9840, April 22, 1957 (full card in Part II-B)	A valid bill stipulation ends liability once customs takes custody since the Code binds only goods in carrier possession	5, 7
Lara v. Valencia	G.R. No. L-9907, June 30, 1958 (full card in Part II-B)	A gratuitous guest in a private car gets ordinary care only and his own negligence bars recovery	1, 4
Phil-Am General Insurance v. Court of Appeals	G.R. No. 116940, June 11, 1997 (full card in Part II-B)	Improper deck stowage makes the vessel unseaworthy at departure and defeats abandonment by the at-fault owner	5

B. Laws and Rules

Law	What it does here	§
Civil Code Arts. 1732-1733 (definition; extraordinary diligence)	Fixes who is a common carrier and the diligence standard from the nature of the business	1, 2, 5
Civil Code Arts. 1734-1735 (exceptions; presumption of fault)	Lists the only five excuses and presumes fault otherwise unless extraordinary diligence is proved	2, 5
Civil Code Arts. 1736, 1738 (duration; delivery)	Runs responsibility from unconditional receipt to actual or constructive delivery	1, 5, 7
Civil Code Art. 1745, Nos. 5-7 (limit-of-liability stipulations)	Marks which stipulations on recovery limits the Code tolerates	7
Civil Code Arts. 1755-1757 (passenger safety; presumption)	Sets utmost diligence for passengers and presumes fault on death or injury	1
Code of Commerce Art. 350 (bill of lading issuance)	Lets shipper and carrier mutually demand a bill of lading without making it indispensable	7
Code of Commerce Art. 353 (delivery and bill return)	Ties delivery to surrender or accounting of the bill of lading	7
Code of Commerce Arts. 361-362 (charter rules)	Governs charter performance where the Civil Code stops, applied to private charter carriage	3
Code of Commerce Art. 587 (abandonment and limited liability)	Conditions the vessel-abandonment privilege on a blameless owner	5
Public Service Act, C.A. No. 146, Sec. 13(b) (limited clientele)	Brings limited-clientele carriage for pay within regulation	2
R.A. No. 4136, Sec. 7 (private motorcycles for hire barred)	Confirms that motorcycles hired through an app need a franchise to operate	2
R.A. No. 387, Art. 86 (pipeline as common carrier confirmation)	Confirms pipeline transport for hire as common carriage	2
Local Government Code Sec. 133(j) (common-carrier tax exemption)	Exempts common carriers from specified local taxes, applied to pipeline carriage	2

4. Three-Pass Study Plan

Pass	Time	What you do	Output
1	40 percent	Frame controlling provisions: recite Arts. 1732, 1733, 1735, 1736, 1755, and 1756 cold with numbers	One-page provision map from memory

Pass	Time	What you do	Output
2	35 percent	Distinguish pairs: common vs private, time vs bareboat charter, towage vs arrastre vs stevedoring vs travel agency, clean vs foul and straight vs order bills	Distinction tables reproduced cold
3	25 percent	Apply problems: 2017-X, 2017-XII, 2019-B.19, 2023-Q11, 2025-Q7, and 2025-Q16 under time	Six marked answers under time

Why this order: the examiner grades provision-first answers, so the authority filter comes before doctrine. Then confusion pairs win marks because Part II-A questions are built to punish merged characterizations of carriers, charters, and bills.

5. Syllabus Self-Check

1. Recite Art. 1732 word for word and name its four elements. (§1)
2. A broker owns no trucks and sub-contracts delivery. Carrier or arranger. (§1)
3. An airline accepts fare and confirms bookings but issues no ticket. Perfected. (§1)
4. When does train carriage begin for a token-bearing entrant. (§1)
5. A pipeline charges for petroleum transit but runs no vehicle. Apply the test. (§2)
6. A school van serves enrolled pupils only for a fee. Common or private. (§2)
7. A forwarder issues its own bill of lading and undertakes delivery. What follows. (§2)
8. A time charter keeps vessel, crew, and command with the owner. Effect on character. (§3)
9. A bareboat charter transfers possession, crew, and command. Effect on character. (§3)
10. A tug tows another vessel for pay without taking cargo aboard. Towage or carriage. (§4)
11. An arrastre operator receives goods on the pier but never sails. Carrier or custodian. (§4)
12. A travel agent books tickets and hotels but undertakes no carriage. Standard of care. (§4)
13. A tramp vessel takes whatever cargo offers while a liner keeps schedule. Who answers as common. (§5)
14. The registered owner sells the bus but the buyer never registers. Who answers the victim. (§6)
15. Two operators run a kabit tie-up and the passenger is hurt. May the victim recover from the franchise holder. (§6)
16. A driver drives for a fixed daily boundary and keeps the excess. Who is the employer of the conductor. (§6)
17. A bill of lading says goods were shipped in apparent good order but they arrive short. What does the bill prove. (§7)
18. The shipper and carrier agree that the carrier answers for nothing at all. Is the stipulation valid. (§7)

PART 2 - BOOK + AUTHORITY REVIEWER

0. One-Page Outline

#	Topic	Must-know: provision + elements
1	Definition, parties, elements, perfection	Art. 1732 four elements plus consent perfection on unconditional receipt or accepted passage
2	Common carriers: tests and characteristics	Art. 1732 test of public holding-out for pay, with regularity, purpose, means, and clientele all immaterial
3	Effect of charter party	Time and voyage charters stay common while bareboat and demise turn private
4	Common vs private and allied services	Custody plus public transport marks carriage, and towage, arrastre, stevedoring, and travel agency lack at least one mark
5	Tramp vs line, governing laws, nature	Civil Code first with Code of Commerce suppletory, and a business impressed with public interest
6	Registered owner, kabit, boundary	Registration controls third-party liability and the boundary is an employment lease of earnings
7	Bill of lading	Arts. 350 and 353 functions of receipt, contract evidence, and title document with void overreaching stipulations

Framing questions for every problem: what juridical relation is pleaded (formation, characterization, charter effect, or document effect). Which provision supplies each element. What exception, stipulation, or registration fact defeats it. What remedy and what duration rule controls recovery.

Mnemonic for the seven sections: Defined Parties Perfect Common Charters Compared, Tramping Owners Bound by Bills (D-P-P-C-C-C-T-O-B). Numbers: 4-5-2 (four Art. 1732 elements, five Art. 1734 exceptions, and two charter outcomes).

1. Definition; Parties; Elements; Perfection

> "Common carriers are persons, corporations, firms or associations engaged in the business of carrying or transporting passengers or goods or both, by land, water, or air, for compensation, offering their services to the public."
> - Art. 1732, Civil Code of the Philippines

Element	Content
Person	Any natural or juridical person, firm, or association, including brokers and forwarders that undertake carriage
Business of carrying	Transport offered as a business, whether principal or ancillary to another enterprise such as a resort or school
For compensation	Fare, freight, or imputed fare inside a package price, since free separate charge is unnecessary
To the public	Holding out to whoever offers, though actual patronage may be narrow, occasional, or course-based

Parties to goods carriage are the shipper who delivers, the carrier who undertakes transport, the consignee named in the bill, and the sub-contractor who actually hauls under the carrier. Parties to passenger carriage are the carrier and the passenger, and a paying passenger, a guest with imputed fare, and a gratuitous rider in a common carrier all ride inside the contract while a stowaway rides outside it.

Perfection follows consent. Air carriage is perfected when the airline accepts the fare and confirms the booking even before any ticket is issued. Bus and jeepney carriage follows the continuing-offer rule where the waiting vehicle offers and the boarding passenger accepts by entry with intent to ride. Train carriage begins when the passenger pays the fare and enters the premises, and from that moment the carrier owes utmost diligence over stations and platforms.

Case: Torres-Madrid Brokerage, Inc. v. FEB Mitsui Marine Insurance Co., Inc., G.R. No. 194121, July 11, 2016

Facts: Sony hired a brokerage to clear and deliver imported goods. The brokerage owned no trucks and sub-contracted the hauling, and one truck with its cargo was lost to theft.

Issue: The sole question was whether a broker that sub-contracts delivery without its own trucks is a common carrier of the goods.

Held: The Court held that it was. Ancillary carriage for pay to the public is common carriage, and ownership of trucks is unnecessary.

Doctrine: The sub-contract does not relieve the contracting carrier, whose remedy is reimbursement from the sub-contractor while responsibility lasts until delivery under Art. 1736.

Case: Compañia Maritima v. Insurance Company of North America, G.R. No. L-18965, October 30, 1964

Facts: The shipper orally booked space with written confirmation, and the carrier received hemp in good order aboard its lighter for transshipment to the ocean vessel. The lighter sank before any bill of lading was issued.

Issue: The question was whether a carriage contract was perfected though the goods reached only the carrier lighter and no bill of lading existed.

Held: The Court held that it was perfected. Liability attached from delivery to the carrier or its agent, and lighterage was part of the contracted carriage.

Doctrine: The bill of lading is dispensable under Art. 350 of the Code of Commerce since consent and delivery perfect the contract.

Case: British Airways v. Court of Appeals, G.R. No. 92288, February 9, 1993

Facts: A recruiter prepaid fares through a prepaid ticket advice with confirmed bookings for over one hundred workers. The airline accepted the payment instrument and fare, confirmed the seats, then failed to carry the workers as booked.

Issue: The question was whether passenger carriage was perfected though no ticket was ever issued to the workers.

Held: The Court held that it was. Carriage is consensual, and acceptance of fare with confirmed bookings supplied consent, object, and cause.

Doctrine: The unjustified failure to carry after perfection is breach in bad faith and not a mere documentary lapse.

Case: LRTA v. Navidad, G.R. No. 145804, February 6, 2003

Facts: A passenger paid her token, entered the LRT platform, fell onto the tracks, and was struck by an incoming train.

Issue: The question was when train carriage begins and what presumption follows a passenger death.

Held: The Court held that carriage began at fare payment and entry. The carrier owed the utmost diligence of Art. 1755 over its premises, and death raised the Art. 1756 presumption of fault.

Doctrine: Hiring a security firm does not delegate away the non-delegable safety duty of the carrier.

2017 Bar Q: Wisconsin Transportation Co., Inc. (WTC) owned and operated an inter-island de luxe bus service plying the Manila-Batangas-Mindoro route. Three friends, namely: Aurelio, Jerome and Florencio rode on the same WTC bus from Manila bound for Mindoro. Aurelio purchased a ticket for himself. Jerome, being a boyhood friend of the bus driver, was allowed a free ride by agreeing to sit during the trip on a stool placed in the aisle. Florencio, already penniless after spending all of his money on beer the night before, just stole a ride in the bus by hiding in the on-board toilet of the bus. During the trip, the bus collided with another bus coming from the opposite direction. The three friends all suffered serious physical injuries. What are WTC's liabilities, if any, in favor of Aurelio, Jerome and Florencio? Explain your answer. (4%)

A: WTC answers to Aurelio and Jerome as its passengers and owes nothing to Florencio as a stowaway outside the contract.
Aurelio holds a ticket and Jerome rides by the driver permission inside the vehicle, so both entered carriage by consent while Florencio boarded by stealth without the carrier acceptance that perfection requires.
WTC must therefore carry Aurelio and Jerome with the utmost diligence of very cautious persons, and their injuries raise the presumption of fault that yields only to proof of extraordinary diligence.
Florencio cannot invoke the contract since no meeting of minds ever bound him to the carrier, so he recovers only if he proves the ordinary negligence that the law demands of every person.

2. Common Carriers: Tests, Characteristics, Ancillary Business, Exclusions

> "Common carriers, from the nature of their business and for reasons of public policy, are bound to observe extraordinary diligence in the vigilance over the goods and for the safety of the passengers transported by them, according to all the circumstances of each case."
> - Art. 1733, par. 1, Civil Code of the Philippines

Test or Trait	Content
Public holding-out	The decisive test is whether carriage for pay is offered to the public as a business and not by special private contract
Regularity immaterial	Occasional, seasonal, or single-trip carriage for the public still qualifies
Purpose immaterial	Ancillary carriage inside a resort, school, or construction business still qualifies where a fare is charged or imputed
Means immaterial	Trucks, vessels, aircraft, pipelines, and even no owned vehicle at all still qualify where the undertaking is carriage
Clientele immaterial	Limited, enrolled, or course-based patronage still qualifies since the test is the nature held out and not the headcount
Brokers and forwarders	Arrangers answer for their own negligence only, but those that undertake delivery or issue bills of lading answer as carriers
TNVS and TNC	App-based vehicles offered to the riding public perform common carriage and need a franchise

Test or Trait	Content
Excluded by law	Carriage by special contract under customer control, private use by permission, and carriage the law reserves to private hands stay outside

Claimed Carrier	Common	Why
Resort ferry for package guests	Yes	Imputed fare inside the package and public offering through tours (G.R. No. 186312, 2010)
School van for enrolled pupils for a fee	Yes	Nature held out controls over number served (G.R. No. 157917, 2012)
Pipeline for hire	Yes	Land transport for pay needs no vehicle (G.R. No. 125948, 1998)
Broker issuing its own bill of lading	Yes	Undertaking delivery binds as carrier (G.R. No. 166250, 2010)
Trucker hired per trip under customer control	No	Special contract plus control makes use by permission (G.R. No. L-15122, 1920)
Chartered vessel serving select charterers only	No	No public holding-out, so charter rules govern (G.R. No. 112287, 1997)

Case: National Steel Corporation v. Court of Appeals, G.R. No. 112287, December 12, 1997

Facts: Steel was loaded aboard a vessel working under voyage charter for select charterers. The cargo was wetted and rusted in transit.

Issue: The question was whether the vessel was a common or a private carrier and which law governed the claim.

Held: The Court held that it was a private carrier. It never held itself out to the public, so the charter with Code of Commerce rules governed and the shipper carried the burden of proving willful negligence.

Doctrine: The Art. 1732 test turns on public holding-out as a business, and charter service to chosen clients fails that test.

Case: U.S. v. Tan Piaco, G.R. No. L-15122, March 10, 1920

Facts: The operator ran rented trucks on Leyte routes where each trip rested on a special contract and the customer directed the use of the vehicle.

Issue: The question was whether special-contract carriage made the operator a public utility common carrier.

Held: The Court held that it did not. Public use by public right differs from use by private permission, and customer control marked the engagement as private.

Doctrine: Contract terms plus control decide character, and neither trucks on routes nor trips for pay suffice without a public offer.

Case: Sps. Cruz v. Sun Holidays, Inc., G.R. No. 186312, June 29, 2010

Facts: A resort ferried package-tour guests to its island without a separate boat charge. The boat sailed into a storm and capsized.

Issue: The question was whether ancillary carriage for a narrow set of guests was common carriage.

Held: The Court held that it was. Art. 1732 draws no line between principal and ancillary business or between general and narrow clientele, and the package price carried the imputed fare.

Doctrine: Sailing into a known storm breached the extraordinary diligence the character imposed.

Case: Luzon Stevedoring Co., Inc. v. Public Service Commission, G.R. No. L-5458, September 16, 1953

Facts: The company hauled cargo by tug and barge between Manila and Negros for regular commercial clients for pay with its own crew and control.

Issue: The question was whether limited clientele kept the operation outside regulation.

Held: The Court held that it did not. The statute reached general or limited clientele, and crew plus control marked the work as transport rather than lease.

Doctrine: Limited patronage never defeats the public-service character of carriage for pay.

Case: Sps. Pereña v. Sps. Nicolas, G.R. No. 157917, August 29, 2012

Facts: A school van carrying pupils for a fee was struck by a train at a non-crossing point. The operator claimed private and limited character.

Issue: The question was whether a fee van serving enrolled pupils only was a common carrier.

Held: The Court held that it was. Fee transport over routes offered to whoever enrolls is carriage to the public under Arts. 1732, 1733, and 1755, and the Art. 1756 presumption applied.

Doctrine: The headcount served is irrelevant, since character follows the nature held out.

Case: FPIC (First Philippine Industrial Corporation) v. Court of Appeals, G.R. No. 125948, December 29, 1998

Facts: The company ran a pipeline from Batangas to Sucat and Pandacan for hire and claimed it was no carrier since it owned no vehicle.

Issue: The question was whether pipeline transit without a vehicle was common carriage.

Held: The Court held that it was. Art. 1732 demands only land, water, or air carriage for pay to the public, and a pipeline moves petroleum by land.

Doctrine: The petroleum law confirms the character, and the confirmed common carrier kept its local-tax exemption.

Case: Westwind Shipping Corp. v. UCPB General Insurance Co., Inc., G.R. Nos. 200289 and 200314, November 25, 2013

Facts: A broker withdrew nearly two hundred skids from arrastre in good order and delivered several more skids damaged.

Issue: The question was whether a broker-deliverer without trucks answered as a common carrier.

Held: The Court held that it did. Good-order receipt followed by bad-order delivery raised prima facie negligence under Art. 1735, and ancillary character with no trucks was immaterial.

Doctrine: The broker answers for the cargo and preserves reimbursement against whoever actually caused the damage.

Case: Unsworth Transport International (Phils.), Inc. v. Court of Appeals, G.R. No. 166250, July 26, 2010

Facts: A freight forwarder issued its own bill of lading and undertook delivery of the shipment. One drum arrived punctured and five drums short.

Issue: The question was whether a forwarder that merely arranges transport becomes a carrier by issuing a bill of lading.

Held: The Court held that it did. A mere arranger answers for its own negligence only, but issuing a bill and undertaking delivery binds the forwarder as carrier under Arts. 1733 to 1735.

Doctrine: The document plus the undertaking, and not the forwarder label, fixes the character.

Case: LTFRB v. Valenzuela, G.R. No. 242860, March 11, 2019

Facts: A motorcycle ride-hailing app operated without any franchise, and the trial court enjoined regulators from interfering with it.

Issue: The question was whether app-based TNVS and TNC service was common carriage subject to regulation.

Held: The Court treated the service as carriage in concept. Online offering to the app public is offering to the public under Art. 1732, and private motorcycles hired for pay were already barred by statute.

Doctrine: Concept does not equal authority, since the service still needs the franchise the law demands.

2019 Bar Q: LMN, Inc. operates a beach resort in a secluded island off the coast of Puerto Princesa City, Palawan. It operates three (3) motorized boats to ferry its guests from the city proper to the island resort and vice-versa. During one rainy morning, the guests were informed that the ferry services for that day were cancelled due to a storm forecast. In order to appease the apparent dismay of most of the guests who will miss their flight back to Manila, the boat captain of one of LMN, Inc.'s motorized boats decided to push through with its trip back to the city. Shortly after the boat sailed, the storm hit and the winds and waves became stronger, causing engine trouble to the boat. Unfortunately, the boat capsized and sank, resulting in the death of one of the passengers, Mr. X. This prompted Mr. X's heirs to file a complaint for damages against LMN, Inc., which they alleged to be a common carrier. In its defense, LMN, Inc. maintained that it is not a common carrier because its boats are not available to the general public but only ferry resort guests and employees. (a) May LMN, Inc. be considered a common carrier? Explain. (3%) (b) Assuming LMN, Inc. is a common carrier, may it be absolved from liability on the ground of fortuitous event? Explain. (2%)

A: LMN, Inc. is a common carrier and it is not absolved by the storm, since it sailed into a known danger and the law imputes the package fare as compensation.
Its boats carry guests by water for the imputed fare inside the resort package, and Art. 1732 reaches ancillary and narrow-client carriage so long as the service is offered to whoever books the resort.
The storm defense fails because the forecast preceded the sailing and the captain chose to brave it, which keeps the human fault concurrent with the waves and defeats the fortuity claim.
Death therefore raises the presumption of fault, and only proof of extraordinary diligence could rebut it, which a voluntary voyage into a forecasted storm cannot supply.

3. Effect of Charter Party

Charter	Possession and Control	Character
Voyage charter	Owner keeps vessel, crew, and command for the trip	Common carrier

Charter	Possession and Control	Character
Time charter	Owner keeps vessel, crew, and command for the period	Common carrier
Bareboat or demise	Charterer takes vessel, crew, and command as owner pro hac vice	Private carrier

A time or voyage charter is a contract of affreightment that hires carrying space while the owner stays carrier. A bareboat or demise charter hires the vessel itself, and the charterer who mans and commands her becomes the carrier for that venture. The owner therefore keeps Art. 1733 responsibility under the first two forms and sheds it under the third.

Case: Planters Products v. Court of Appeals, G.R. No. 101503, September 15, 1993

Facts: Bulk urea moved under time charter while the owner kept the vessel, crew, and command. Shortage at outturn was tied to free-in-and-out stowed unloading.

Issue: The question was whether the time charter turned the owner into a private carrier.

Held: The Court held that it did not. Owner retention of possession and command kept the common character, and only a demise transfer would change it.

Doctrine: The presumption of fault applied in form, but the carrier rebutted it here by proving seaworthiness, sealed hatches, and cargo character with agreed unloading terms.

2017 Bar Q: Onassis Shipping, Inc. (Onassis) operated passenger vessels and cargo trucks, and offered its services to the general public. In line with its vision and mission to protect the environment, Go-Green Asia (Go-Green), an NGO affiliated with Greenpeace, entered into a contract with Onassis whereby Go-Green would operate with its own crew the MN Dolphin, an ocean-going passenger vessel of Onassis. While on its way to Palawan carrying Go-Green's invited guests who were international and local observers desirous of checking certain environmental concerns in the area, the MN Dolphin encountered high waves and strong winds caused by a typhoon in the West Philippine Sea. The rough seas led to serious physical injuries to some of the guests. Discuss the liabilities of Onassis and Go-Green to the passengers of the M/V Dolphin. Explain briefly your answer. (3%)

A: Go-Green answers as the carrier for the voyage while Onassis keeps owner exposure under its public franchise, since the contract transferred crew and command to Go-Green.
The transfer of operation with its own crew marks a demise in substance, which makes Go-Green the private operator for the invited guests and lifts the voyage out of Onassis common-carrier performance.
Go-Green therefore bears the diligence of the carrier in command, and the typhoon excuses only if it stood alone without concurrent fault in braving known rough seas.
Onassis remains reachable on registered ownership and franchise responsibility even as Go-Green carries the primary voyage liability to the injured guests.

4. Common vs Private Carrier; vs Towage, Arrastre, Stevedoring, Travel Agency

Pair	Carrier Side	Other Side
Common vs private	Holds out to the public for pay and answers with extraordinary diligence and presumed fault	Serves by special contract under customer control and answers on proved fault under charter and Code of Commerce rules

Pair	Carrier Side	Other Side
Vs towage	Takes cargo or passengers aboard for transport	Merely pulls or pushes another vessel without receiving the goods
Vs arrastre	Carries to destination with transit custody	Receives and holds goods on the pier for loading or turnover
Vs stevedoring	Undertakes the voyage with cargo in charge	Loads, stows, or discharges as hired labor without the voyage undertaking
Vs travel agency	Undertakes carriage itself over its routes	Arranges bookings, tickets, and hotels without operating the carriage

The dividing line is custody plus transport under a public undertaking. Towage moves without receiving, arrastre receives without voyaging, stevedoring handles without undertaking, and a travel agency arranges without operating, so each answers on its own fault and never with the carrier presumption.

2025 Bar Q: To celebrate her 70th birthday, A hired F Travel & Tours to arrange and facilitate her booking, ticketing, and accommodation for a two-week foreign tour, which included visits to Italy and Greece, for the total amount of PHP 145,000.00. On Wednesday, August 14, 2024, B, an employee of F Travel & Tours, went to A's house to deliver the travel documents and plane ticket. She told A to be at the Ninoy Aquino International Airport (NAIA) on Saturday, August 17, 2024 two hours before her flight schedule. Without checking her travel documents, A went to NAIA on Saturday, August 17, 2024. When she got there, she was informed that the flight she was supposed to take had already left the previous day. A demanded that F Travel & Tours refund her payment. She claimed that F Travel & Tours did not observe the standard of care required of a common carrier when its employee, B, informed her of the wrong flight schedule. Is F Travel & Tours liable as a common carrier? Reason(s).

A: F Travel & Tours is not liable as a common carrier, though it may answer for its own fault as an agent.
It never undertook carriage over any route and never held itself out as transporting the public, since it only arranged bookings, tickets, and hotels for the celebrant.
The extraordinary diligence and presumed fault of Arts. 1733 and 1735 to 1756 therefore never attached, because those burdens follow the carrier undertaking and not the arranging work.
Its employee gave the wrong flight date, so liability if any rests on agency fault proved by the traveler and not on the carrier presumption she invoked.

5. Tramp vs Line Service; Governing Laws; Nature of Business

Item	Content
Tramp service	Vessels take whatever cargo offers without fixed schedule or route and commonly work under charter
Line service	Vessels keep fixed schedules and routes for whoever books and plainly hold out to the public
Civil Code	Governs common carriage first through Arts. 1732 to 1766 on diligence, defenses, and remedies
Code of Commerce	Governs suppletorily on vessel, charter, average, and collision matters such as Arts. 361, 362, and 587

Item	Content
Public interest	Carriage for the public is impressed with public interest, which justifies regulation, franchises, and the extraordinary standard

Scheduling does not decide character by itself. A liner serving the public is ordinarily common, while a tramp serving only its charterers is ordinarily private, yet each case still turns on the Art. 1732 holding-out test rather than on the timetable alone.

Q: A liner keeps a fixed Manila-Cebu schedule for whoever books, while a tramp takes whatever bulk cargo offers under voyage charters to chosen charterers. A shipper asks which vessel answers as a common carrier if its cargo is lost. How do you advise?

A: The liner answers as the common carrier while the tramp answers as the private carrier on these facts.
The liner holds scheduled carriage out to the public for pay, which meets Art. 1732 without need of further proof of regularity or purpose.
The tramp serves chosen charterers by special contract without a public offer, which places it under charter and Code of Commerce rules with fault to be proved.
The shipper therefore sues the liner under the presumption of fault and sues the tramp on proved willful negligence, since schedules only evidence and never replace the holding-out test.

6. Registered Owner Rule and Kabit System; Boundary System

The registered owner of a vehicle answers to third persons for its operation under his franchise, even where the real owner is another or the transfer was never registered. Registration is the public notice of ownership and operation, so victims need not look beyond the registry for the party answerable in damages.

The kabit system binds a vehicle to another franchise without transfer or approval. Between the parties the tie-up is void for illegality, yet the registered franchise holder still answers to injured third persons since the pari delicto bar runs only between the wrongdoers and never against the victim. Aircraft and vessels follow the same policy through their own registries and operating authorities.

The boundary system is the arrangement where the driver remits a fixed daily amount to the operator and keeps the excess. It does not make the driver an independent contractor, since the operator keeps control through routes, schedules, and discipline, and the operator therefore answers as employer for the crew torts.

Device	Effect Between Parties	Effect on Third Persons
Registered ownership	Title and franchise evidence	Owner on record answers for operation
Kabit tie-up	Void and unenforceable between operators	Franchise holder still answers the victim
Pari delicto	Bars recovery between the wrongdoers	Never bars the injured passenger or stranger
Boundary remittance	Internal division of earnings	Operator keeps employer liability

Q: A bus is sold but the sale is never registered, and the buyer ties the unit to the seller franchise under a kabit arrangement with the driver on boundary. A passenger is hurt when the bus collides with a truck. From whom may the passenger recover?

A: The passenger may recover from the registered franchise holder, who cannot hide behind the unregistered sale or the illegal tie-up.
Registration tells the public who operates the vehicle, so the seller on record answers although beneficial ownership

already passed to the buyer.

The kabit pact is void between the operators, yet that voidness never travels to the victim since pari delicto bars only the wrongdoers against each other.

The boundary setup keeps the operator as employer, so the driver fault in the collision is the operator fault that the presumption of carrier negligence already provisionally establishes.

7. Formalities: Bill of Lading

> "The shipper as well as the carrier of the merchandise or goods may mutually demand that a bill of lading be issued."
>
> - Art. 350, Code of Commerce

Facet	Content
Definition	A written acknowledgment that the carrier received stated goods for transport to a stated destination
Kinds	Clean or foul on exceptions, on-board or received for shipment on loading state, straight or order or bearer on negotiability, and through or multimodal on connecting carriers
Nature	Receipt for the goods, evidence of the contract terms, and document of title that transfers constructive possession
Effectivity	Takes effect on issuance and delivery of the goods description, though the underlying contract already lives by consent
As contract	Embodies the voyage terms that bind shipper and carrier, read with the Code where stipulations are silent
Parties	Shipper who delivers, carrier who issues, consignee named as recipient, and endorsee who takes by negotiation
Adhesion	Pre-printed carrier terms are read strictly against the carrier with obscurities resolved against the drafter
Parol evidence	The written bill controls over prior oral terms, except where fraud, mistake, or a valid side agreement is proved
Evidence	Clean receipt in good order followed by short or bad-order delivery raises prima facie carrier fault
Actionable document	The lawful holder may sue on the bill as the title representative of the goods
Shipment terms	Freight, free-in-and-out stowed, and loading and discharge duties allocate handling between ship and shore
Stipulations	Parties may set handling, notice, and forum terms within the Code limits on carrier responsibility
Electronic documents	Electronic bills carry the same functions where the law recognizes the data message as writing
Prohibited stipulations	Total exemption from fault, reduction of diligence below extraordinary, and unconscionable caps fall as void

Facet	Content
As receipt	Admits quantity and apparent condition at loading and estops denial against good-faith holders
As document of title	Endorsement and delivery pass constructive possession so the holder may claim the goods at destination

Q: A carrier issues a clean bill of lading for bagged fertilizer in apparent good order, and the consignee receives short and hardened bags at discharge. The carrier points to a printed clause exempting it from all liability for any loss. Is the bill conclusive and is the clause valid?

A: The clean bill proves prima facie fault for the shortage and the blanket exemption is void.
The bill admits receipt in apparent good order, so short and deteriorated delivery raises the presumption that the carrier failed in extraordinary diligence.
The printed total-exemption clause asks less than the diligence the law commands, and stipulations that erase carrier responsibility fall as contrary to public policy.
The carrier therefore answers for the shortage unless it proves an excepted cause with extraordinary care, since the bill fixes the prima facie case and the void clause contributes nothing to the defense.

Quick-Recall Tables

#	Provision	Rule
1	Art. 1732	Four-element definition of the common carrier
2	Art. 1733	Extraordinary diligence from the nature of the business
3	Art. 1735	Presumed fault outside the five Art. 1734 excuses
4	Art. 1736	Responsibility from unconditional receipt to delivery
5	Arts. 1755-1756	Utmost diligence for passengers with presumed fault

#	Characterization	Result
1	Broker or forwarder undertaking delivery or issuing bills	Common carrier
2	Resort, school, or pipeline carriage for pay	Common carrier
3	App-based TNVS offered to the riding public	Common carriage subject to franchise
4	Time or voyage charter with owner keeping command	Common carrier
5	Bareboat or demise with charterer commanding	Private carrier
6	Special-contract hauling under customer control	Private carrier

#	Document	Function
1	Clean bill	Prima facie good-order receipt
2	Foul bill	Noted exceptions that qualify the receipt
3	Straight bill	Delivery to the named consignee only
4	Order bill	Delivery to order by endorsement
5	Through bill	Connected carriers under one document

#	Defense	Need
1	Five Art. 1734 excuses	Prove the excepted cause with extraordinary care
2	Charter character	Prove demise transfer of possession and command
3	Private-carrier claim	Prove special contract and customer control
4	Bill stipulation	Keep within Code limits on diligence and liability

#	Period or Point	Content
1	Perfection in air	Acceptance of fare with confirmed booking
2	Perfection in bus	Boarding on the continuing offer
3	Perfection in rail	Fare payment with entry to premises
4	Duration in goods	Unconditional receipt to actual or constructive delivery
5	Delivery proof	Surrender of the bill or signed receipts of the entitled person

Exam Traps

1. A broker with no trucks is still a carrier where it undertakes delivery, since means are immaterial under Art. 1732.
2. A forwarder that only arranges is not a carrier, but issuing its own bill of lading converts it into one.
3. Package-tour transport carries imputed fare, so free-separate-ride language never defeats the compensation element.
4. Narrow, enrolled, or occasional patronage never defeats public offering, since character follows the nature held out.
5. A pipeline with no vehicle still carries by land for pay, so the no-vehicle defense fails.
6. App-based TNVS service is carriage in concept yet illegal in operation without a franchise.
7. Time and voyage charters keep the owner common, while only bareboat or demise transfers make the operator private.
8. Special-contract hauling under customer control is private even on regular routes with trucks for pay.
9. Towage pulls without receiving, so the tower is no carrier of the towed cargo.

10. Arrastre receives without voyaging, so custody ends at turnover and the carrier presumption never attaches.
11. A travel agency arranges without operating, so the carrier standard never follows the agency fee.
12. A tramp schedule alone proves nothing, since holding-out decides and timetables only evidence it.
13. The registered owner answers although he already sold the unit, since registration is public notice.
14. The kabit victim recovers from the franchise holder although the tie-up is void between the operators.
15. The boundary driver stays an employee for third-party purposes despite keeping the daily excess.
16. The bill of lading is dispensable for perfection, though it remains the best evidence of receipt and terms.
17. A clean bill admits apparent good order and estops denial against good-faith holders.
18. A total exemption from fault is void although printed in an adhesion bill accepted by the shipper.

Key Authorities Cited

Codes: Civil Code Arts. 1732-1736, 1738, 1745, and 1755-1757 with Code of Commerce Arts. 350, 353, 361, 362, and 587.

Special laws: Public Service Act C.A. No. 146, R.A. No. 4136, R.A. No. 387, and the Local Government Code.

Cases: G.R. No. 194121 (2016), G.R. No. L-18965 (1964), G.R. No. 92288 (1993), G.R. No. 145804 (2003), G.R. No. 112287 (1997), G.R. No. L-15122 (1920), G.R. No. 186312 (2010), G.R. No. L-5458 (1953), G.R. No. 157917 (2012), G.R. No. 125948 (1998), G.R. Nos. 200289 and 200314 (2013), G.R. No. 166250 (2010), G.R. No. 242860 (2019), and G.R. No. 101503 (1993), with G.R. No. L-48757 (1988), G.R. No. 153563 (2005), G.R. No. 168151 (2009), G.R. No. L-9840 (1957), G.R. No. L-9907 (1958), and G.R. No. 116940 (1997) inventoried for Part II-B.

Source and Verification Note

Scope follows the syllabus Part II-A slice and the TOC of Aquino 2024 Chapter 7 in exact order, with page maps carried from the syllabus. The Aquino textbook PDF on this machine is a scanned-image file whose pages yield no extractable text, so chapter substance was rebuilt from the controlling provisions, the twenty assigned Batch 2 digests, and the Case List rather than from verbatim book prose. Civil Code quotations above reproduce the Code text as consistently printed across editions and should be rechecked against the official Gazette text before examination use. Code of Commerce articles cited are those attested in the assigned digests. Case citations and dates come from the Batch 2 Case List as verified in that file, with consolidated dockets reduced to the first number. Bar-question stems are verbatim from the Bar Questions compilation as filtered in the Quiz Topics file, and drafted drills are labeled accordingly with no year assigned. Amendatory laws are dated in text: R.A. No. 4136 of 1964, C.A. No. 146 of 1936, R.A. No. 387 of 1949, and the Local Government Code of 1991.

Part II-B — Obligations of the Parties

PART 1 - SYLLABUS

1. Coverage Map

§	Topic	Priority	The one rule you must state cold	Authority
1	Duty to accept goods; lawful grounds to refuse; animals	Core	A carrier that holds itself out to the public must take all goods duly tendered within its route and means and may refuse only on lawful ground such as danger, illegality, or unfit condition	Art. 1732; Art. 1734 causes
2	Timely delivery and delay; place of delivery; to whom delivered	Core	Goods must reach destination without delay and be handed to the consignee or the entitled person, and negligent delay keeps the carrier answerable even when a natural disaster strikes	Arts. 1736, 1738, 1740; Republic v. Lorenzo Shipping, G.R. No. 153563, February 7, 2005; Lu Do v. Binamira, G.R. No. L-9840, April 22, 1957
3	Duty to passengers; delay; special classes	Core	Passengers must be carried safely to destination on schedule, and sailing into a known storm breaches the duty no matter how narrow the clientele	Art. 1755; Lara v. Valencia, G.R. No. L-9907, June 30, 1958
4	Extraordinary diligence in meaning, duration, and stipulation effect	Core	Diligence is non-delegable and presumed breached on loss or injury, it runs from unconditional receipt to actual or constructive delivery for goods and from fare payment with entry for passengers, and no stipulation can dilute it	Arts. 1733, 1735, 1756; Ganzon v. CA, G.R. No. L-48757, May 30, 1988; Regional Container Lines v. Netherlands Ins., G.R. No. 168151, September 4, 2009

§	Topic	Priority	The one rule you must state cold	Authority
5	Extraordinary diligence by sea	High	The vessel must be seaworthy and cargoworthy when she sails, deck stowage presumes otherwise, and an owner at fault cannot hide behind abandonment	Art. 1734; Phil-Am General Insurance v. CA, G.R. No. 116940, June 11, 1997
6	Extraordinary diligence by land and train; railroad crossings	High	Vehicles and trains must be roadworthy and prudently run by a careful crew, crossings need working warnings, and the driver fault is never imputed to the riding passenger	Art. 1756; LRTA v. Navidad, G.R. No. 145804, February 6, 2003
7	Passenger baggage: checked-in and hand-carried	Moderate	Checked baggage rides in carrier custody under goods rules while hand-carried pieces stay with the passenger, who must prove carrier fault for their loss	Art. 1733, par. 2; contract and tariff terms
8	Shipper and passenger obligations; freight, lien, demurrage	High	Shippers must disclose danger and pay freight while the carrier keeps a lien for its charges, and passengers must pay fare, behave, and carry their own travel papers	Art. 1761; Code of Commerce on freight and liens

2. Learning Objectives

1. State the duty to accept with its lawful grounds for refusal and apply it to dangerous goods, unfit packing, tenders beyond capacity, and live animals.
2. Run delivery problems on delay, place, and recipient, including bill-of-lading surrender, forged bills, consignee refusal, and damaged goods.
3. Apply the passenger duty on delay and on children, the aged, the ill, and persons with disability.
4. Recite the diligence standard with its rationale, non-delegable character, presumptions of fault, duration for goods, and commencement for passengers.
5. Test seaworthiness, cargoworthiness, manning, stowage, route, and transshipment on sea facts, and decide when the abandonment privilege is lost.
6. Test roadworthiness, crew selection, train operation, and crossing warnings on land facts without imputing driver fault to passengers.

7. Sort checked-in baggage from hand-carried baggage and assign the burden of proof for each kind.

8. Price freight, time its payment, enforce the carrier lien, and charge demurrage while holding shippers and passengers to their own duties.

3. Authority Inventory

A. Cases

Case	G.R./Citation	One-line ratio	§
Torres-Madrid Brokerage v. FEB Mitsui Marine (full card in Part II-A)	G.R. No. 194121, July 11, 2016	Broker undertaking delivery answers as carrier	1
Compañia Maritima v. Insurance Co. of North America (full card in Part II-A)	G.R. No. L-18965, October 30, 1964	Receipt by the carrier lighter perfected carriage	2
British Airways v. Court of Appeals (full card in Part II-A)	G.R. No. 92288, February 9, 1993	Accepted fare with confirmed booking perfected passage	2, 4
LRTA v. Navidad (full card in Part II-A)	G.R. No. 145804, February 6, 2003	Train carriage begins at fare payment with entry and safety duty is non-delegable	4, 6
National Steel v. Court of Appeals (full card in Part II-A)	G.R. No. 112287, December 12, 1997	Charter service to select clients is private carriage	1
U.S. v. Tan Piaco (full card in Part II-A)	G.R. No. L-15122, March 10, 1920	Special-contract hauling under customer control is private	1
Sps. Cruz v. Sun Holidays (full card in Part II-A)	G.R. No. 186312, June 29, 2010	Ancillary resort ferry with imputed fare is common carriage	3
Luzon Stevedoring v. Public Service Commission (full card in Part II-A)	G.R. No. L-5458, September 16, 1953	Limited clientele keeps common character	1
Sps. Pereña v. Sps. Nicolas (full card in Part II-A)	G.R. No. 157917, August 29, 2012	Fee school van is a common carrier	3, 6
FPIC v. Court of Appeals (full card in Part II-A)	G.R. No. 125948, December 29, 1998	Pipeline for hire is land common carriage	1
Westwind Shipping v. UCPB (full card in Part II-A)	G.R. Nos. 200289 and 200314, November 25, 2013	Broker that received in good order answers for bad-order delivery	2, 4
Unsworth Transport v. Court of Appeals (full card in Part II-A)	G.R. No. 166250, July 26, 2010	Forwarder issuing its own bill binds itself as carrier	2
LTFRB v. Valenzuela (full card in Part II-A)	G.R. No. 242860, March 11, 2019	App-based TNVS service is carriage needing a franchise	6

Case	G.R./Citation	One-line ratio	§
Planters Products v. Court of Appeals (full card in Part II-A)	G.R. No. 101503, September 15, 1993	Time charter with owner keeping command stays common	4
Ganzon v. Court of Appeals	G.R. No. L-48757, May 30, 1988	Illegal official order is no competent authority and receipt starts responsibility	4
Republic v. Lorenzo Shipping Corporation	G.R. No. 153563, February 7, 2005	Signed delivery receipts by the entitled recipient discharge like returned bills	2
Regional Container Lines v. Netherlands Insurance	G.R. No. 168151, September 4, 2009	Custody through unloading keeps diligence alive and demurrer reversal bars evidence	4
Lu Do and Lu Ym v. Binamira	G.R. No. L-9840, April 22, 1957	Valid bill stipulation ends liability once customs takes custody	2, 4
Lara v. Valencia	G.R. No. L-9907, June 30, 1958	Gratuitous guest in a private car gets ordinary care only	3
Phil-Am General Insurance v. Court of Appeals	G.R. No. 116940, June 11, 1997	Improper deck stowage makes the vessel unseaworthy and defeats abandonment by the at-fault owner	5

B. Laws and Rules

Law	What it does here	§
Civil Code Art. 1732 (definition of common carrier)	Grounds the duty to serve the public that opens this Part	1
Civil Code Art. 1733 (extraordinary diligence)	States the vigilance standard for goods and passenger safety	1, 4, 7
Civil Code Arts. 1734-1735 (excuses; presumption of fault)	Lists the only five excuses and presumes fault otherwise	2, 4, 5
Civil Code Arts. 1736, 1738 (duration; warehouse period)	Runs responsibility from unconditional receipt to actual or constructive delivery	2, 4
Civil Code Art. 1740 (negligent delay and natural disaster)	Keeps a carrier in delay answerable though calamity strikes	2
Civil Code Arts. 1744-1745 (stipulation limits)	Marks which diligence and liability stipulations the Code voids	4
Civil Code Arts. 1755-1756 (passenger safety; presumption)	Sets utmost diligence for passengers with presumed fault on death or injury	3, 6
Civil Code Art. 1759 (passenger assault by others)	Holds the carrier to good-family diligence against assaults it could have stopped	3, 4

Law	What it does here	§
Civil Code Art. 1761 (passenger care for self)	Requires the passenger to use good-family care to avoid injury to himself	3, 8
Code of Commerce Art. 350 (bill of lading issuance)	Lets shipper and carrier mutually demand a bill of lading	2
Code of Commerce Art. 353 (delivery and bill return)	Ties discharge to surrender of the bill or equivalent signed receipts	2
Code of Commerce Art. 587 (abandonment and limited liability)	Conditions the vessel-abandonment privilege on a blameless owner	5
R.A. No. 4136, Land Transportation and Traffic Code of 1964	Compiles registration, licensing, and road-use rules tested in land diligence	6
R.A. No. 8794 of 2000 (motor vehicle user's charge)	Funds road upkeep tied to registered land vehicles	6
P.D. No. 1521 of 1978 (Ship Mortgage Decree)	Governs preferred ship mortgages over vessels used in sea carriage	5
Act No. 2616 of 1916 (Salvage Law)	Governs salvage rights and compensation in sea casualties	5
Montreal Convention of 1999	Governs international air carriage documentation, delay, baggage, and limits (full treatment in Part II-E)	8

4. Three-Pass Study Plan

Pass	Time	What you do	Output
1	40 percent	Frame controlling provisions: recite Arts. 1732, 1733, 1734, 1735, 1736, 1755, and 1756 cold with numbers	One-page provision map from memory
2	35 percent	Distinguish pairs: accept vs refuse, actual vs constructive delivery, checked vs hand-carried baggage, seaworthy vs cargoworthy, common vs private in charter dress	Distinction tables reproduced cold
3	25 percent	Apply problems: 2016-VI, 2016-VII, 2018-IV, 2023-Q11, plus drafted drills on freight, lien, and demurrage under time	Marked answers under time

Why this order: the examiner grades provision-first answers, so the authority filter comes before doctrine. Then confusion pairs win marks because Part II-B questions punish merged ideas of custody, commencement, and stipulation effect.

5. Syllabus Self-Check

1. A shipper tenders leaking acid drums in crates that fall apart. Must the carrier accept. (§1)
2. A carrier refuses live fighting cocks for a scheduled voyage for fear of delay. Is the refusal lawful. (§1)
3. Goods arrive a week late and rot, then a typhoon soaks the warehouse stock. Who bears the loss. (§2)
4. The consignee lost the original bill but shows certified copies and signs each delivery receipt. Is the carrier discharged. (§2)
5. A forged bill is presented and the carrier releases the goods to the forger. Is it discharged. (§2)
6. A bus leaves two hours late and the passenger misses a connecting flight. What is the remedy. (§3)
7. A five-year-old rides unaccompanied and is hurt alighting. How does minority count in diligence. (§3)
8. Cargo is lost from causes outside Art. 1734. Who proves what. (§4)
9. The driver is acquitted in the criminal case for reckless imprudence. Is the carrier suit dead. (§4)
10. When does goods responsibility end where customs takes custody under a valid bill stipulation. (§4)
11. A vessel sails top-heavy with deck cargo and sinks in ordinary swells. Seaworthy or not, and who proves it. (§5)
12. A train strikes a jeepney stalled on the track where the warning barrier was broken. How do last clear chance and crossing duties divide fault. (§6)
13. A checked-in suitcase vanishes from the hold while a hand-carried laptop is snatched from the overhead bin. Who proves what in each case. (§7)
14. The shipper hid calcium carbide and the cargo exploded, then refused to pay freight. Who pays for the damage and who keeps a lien. (§8)

PART 2 - BOOK + AUTHORITY REVIEWER

0. One-Page Outline

#	Topic	Must-know: provision + elements
1	Duty to accept goods; refusal grounds; animals	Art. 1732 public holding-out plus lawful excuse: danger, illegality, unfitness, or want of means or route
2	Timely delivery, place, and recipient	Arts. 1736, 1738, and 1740 with actual or constructive delivery to the consignee or entitled person
3	Duty to passengers, delay, and special classes	Art. 1755 utmost diligence of very cautious persons with due regard for all the circumstances
4	Extraordinary diligence: meaning, duration, stipulations	Arts. 1733 to 1735 with Art. 1756 for passengers: non-delegable, presumed breached, bounded in time, and non-waivable
5	Diligence by sea	Art. 1734 read with seaworthiness at sailing: hull, crew, equipment, stowage, and route

#	Topic	Must-know: provision + elements
6	Diligence by land and train; crossings	Art. 1756 presumption applied to road, rail, and crossing injuries with careful crew and working warnings
7	Passenger baggage	Art. 1733, par. 2: custody decides the rule, so checked baggage follows goods rules and hand-carried pieces follow fault rules
8	Shipper and passenger obligations; freight and lien	Art. 1761 self-care with freight duty and carrier lien under the contract and the Code of Commerce

Framing questions for every problem: what duty is pleaded (accept, deliver, carry safely, or pay). Which provision supplies each element. What exception, stipulation, or custody fact defeats it. What remedy and what duration rule controls recovery.

Mnemonic for the eight sections: Accept Delivery, Protect Diligently at Sea and on Land, Bags and Shippers (A-D-P-D-S-L-B-S). Numbers: 5-2-3 (five Art. 1734 excuses, two delivery modes, three diligence anchors in Arts. 1733, 1755, and 1756).

1. Duty to Accept Goods; Grounds for Refusal; Animals

> "Common carriers are persons, corporations, firms or associations engaged in the business of carrying or transporting passengers or goods or both, by land, water, or air, for compensation, offering their services to the public."
> - Art. 1732, Civil Code of the Philippines

Element	Content
Public duty to serve	Holding out to the public carries a duty to accept all goods duly tendered, since refusal without lawful ground breaches the public-service undertaking
Within route and means	The tender must lie on the carrier route and within its capacity, schedule, and equipment, since no carrier must take what it cannot carry
Proper condition	Goods must be packed, marked, and fit for the contracted voyage, since unfit tender excuses acceptance until cured
Lawful cargo only	Contraband, smuggled, or illegally traded goods need never be accepted, since no contract can compel an unlawful act
Dangerous goods	Explosives, acids, and like hazards may be refused unless the carrier knowingly engages for them with full disclosure and safeguards
Agreement effect	A charter, booking, or tariff may fix the cargo, volume, and voyage, and tender outside its terms is no tender under the contract
Animals	Live animals must be taken where the carrier holds out for them, with diligence measured by their nature and with Art. 1734(4) character of goods answering for inherent vice

The duty to accept is the other face of the Art. 1732 holding-out. A private carrier under special contract, such as the time-chartered vessel serving select charterers in National Steel Corporation v. Court of Appeals (G.R. No. 112287, 1997) or the customer-controlled trucks in U.S. v. Tan Piaco (G.R. No. L-15122, 1920), takes only what its contract names. The common carrier takes all comers within route and means, and its refusal is judged against the lawful grounds above rather than against its convenience.

Refuse Lawfully	Accept Despite Cost
Dangerous goods tendered without disclosure	Ordinary goods tendered in fit packing within capacity
Contraband or unlawful cargo	Lawful cargo with permits obtainable by the shipper
Tender beyond route, schedule, or means	Tender inside the advertised run though space is tight
Unfit packing that endangers the voyage	Sound packing that merely needs ordinary care

Q: A shipper tenders drums of nitric acid in brittle crates for a Friday sailing, plus fighting cocks in flimsy coops. The carrier refuses both. A second shipper tenders bagged fertilizer in sound sacks for the same sailing and is also refused for lack of space though room can be made. Which refusals stand?

A: The acid and the cocks refusals stand while the fertilizer refusal fails, since lawful ground excuses while convenience never does.

The acid is dangerous cargo in unfit packing and the coops are unfit for live carriage, so both tenders fall outside what the carrier must take until disclosure, safeguards, and fit containers cure them.

The fertilizer is ordinary cargo in sound packing within the advertised run, so tight space alone is no lawful ground where the carrier holds itself out for such goods.

The carrier therefore answers for the fertilizer refusal and keeps its refusal of the acid and the birds until proper tender is made.

2. Timely Delivery; Place of Delivery; To Whom Delivered

> "The extraordinary responsibility of the common carrier lasts from the time the goods are unconditionally placed in the possession of, and received by the carrier for transportation until the same are delivered, actually or constructively, by the carrier to the consignee, or to the person who has a right to receive them, without prejudice to the provisions of article 1738."
> - Art. 1736, Civil Code of the Philippines

Element	Content
Timely transport	Goods must move and arrive without unreasonable delay, since delay is itself a breach that sounds in damages
Negligent delay and calamity	Delay through carrier fault keeps liability alive though a natural disaster later strikes, under Art. 1740
Place of delivery	Delivery belongs at the destination named in the contract or bill, including the carrier warehouse where Art. 1738 keeps liability alive until advice of arrival with reasonable opportunity to remove
Recipient	Delivery belongs to the consignee named in the bill or to the person with the right to receive them

Element	Content
Bill surrender	The carrier should demand the original bill, yet signed delivery receipts by the entitled recipient produce the same discharging effect, as Republic v. Lorenzo Shipping (G.R. No. 153563, 2005) holds
Forged bill	Release to a forger is no delivery at all, since the forger never held the right to receive
Refusal by consignee	Refusal leaves custody with the carrier, which must store, notify the shipper, and seek disposition rather than abandon the goods
Damaged goods	The consignee should claim promptly with survey and protest, since unexplained acceptance weakens the later claim though it never erases proved carrier fault

Delivery is where custody ends and where proof matters most. Compañia Maritima v. Insurance Company of North America (G.R. No. L-18965, 1964) shows receipt starting responsibility even through a carrier lighter, while Westwind Shipping v. UCPB (G.R. Nos. 200289 and 200314, 2013) shows good-order receipt with bad-order delivery raising the fault presumption. Unsworth Transport v. Court of Appeals (G.R. No. 166250, 2010) adds that the forwarder issuing its own bill undertakes this very delivery duty as carrier.

Case: Republic v. Lorenzo Shipping Corporation, G.R. No. 153563, February 7, 2005

Facts: Donated milk moved under government carriage through the respondent line to Zamboanga. The branch supervisor named as consignee showed only certified copies of the bills, signed or caused the signing of delivery receipts on each delivery, then resigned and vanished.

Issue: The question was whether the carrier was discharged though the original bills were never surrendered.

Held: The Court held that it was. The agents demanded the bills, followed standard procedure, and took signed receipts from the entitled recipient, which proved extraordinary diligence and substantial compliance.

Doctrine: Under Art. 353 of the Code of Commerce, acknowledgment of delivery by signed receipt produces the same discharging effect as return of the bill where the consignee cannot produce the original.

Case: Lu Do and Lu Ym Corporation v. I.V. Binamira, G.R. No. L-9840, April 22, 1957

Facts: Films shipped from New York arrived in Cebu in good order and passed into the custody of the customs arrastre operator. The consignee took them three days later and found pilferage.

Issue: The question was whether the carrier answered for loss suffered after discharge into customs custody under a bill that ended responsibility at that point.

Held: The Court held that it did not. The goods left carrier control in good order, and the loss fell inside the customs interregimum the parties had validly allocated.

Doctrine: Responsibility under Arts. 1734 to 1736 lasts only while the goods sit in carrier possession, and a bill stipulation ending liability once customs or other authorities take custody is valid where it offends no law, morals, or public policy.

Q: A consignee lost the original bills and presents certified copies, then signs delivery receipts for each lot through his clerks. Months later the shipper sues the carrier for non-delivery, blaming the missing originals. Is the carrier discharged?

A: The carrier is discharged, since signed receipts by the entitled recipient stand in for the missing originals.
The agents substantially complied by demanding the bills and documenting each turnover, which proves the extraordinary diligence that rebuts the fault presumption.
The shipper left its own supervisor unpursued until resignation, so it cannot pass to the carrier what may have been its own employee faithlessness.
The non-delivery claim therefore fails while the carrier keeps no liability for the lots duly receipted.

3. Duty to Passengers; Delay; Special Classes

> "A common carrier is bound to carry the passengers safely as far as human care and foresight can provide, using the utmost diligence of very cautious persons, with a due regard for all the circumstances."
> - Art. 1755, Civil Code of the Philippines

Element	Content
Safe carriage	Every passenger must be brought to destination alive and whole through utmost diligence, not merely ordinary care
Transport on schedule	Unreasonable delay breaches the contract and supports damages, since time is of the essence in passenger movement
Special classes	Children, the aged, the ill, and persons with disability get attention fitted to their condition, since due regard for all the circumstances raises what utmost diligence demands
Voyage discipline	The carrier must refuse to sail or fly into known peril, since braving a forecasted storm is fault concurrent with the waves
Ancillary and narrow service	A resort boat or package-tour ferry with imputed fare is still common carriage, as Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010) holds
Gratuitous riders	A paying passenger rides inside the contract, a permitted guest without fare still rides under carrier care, and a stowaway rides outside it

Delay in passenger carriage converts quickly to loss when connections, events, or perils intervene. The carrier that explains delay with weather must show the weather stood alone, since a voluntary voyage into a published storm warning keeps human fault beside the waves and defeats the fortuity claim.

Case: Lara v. Valencia, G.R. No. L-9907, June 30, 1958

Facts: A forestry inspector caught malaria in the field and begged a ride in a private pick-up going his way. The owner charged no fare and invited him to the front seat. The inspector chose the open back instead, fell asleep on a bag, and fell off on a rough road.

Issue: The question was what care a private owner-driver owes a gratuitous guest and whether the death came from driver fault.

Held: The Court held that only ordinary care was owed and that none was breached. The death came from an unforeseen fall joined with the guest own lack of care.

Doctrine: A gratuitous accommodation guest gets reasonable care rather than the extraordinary diligence of Arts. 1755 and 1756, and the passenger duty of Art. 1761 bars recovery where his own negligence proximately caused the injury.

2023 Bar Q: Hari and Reyna booked a honeymoon package at Anya Resort (AR) in Palawan which included transportation from Batangas to Palawan, and vice versa, via M/B Prinsesa owned and operated by AR. Despite PAGASA storm warning bulletins, M/B Prinsesa proceeded to ferry Hari and Reyna from the port of Batangas to Palawan. While in open seas, the boat was hit by big waves and eventually capsized, drowning Hari and Reyna. When sued by the heirs of the couple, AR denied liability on the ground that it is not a common carrier, as M/B Prinsesa is not available to the general public or other tourists, and exclusively ferries resort guests and crew members. AR further argued that they did not charge Hari and Reyna separate fees to board M/B Prinsesa. Are the arguments of AR correct? Discuss your answer.

A: The arguments of AR are incorrect, since the resort boat is a common carrier and sailing into the storm breached its utmost diligence.
The boat carries guests by water for the imputed fare inside the package, and Art. 1732 reaches ancillary and narrow-client carriage so long as the service is offered to whoever books the resort.
The storm defense fails because the bulletins preceded the sailing and the captain chose to brave them, which keeps the human fault concurrent with the waves and defeats the fortuity claim.
Death therefore raises the presumption of fault, and only proof of extraordinary diligence could rebut it, which a voluntary voyage into a forecasted storm cannot supply.

4. Extraordinary Diligence: Rationale, Meaning, Presumption, Duration, and Stipulations

> "Common carriers, from the nature of their business and for reasons of public policy, are bound to observe extraordinary diligence in the vigilance over the goods and for the safety of the passengers transported by them, according to all the circumstances of each case."
> - Art. 1733, par. 1, Civil Code of the Philippines

Element	Content
Rationale	Carriage is impressed with public interest, so the law commands more than ordinary care as the price of the public franchise
Meaning	Diligence means the utmost care of very cautious persons for passengers and extreme care for goods, fitted to all the circumstances of each case
Non-delegable	Hiring guards, agents, or contractors never passes the duty on, as LRTA v. Navidad (G.R. No. 145804, 2003) holds for station security
Presumption for goods	Loss, destruction, or deterioration outside the five Art. 1734 causes presumes fault, and only proof of extraordinary diligence rebuts it under Art. 1735
Presumption for passengers	Death or injury presumes fault, and only proof of the Art. 1733 and 1755 diligence rebuts it under Art. 1756
Acquittal effect	Acquittal of the driver or crew in the criminal case never bars the civil action against the carrier, since contract and quasi-delict liability stand on their own proof
Duration for goods	Responsibility runs from unconditional receipt to actual or constructive delivery, through warehouses and unloading, under Arts. 1736 and 1738

Element	Content
Commencement for passengers	Duty opens at fare payment with entry to the station, vehicle, or premises, as British Airways v. Court of Appeals (G.R. No. 92288, 1993) and LRTA v. Navidad (G.R. No. 145804, 2003) hold
Ticket issuance	The ticket evidences the contract and fixes its terms, yet perfection rests on consent and carriage already begun needs no ticket to bind
Compliance	Diligence is proved by concrete precautions, inspections, and procedures, since bare denial never rebuts a presumption
Third persons	Assaults or acts by strangers and fellow passengers bind the carrier where good-family diligence could have stopped them, under Art. 1759
Stipulation effect	Terms that erase responsibility, cut diligence below extraordinary, or free the carrier from its employees answer are void, while reasonable agreed valuations with consideration may stand

Diligence Pair	Carrier Side	Other Side
Extraordinary vs ordinary	Utmost care of very cautious persons for passengers and extreme vigilance for goods	Good-family care that suffices only between private parties and for gratuitous guests
Non-delegable vs delegated	Carrier stays liable though guards or contractors failed	Private owner answers only for chosen-agent fault proved against him
Presumed vs proved fault	Contract action starts with fault presumed on loss or injury	Private action starts with fault to be proved by the claimant
Actual vs constructive delivery	Hands on the goods to the entitled person	Legal turnover through warehouse advice, deposit, or customs custody under valid terms

Case: Ganzon v. Court of Appeals, G.R. No. L-48757, May 30, 1988

Facts: Scrap iron was delivered unconditionally to the captain of a carrier lighter for loading, with no qualification on receipt. An acting mayor with armed men then ordered the crew to dump the loaded scrap into the sea as part of a shakedown of the shipper.

Issue: The question was whether receipt started carrier responsibility and whether the mayor order counted as competent public authority.

Held: The Court held that responsibility had started and that the order was no competent authority. The carrier stayed presumed at fault and proved no extraordinary diligence.

Doctrine: Unconditional delivery starts Art. 1736 responsibility though loading is unfinished, and the Art. 1734(5) exemption needs proof that the official had power, that the order was lawful, and that it issued under legal process.

Case: Regional Container Lines of Singapore v. The Netherlands Insurance Co. (Phils.), Inc., G.R. No. 168151, September 4, 2009

Facts: Refrigerated chemical cargo arrived in Manila and fluctuated to destructive heat after discharge while plugged at the pier. The carrier pointed at the arrastre operator and rested on demurrer after the insurer paid the consignee and sued by subrogation.

Issue: The question was whether custody and diligence survived discharge and what the lost demurrer cost the carrier.

Held: The Court held that both survived and that the presumption stood unrebutted. Unloading cargo generally stays in carrier custody, and reversal of an erroneously granted demurrer bars the demurring party from presenting evidence.

Doctrine: Goods lost or damaged in transit raise the Art. 1735 presumption without need of an express negligence finding, and the carrier must prove extraordinary diligence rather than merely point at another possible culprit.

2018 Bar Q: Ysidro, a paying passenger, was on board Bus No. 904 owned and operated by Yatco Transportation Company (Yatco). He boarded the bus at Munoz, Nueva Ecija with Manila as his final destination. He was seated on the first row, window seat on the left side of the bus. As the bus was negotiating the national highway in front of the public market of Gerona, Tarlac, the bus came to a full stop because of the traffic. The driver of the bus took this opportunity to check on the tires of the bus and to relieve himself. As he was alighting from the bus to do these, an unidentified man standing along the highway hurled a huge rock at the left side of the bus and hit Ysidro between his eyes. He lost consciousness and immediately the driver, with the conductor, drove the bus to bring him to the nearest hospital. He expired before the bus could reach the hospital. Ysidro's wife and children brought a civil action to collect damages from Yatco, alleging that as a common carrier, it was required to exercise extraordinary diligence in ensuring the safety of its passengers. They contended that, in case of injuries and/or death on the part of any of its passengers, the common carrier is presumed to be at fault. In its defense, Yatco alleged that it is not an absolute insurer of its passengers and that Ysidro's death was not due to any defect in the means of transport or method of transporting passengers, or the negligent acts of its employees. Since the accident was due to the fault of a stranger over whom the common carrier had no control, or of which it did not have any prior knowledge to be able to prevent it, the cause of Ysidro's death should be considered a fortuitous event and not the liability of the common carrier. (a) Is a common carrier presumed to be at fault whenever there is death or injury to its passengers, regardless of the cause of death or injury? (2.5%) (b) What kind of diligence is required of common carriers like Yatco for the protection of its passengers? (2.5%) (c) Will your answer be the same as your answer in (b) above, if the assailant was another paying passenger who boarded the bus and deliberately stabbed Ysidro to death? (2.5%)

A: A carrier is presumed at fault on a passenger death or injury, yet the presumption yields to proof of utmost diligence, and a stranger attack still tests what diligence could have prevented.
The law presumes fault or negligence on death or injury under Art. 1756, so the carrier opens every case carrying the burden of proving the extraordinary diligence of Arts. 1733 and 1755.
That diligence is the utmost care of very cautious persons with due regard for all the circumstances, and the carrier is no absolute insurer since an unforeseeable stranger act it could not have prevented with good-family vigilance breaks liability under Art. 1759.
A fellow-passenger stabbing is judged the same way, since the carrier answers only where its employees could have prevented or stopped the assault through the diligence the law demands.

5. Extraordinary Diligence by Sea

"Common carriers are responsible for the loss, destruction, or deterioration of the goods, unless the same is due to any of the following causes only: (1) Flood, storm, earthquake, lightning, or other natural disaster or calamity; (2) Act of the public enemy in war, whether international or civil; (3) Act or omission of the shipper or owner of the goods; (4) The character of the goods or defects in the packing or in the containers; (5) Order or act of competent

public authority."
- Art. 1734, Civil Code of the Philippines

Element	Content
Seaworthiness	Hull, machinery, and complement must be fit to meet the voyage perils at sailing, since an unfit ship starts in breach
Cargoworthiness	Holds, hatches, ventilation, and refrigeration must fit the particular cargo, since a sound hull with unfit holds still fails
Proper manning	Officers and crew must be licensed, sufficient, and competent for the vessel and voyage
Adequate equipment	Safety, navigation, firefighting, and cargo gear must be aboard and working
Overloading	Loading beyond marks or stability limits breaches diligence by itself and invites the fortuity defense to fail
Proper storage	Stowage must suit the goods, and deck stowage presumes unseaworthiness unless shown harmless to ship management
Captain and crew negligence	Fault of master and crew in cargo care binds the ship agent, yet abandonment under Art. 587 of the Code of Commerce saves only the blameless owner whose captain alone was at fault
Passenger safety at sea	Routes into known storms, missing life-saving gear, and disorderly muster breach the Art. 1755 duty afloat
Proper route	The vessel must keep the usual and agreed route, since unjustified deviation answers for the consequences
Transshipment	Transfer to another bottom must rest on agreement or necessity with notice, since secret substitution breaks custody
Inspection	Pre-voyage and en-route inspection of hull, gear, and cargo condition proves the diligence the presumption demands
Insurance	Marine cover protects the owner and the cargo interests, yet it never dilutes the carrier diligence the Code commands

A sea carrier that pleads storm must first prove a seaworthy ship. Ordinary swells are voyage vicissitudes that only test fitness, and a top-heavy vessel with improper deck cargo was already unseaworthy before the waves arrived. The limited-liability rule then follows fault: the owner whose captain alone erred may abandon vessel and freight under Art. 587, while the owner whose own want of care concurred answers in full under the Civil Code.

Case: Philippine American General Insurance Co., Inc. v. Court of Appeals, G.R. No. 116940, June 11, 1997

Facts: A fishing vessel rebuilt for cargo work loaded thousands of softdrink cases with about two thousand five hundred cases stowed on deck. She sank in ordinary weather on an overnight run, and the insurer paid the bottler and sued the line by subrogation.

Issue: The question was whether the vessel was seaworthy, whether abandonment could cap liability, and whether subrogation was proper.

Held: The Court held that the vessel was unseaworthy from sailing, that abandonment was unavailable to the negligent owner, and that the insurer was properly subrogated. The line paid the full insured value with interest.

Doctrine: Deck cargo raises a presumption of unseaworthiness unless harmlessness is shown, and the Art. 587 abandonment privilege frees only the owner whose captain alone was at fault, never the owner whose own negligence concurred.

2016 Bar Q: Nautica Shipping Lines (Nautica) bought a second hand passenger ship from Japan. It modified the design of the bulkhead of the deck of the ship to accommodate more passengers. The ship sunk with its passengers in Tablas Strait due to heavy rains brought by the monsoon. The heirs of the passengers sued Nautica for its liability as a common carrier based on the reconfiguration of the bulkhead which may have compromised the stability of the ship. Nautica raised the defense that the monsoon is a fortuitous event and, at most, its liability is prescribed by the Limited Liability Rule. Decide with reasons. (5%)

A: Nautica answers as a common carrier and keeps neither the fortuity defense nor the limited-liability cap on these facts.
The bulkhead reconfiguration that may have compromised stability puts seaworthiness in issue, and ordinary monsoon rains are voyage vicissitudes rather than an irresistible calamity standing alone.
The storm defense needs an excepted cause with extraordinary diligence, yet sailing a possibly unstable rebuilt ship with passengers aboard proves the opposite of the diligence the law demands.
The abandonment privilege then fails with it, since the owner whose own fault concurred with the casualty cannot limit liability to vessel and freight.

6. Extraordinary Diligence by Land and Train; Railroad Crossings

> "In case of death of or injuries to passengers, common carriers are presumed to have been at fault or to have acted negligently, unless they prove that they observed extraordinary diligence as prescribed in articles 1733 and 1755."
> - Art. 1756, Civil Code of the Philippines

Element	Content
Roadworthiness	Brakes, tires, lights, steering, and body must be fit for the run, since a defective unit starts in breach
Traffic rules	Speed, loading, signaling, and right-of-way under R.A. No. 4136 must be obeyed, since violation evidences want of diligence
Selection and supervision	Drivers and conductors must be hired for competence and watched in service, since a careless crew choice is carrier fault
Inspection	Pre-departure and en-route checks of unit and cargo prove the diligence the presumption demands
Insurance	Compulsory motor cover answers third persons within its limits, yet it never dilutes the carrier diligence the Code commands
Train operation	Speed, braking, lookout, and station procedure must fit the run, since LRTA v. Navidad (G.R. No. 145804, 2003) measures even platforms by utmost diligence
Falls from trains	Open doors, sudden jerks, and overcrowding that spill riders breach the duty to carry safely

Element	Content
Run-overs	Track patrol, lookout, and braking decide liability to persons and animals on the line
Near-track damage	Vibration, sparks, and debris that harm nearby property and persons test fencing, speed, and maintenance
Crossing warnings	Bells, lights, barriers, and watchmen must work at crossings, since a broken barrier invites the tragedy it was built to stop
Third-person duties at crossings	Motorists must stop, look, and listen and never stall upon the rails, since the track gives the train the right of way
No imputed negligence	The driver fault is never charged to the riding passenger, so the passenger claim survives though the jeepney or car driver shared the blame

Land carriage multiplies the actors, so the diligence inquiry always asks two things together. It asks what the crew did wrong, and it asks what the operator failed to build, inspect, or warn about before the trip began. A school van for a fee answers as a common carrier, as Sps. Pereña v. Sps. Nicolas (G.R. No. 157917, 2012) holds, and app-based vehicles offered to the riding public answer in concept as carriage, as LTFRB v. Valenzuela (G.R. No. 242860, 2019) treats them.

2016 Bar Q: A railroad track of the Philippine National Railway (PNR) is located near a busy intersection of Puyat Avenue and Osmeña Highway. One afternoon, the intersection was heavily congested, as usual. Juan, the driver of a public utility jeepney (PUJ), drove onto the railroad tracks but could go no farther because of the heavy traffic at the intersection. After the jeepney stopped right on the railroad track, it was hit and overturned by a PNR train, resulting in the death of Kim, a passenger of the PUJ, and injuries to Juan and his other passengers. Juan, the injured passengers and Kim's family sued the PNR for damages for its negligence. It was established that the steel pole barrier before the track was broken, and that the PNR had the last clear chance of avoiding the accident. On the other hand, the PNR raised the defense that the track is for the exclusive use of the train and that motorists are aware that it is negligence per se to stop their vehicles on the tracks. Decide the case and explain. (5%)

A: The PNR answers though Juan was also at fault, since the broken barrier and the last clear chance keep the train operator liable while Juan fault never travels to his passengers.
The carrier and operator owe utmost diligence over the line with working warnings, and a barrier left broken at a known congested crossing breaches that diligence before any jeepney stalls.
Juan breached his own motorist duty by entering rails he could not clear, so his personal claim suffers his contributory fault under the avoidable-consequences and last-clear-chance sorting.
Kim and the riding passengers recover in full, since the driver negligence is not imputed to them and the PNR with the final opportunity to stop must answer for the injuries its train inflicted.

Q: A bus company hires an unlicensed driver without road test, skips brake inspection for a month, and the bus with worn pads rams a truck. The company blames the truck driver. Who answers the injured bus passengers?

A: The bus company answers the passengers, since its own want of diligence concurs regardless of the truck fault.
Hiring without license or test breaches selection diligence and skipping brake checks breaches inspection diligence, so the presumption of fault stands unrebutted.
The truck fault may divide the ultimate loss between the operators through contribution, yet division never delays or defeats the passenger recovery.

The passengers therefore collect from their carrier upon the presumption, and the company pursues the truck operator separately for its share.

7. Passenger Baggage

> "Such extraordinary diligence in the vigilance over the goods is further expressed in articles 1734, 1735, and 1745, Nos. 5, 6, and 7, while the extraordinary diligence for the safety of the passengers is further set forth in articles 1755 and 1756."
> - Art. 1733, par. 2, Civil Code of the Philippines

Element	Content
Defined	Baggage means the personal effects a traveler carries for the journey, including clothes, necessities, and articles of personal use
Checked-in baggage	Pieces handed to the carrier and tagged for the hold ride in carrier custody, so the goods rules on diligence, presumption, and agreed valuation govern
Hand-carried baggage	Pieces kept by the passenger in cabin or seat stay in passenger custody, so the passenger proves carrier fault for their loss
Declared value	A higher declared value with added freight binds the carrier to that value, while undeclared pieces recover under the proved or agreed measure
Custody test	The hand that keeps the piece fixes the rule, since custody and diligence travel together through this whole Part

Baggage Kind	Custody	Rule on Loss
Checked into the hold with a tag	Carrier from check-in to carousel delivery	Presumed carrier fault outside Art. 1734 causes
Registered excess with declared value	Carrier with valuation agreement	Agreed value within stipulation limits
Hand-carried into cabin or seat	Passenger throughout	Carrier liable only on proved fault of its employees
Left in the terminal before check-in	Passenger until carrier receipt	No carrier responsibility yet under Art. 1736

Q: A tagged suitcase checked into the hold vanishes before arrival, while a laptop kept in the overhead bin is snatched when the passenger leaves it to use the lavatory. What must each claimant prove?

A: The suitcase claimant proves turnover with loss at arrival while the laptop claimant must prove carrier fault, since custody fixes the burden.

The tagged suitcase rode in carrier custody, so vanishing baggage raises the presumption of fault and the carrier must prove extraordinary diligence or an Art. 1734 excuse.

The laptop stayed in passenger custody throughout, so no presumption runs and the passenger must show the snatching came through employee fault or want of due precautions.

The first claim therefore succeeds on custody and loss alone unless rebutted, while the second needs specific fault proved against the carrier.

8. Obligations of the Passenger and Shipper

"The passenger must observe the diligence of a good father of a family to avoid injury to himself."
- Art. 1761, Civil Code of the Philippines

Element	Content
Shipper care	The shipper must tender goods honestly packed, marked, and fit, since his own negligence that causes the loss breaks the carrier chain
Disclosure	Dangerous character, hidden defects, and special handling needs must be declared, since silence that endangers the voyage is shipper fault
Damage by cargo	The shipper answers for injury his goods inflict on fellow cargo, the vessel, or third persons through undisclosed danger or vicious nature
Freight payment	The price of carriage must be paid as agreed, since carriage for compensation is of the essence of the Art. 1732 undertaking
Who pays	Freight falls on the party the contract or bill names, commonly the shipper prepaid or the consignee collect
When paid	Freight falls due as the contract or bill fixes, commonly on shipment or on delivery
Carrier lien	Unpaid freight and charges hold a lien on the goods in carrier hands, so delivery may wait until lawful charges are settled
Loading and unloading	Handling follows the contract and bill terms, with free-in-and-out stowed terms putting stevedoring on the cargo interests as agreed
Demurrage	Delay beyond the lay days allowed for loading or unloading earns the agreed daily charge to the waiting vessel or vehicle
Permits	Export, import, quarantine, and customs papers belong to the cargo interests, and want of them excuses the carrier though delay results
Shipper load and count	Containers stuffed, sealed, and counted by the shipper alone bind the carrier only to the seal and exterior, never to the unverified count
Passenger duties	Passengers must pay fare, obey lawful crew orders, and use good-family care for their own safety under Art. 1761
Travel documents	Passports, visas, and health papers belong to the passenger, and the carrier may refuse carriage without them
Air transport	International air duties, tickets, baggage limits, and delay rules follow the Montreal Convention of 1999, treated in full in Part II-E

The shipper who hides danger pays twice over. He pays for the damage his cargo inflicts, and he loses the claim for his own goods where his concealment caused or aggravated the loss. Planters Products v. Court of Appeals (G.R. No. 101503, 1993) shows the companion point that agreed unloading terms allocate handling between ship and shore and defeat claims outside the allocation.

Q: A shipper declares general merchandise but hides drums of calcium carbide that explode on contact with seawater, damaging fellow cargo. He then refuses freight, claiming the carrier failed to deliver. Who pays for the damage and the freight?

A: The shipper pays for the damage and still owes the freight, since concealment caused the casualty while carriage was duly performed.
The undisclosed dangerous character is shipper fault under Art. 1734(3) that breaks the carrier chain, so the explosion loss falls on the concealing shipper with recourse from him by the fellow cargo owners.
The carrier earned its freight by receiving, stowing, and sailing the goods with the diligence the known facts demanded, so refusal to pay has no basis in the failed-delivery claim.
The carrier therefore keeps its lien on surviving goods for the unpaid charges while the shipper answers for the explosion damage.

Q: A passenger boards without a visa for the destination state and is refused onward carriage at the transit stop. He demands a full refund and damages for delay. Does he collect?

A: He collects no damages though fare rules decide the refund, since travel papers are his own duty.
Passports, visas, and health papers belong to the passenger under his Art. 1761 self-care and the contract terms, and want of them lawfully excuses carriage without breach.
Delay from the refusal is therefore his own making rather than carrier fault, so no delay damages run.
The carrier keeps the flown legs earned and refunds only what its tariff promises for the unflown portion.

Quick-Recall Tables

#	Provision	Rule
1	Art. 1732	Public holding-out for pay creates the duty to serve and accept
2	Art. 1733	Extraordinary diligence from the nature of the business
3	Art. 1734	Only five excuses: calamity, public enemy, shipper act, goods character, competent authority
4	Art. 1735	Fault presumed outside the five excuses unless extraordinary diligence is proved
5	Art. 1736	Receipt to actual or constructive delivery bounds goods responsibility
6	Art. 1738	Warehouse storage at destination stays inside liability until advice with reasonable opportunity
7	Art. 1740	Negligent delay keeps liability alive though calamity strikes
8	Arts. 1755-1756	Utmost diligence for passengers with fault presumed on death or injury

#	Custody Point	Content
1	Perfection in goods	Unconditional receipt by the carrier or its lighter
2	Perfection in passengers	Fare payment with entry to station, vehicle, or premises
3	Goods duration	Unconditional receipt to actual or constructive delivery
4	Unloading period	Cargo under discharge stays in carrier custody
5	Customs interregnum	Valid bill terms may end liability once customs takes custody
6	Baggage split	Tag and turnover fix carrier custody; retention fixes passenger custody

#	Sea Fitness Check	Content
1	Seaworthiness at sailing	Hull, machinery, crew, and gear fit for the voyage
2	Cargoworthiness	Holds and climate fit for the particular cargo
3	Stowage	No improper deck loading; heavy cargo low and secured
4	Route and transshipment	Usual route kept; transfers only by agreement or necessity
5	Captain fault alone	Abandonment under Art. 587 may cap
6	Owner fault concurring	Full Civil Code liability with no cap

#	Land, Train, and Crossing Check	Content
1	Unit fitness	Roadworthy vehicle or train with inspected brakes and gear
2	Crew fitness	Licensed, tested, supervised, and sober
3	Rules of the road	Speed, signals, and right-of-way obeyed
4	Crossing warnings	Barriers, lights, and watchmen working
5	Motorist duty	Stop, look, listen, and never stall on the rails
6	Passenger position	Driver fault never imputed to the rider

#	Money and Papers	Content
1	Freight basis	Contract or bill rate for the voyage
2	Freight payer	Shipper prepaid or consignee collect as named
3	Carrier lien	Goods held until lawful charges are settled

#	Money and Papers	Content
4	Demurrage	Agreed daily charge beyond allowed lay days
5	Permits and papers	Cargo papers on the shipper; travel papers on the passenger
6	Agreed valuation	Higher declared value with added freight binds

#	Stipulation Test	Content
1	Total exemption from fault	Void as contrary to public policy
2	Diligence below extraordinary	Void though printed and signed
3	Freedom from employee acts	Void under Art. 1745
4	Valid agreed value with consideration	Stands within Code limits
5	Customs-cutoff clause	Stands where lawful and within Code possession rules
6	Shipper load and count notation	Stands as a true statement of unverified contents

Exam Traps

1. A common carrier must accept fit lawful tender within route and means, since inconvenience is no lawful ground for refusal.
2. Dangerous goods without disclosure may be refused, and concealment turns the later explosion into shipper fault.
3. Animals ride under the same diligence with their nature counted, and inherent vice answers under character of goods.
4. Negligent delay keeps liability alive though a later storm strikes, since Art. 1740 punishes the carrier that dawdled.
5. Delivery means the entitled recipient, so release to a forger is no delivery at all.
6. Signed receipts by the entitled recipient discharge like returned bills, yet only where substantial compliance is proved.
7. A valid customs-cutoff bill term ends liability at customs custody, since the Code binds only goods in carrier possession.
8. Unloading cargo stays in carrier custody, so pointing at the arrastre operator never rebuts the presumption by itself.
9. An illegal mayor order is no competent public authority, since power, lawfulness, and legal process must all be proved.
10. Criminal acquittal of the driver never kills the civil carrier suit, since contract liability stands on its own proof.
11. Hiring guards or contractors never delegates diligence, since the duty follows the franchise.
12. Duty to train passengers opens at fare payment with entry, so platform injuries already sound in utmost diligence.
13. A gratuitous guest in a private car gets ordinary care only, since Arts. 1755 and 1756 bind common carriers alone.

14. Deck stowage presumes unseaworthiness, and ordinary swells never excuse a ship that sailed top-heavy.

15. The owner whose own fault concurred cannot abandon under Art. 587, since the privilege saves only the blameless owner.

16. A broken crossing barrier with last clear chance keeps the operator liable though the motorist stalled on the rails.

17. Driver fault is never imputed to the riding passenger, so the passenger collects though the jeepney driver shared blame.

18. Checked baggage runs on presumed fault while hand-carried pieces need proved fault, since custody fixes the burden.

19. Unpaid freight holds a carrier lien, so the goods wait until lawful charges are settled.

20. Shipper-stuffed and sealed containers bind the carrier to seal and exterior only, never to the unverified count.

Key Authorities Cited

Codes: Civil Code Arts. 1732-1736, 1738, 1740, 1744-1745, 1755-1756, 1759, and 1761 with Code of Commerce Arts. 350, 353, and 587.

Special laws: R.A. No. 4136 of 1964, R.A. No. 8794 of 2000, P.D. No. 1521 of 1978, Act No. 2616 of 1916, and the Montreal Convention of 1999.

Cases: G.R. No. 194121 (2016), G.R. No. L-18965 (1964), G.R. No. 92288 (1993), G.R. No. 145804 (2003), G.R. No. 112287 (1997), G.R. No. L-15122 (1920), G.R. No. 186312 (2010), G.R. No. L-5458 (1953), G.R. No. 157917 (2012), G.R. No. 125948 (1998), G.R. No. 200289 (2013, first of consolidated dockets), G.R. No. 166250 (2010), G.R. No. 242860 (2019), G.R. No. 101503 (1993), G.R. No. L-48757 (1988), G.R. No. 153563 (2005), G.R. No. 168151 (2009), G.R. No. L-9840 (1957), G.R. No. L-9907 (1958), and G.R. No. 116940 (1997).

Source and Verification Note

Scope follows the syllabus Part II-B slice and the table of contents of Aquino 2024 Chapter 8 in exact order. The Aquino textbook file on this machine is a scanned-image portable document whose pages yield no extractable text, so chapter substance was rebuilt from the controlling provisions, the twenty assigned Batch 2 digests, and the Batch 2 Case List rather than from verbatim book prose. Civil Code quotations above reproduce the Code text as consistently printed across editions and should be rechecked against the official Gazette text before examination use. Code of Commerce articles cited are those attested in the assigned digests. Case citations and dates come from the Batch 2 Case List as verified in that file, with consolidated dockets reduced to the first number. Bar-question stems are verbatim from the Bar Questions compilation: 2016-VI (Nautica), 2016-VII (PNR crossing), 2018-IV (Ysidro and Yatco), and 2023-Q11 (Hari and Reyna at Anya Resort), with drafted drills labeled without year. Amendatory and related laws are dated in text: the Code of Commerce of 1888, the Civil Code of 1950, R.A. No. 4136 of 1964, P.D. No. 1521 of 1978, Act No. 2616 of 1916, R.A. No. 8794 of 2000, and the Montreal Convention adopted in 1999. No invented statute, docket, or holding is asserted, and points beyond the assigned digests are stated as doctrine from the controlling provisions.

Part II-C — Defenses of the Common Carrier

PART 1 - SYLLABUS

1. Coverage Map

§	Topic	Priority	The one rule you must state cold	Authority
1	Kinds of defenses and proximate causation	Core	Defenses sort into goods defenses, passenger defenses, and procedural bars, and no excuse works unless the excepted cause was the proximate and only cause of the loss	Arts. 1734, 1739, 1741, 1762
2	Defenses in carriage of goods in their exclusivity and in carriage of passengers	Core	Goods defenses are exclusive to the five Art. 1734 causes while passenger defenses run on the rebuttable presumption of fault with employee and third-person rules	Arts. 1734-1735, 1756, 1759, 1763
3	Fortuitous event with carrier participation, rationale, fire, storm, hijacking, mechanical defects, tire blowouts, and other invalid defenses	Core	A calamity excuses only where the carrier did not participate and exercised due diligence before, during, and after, and neither fire nor worn equipment is ever fortuitous by itself	Arts. 1174, 1739-1740 with Compañia Maritima v. Insurance Co. of North America, G.R. No. L-18965, October 30, 1964
4	Public enemy with nature of goods and improper packing and order of public authority	Core	The enemy, the goods, and the sovereign each excuse only on strict proof, and an illegal order of a lawless official excuses nothing	Arts. 1734(2), (4), (5), 1742-1743 with Ganzon v. Court of Appeals, G.R. No. L-48757, May 30, 1988 and Planters Products v. Court of Appeals, G.R. No. 101503, September 15, 1993

§	Topic	Priority	The one rule you must state cold	Authority
5	Defenses in carriage of passengers with acts of employees, of other passengers and third persons, and of shipper or passenger	Core	The carrier answers for employee fault beyond scope and for third-person harm it could have stopped, while passenger or shipper fault only reduces where carrier negligence stays the proximate cause	Arts. 1759-1763 with cross-reference to 2018-IV (Ysidro and Yatco) applied in Part II-B
6	Notice of claim and prescription in overland, coastwise, and international carriage with subrogation	High	Overland claims need the twenty-four-hour Art. 366 notice while international sea claims run on the three-day notice with the one-year suit period that also binds the subrogated insurer	Code of Commerce Art. 366 with COGSA Sec. 3(6) and Compañia Maritima v. Insurance Co. of North America, G.R. No. L-18965, October 30, 1964
7	Prohibited and limiting stipulations with riots, strikes, and COGSA package limitation	High	A limit below extraordinary diligence stands only in signed writing with separate consideration that is reasonable, and the package cap dies where delay, coercion, or higher declaration attended the bill	Arts. 1744-1752 with National Steel Corporation v. Court of Appeals, G.R. No. 112287, December 12, 1997

2. Learning Objectives

1. Sort every pleaded excuse into its proper kind, whether a goods defense under Art. 1734, a passenger defense under Arts. 1756 to 1763, or a procedural bar of notice or prescription.

2. Run proximate-cause problems under Arts. 1739 to 1741 and Art. 1762, separating sole causes that excuse from concurrent and merely contributing faults that keep or reduce liability.

3. State the exclusivity of goods defenses against the open rebuttal structure of passenger defenses, and decide when a private-carriage stipulation displaces both.

4. Defeat false fortuity claims on fire, forecasted storms, hijacking, defective machinery, and blown tires by testing carrier participation and diligence before, during, and after the occurrence.

5. Apply the public-enemy, goods-character, and public-authority excuses with their strict proof, including lawful power for official orders and forestalling diligence for vicious goods.

6. Divide passenger losses among employees, fellow passengers, strangers, and the passenger himself under Arts. 1759 to 1763 without imputing driver fault to riders.

7. Time notices and suits under Art. 366 and COGSA Sec. 3(6), and bind subrogated insurers to the same periods as the shipper they stepped into.

8. Judge limiting stipulations under Arts. 1744 to 1752 and COGSA Sec. 4(5), voiding what erases diligence while keeping reasonable declared values and strike-delay terms.

3. Authority Inventory

A. Cases

Case	G.R./Citation	One-line ratio	§
Compañia Maritima v. Insurance Co. of North America (full card in Part II-A)	G.R. No. L-18965, October 30, 1964	Cracked lighter with eleven-mile winds is no storm and no force majeure, and the paying insurer sues by subrogation	1, 3, 6
Planters Products v. Court of Appeals (full card in Part II-A)	G.R. No. 101503, September 15, 1993	Time charter keeps common character, yet inherent urea solubility with shipper-side unloading defeats the claim	2, 4
Ganzon v. Court of Appeals (full card in Part II-B)	G.R. No. L-48757, May 30, 1988	Illegal mayor order is no competent authority, and mere difficulty is no force majeure	1, 4
National Steel Corporation v. Court of Appeals (full card in Part II-A)	G.R. No. 112287, December 12, 1997	Tramp service under special charter is private carriage governed by stipulation with Arts. 361 to 362	2, 7
Regional Container Lines v. Netherlands Insurance (full card in Part II-B)	G.R. No. 168151, September 4, 2009	Presumption needs no express negligence finding, and pointing at the arrastre never rebuts it	1, 2
Phil-Am General Insurance v. Court of Appeals (full card in Part II-B)	G.R. No. 116940, June 11, 1997	Deck stowage presumes unseaworthiness, and the at-fault owner keeps no abandonment privilege	3
Republic v. Lorenzo Shipping Corporation (full card in Part II-B)	G.R. No. 153563, February 7, 2005	Signed receipts by the entitled recipient discharge like returned bills	6
Lu Do and Lu Ym Corporation v. Binamira (full card in Part II-B)	G.R. No. L-9840, April 22, 1957	Valid bill terms end liability once customs takes custody in good order	1, 7
Lara v. Valencia (full card in Part II-B)	G.R. No. L-9907, June 30, 1958	Gratuitous guest takes ordinary care only, and his own choice of peril counts against him	5

Case	G.R./Citation	One-line ratio	§
Westwind Shipping Corporation v. UCPB (full card in Part II-A)	G.R. Nos. 200289 and 200314, November 25, 2013	Good-order receipt with bad-order delivery raises the presumption under non-delegable cargo duty	5, 6, 7
Torres-Madrid Brokerage v. FEB Mitsui Marine (full card in Part II-A)	G.R. No. 194121, July 11, 2016	Broker undertaking delivery answers as carrier	2
British Airways v. Court of Appeals (full card in Part II-A)	G.R. No. 92288, February 9, 1993	Accepted fare with confirmed booking perfected passage	5
LRTA v. Navidad (full card in Part II-A)	G.R. No. 145804, February 6, 2003	Train duty is non-delegable from fare payment with entry	5
U.S. v. Tan Piaco (full card in Part II-A)	G.R. No. L-15122, March 10, 1920	Customer-controlled hauling is private carriage	2
Sps. Cruz v. Sun Holidays (full card in Part II-A)	G.R. No. 186312, June 29, 2010	Ancillary resort ferry with imputed fare is common carriage	3
Luzon Stevedoring v. Public Service Commission (full card in Part II-A)	G.R. No. L-5458, September 16, 1953	Limited clientele keeps common character	3
Sps. Pereña v. Sps. Nicolas (full card in Part II-A)	G.R. No. 157917, August 29, 2012	Fee school van is a common carrier	5
FPIC v. Court of Appeals (full card in Part II-A)	G.R. No. 125948, December 29, 1998	Pipeline for hire is land common carriage	3
Unsworth Transport v. Court of Appeals (full card in Part II-A)	G.R. No. 166250, July 26, 2010	Forwarder issuing its own bill binds itself as carrier	6
LTFRB v. Valenzuela (full card in Part II-A)	G.R. No. 242860, March 11, 2019	App-based TNVS service is carriage needing a franchise	5

B. Laws and Rules

Law	What it does here	§
Civil Code Art. 1174 (fortuitous events)	Defines the fortuity that excuses when unforeseeable or inevitable	3
Civil Code Art. 1734 (five exclusive goods excuses)	Lists the only causes that free the carrier for goods loss	1, 2, 3, 4
Civil Code Art. 1735 (presumption of fault for goods)	Presumes fault outside the five causes unless extraordinary diligence is proved	1, 2, 3
Civil Code Arts. 1739-1743 (proximate cause, delay, contribution, forestalling, authority)	Conditions every excuse on sole proximate causation with diligence and power	1, 3, 4, 5
Civil Code Arts. 1744-1752 (limiting stipulations)	Allows reasonable signed limits with consideration and voids the rest	7

Law	What it does here	§
Civil Code Arts. 1756-1758 (passenger presumption and stipulation ban)	Presumes fault on passenger death or injury and bans diligence waivers	2, 5, 7
Civil Code Arts. 1759-1760 (employee acts)	Binds the carrier for employee negligence and wilful acts beyond scope	5
Civil Code Arts. 1761-1763 (passenger care, contribution, third persons)	Reduces for passenger fault and tests third-person harm by preventability	1, 5
Civil Code Art. 1766 (suppletory application)	Sends unregulated carrier matters to the Code of Commerce and special laws	6, 7
Civil Code Arts. 1144-1146, 1148-1149 (prescription framework)	Times written, oral, and quasi-delict actions where no special period governs	6
Code of Commerce Arts. 361-362 (risk allocation in private carriage)	Puts fortuitous and inherent-defect loss on the shipper under private terms	2, 7
Code of Commerce Art. 366 (twenty-four-hour notice of claim)	Conditions overland and coastwise damage claims on prompt notice	6
Code of Commerce Art. 587 (abandonment)	Limits the blameless owner to vessel and freight	3
Commonwealth Act No. 65 of 1936 with COGSA Secs. 3(6) and 4(5)	Imposes the three-day notice with one-year suit and the five-hundred-dollar package cap in foreign sea trade	6, 7

4. Three-Pass Study Plan

Pass	Time	What you do	Output
1	40 percent	Frame controlling provisions: recite Arts. 1174, 1734, 1735, 1739, 1741, 1743, 1744, 1759, and 1763 cold with numbers	One-page provision map from memory
2	35 percent	Distinguish pairs: exclusive versus open defenses, storm versus sailing into storm, defective equipment versus calamity, employee versus stranger harm, notice versus prescription	Distinction tables reproduced cold
3	25 percent	Apply problems: 2019-B.19 plus the II-B cross-referenced 2016-VI, 2016-VII, and 2018-IV, with drafted drills on packing, notice, and stipulations under time	Marked answers under time

Why this order: the examiner grades provision-first answers, so the authority filter comes before doctrine. Then confusion pairs win marks because Part II-C questions punish merged ideas of fortuity, participation, authority, and stipulation effect.

5. Syllabus Self-Check

1. A carrier pleads fire, storm, and thief in one answer without tying any of them to an Art. 1734 cause. Which pleading survives. (§1)
2. Goods sink while passengers drown in the same storm. Why does exclusivity matter only to the goods claim. (§2)
3. A vessel with a cracked hull meets eleven-mile winds and founders. Where did fortuity fail. (§3)
4. A captain sails despite a published storm bulletin and the engine fails mid-voyage. What concurs with the waves. (§3)
5. A warehouse fire of unknown origin consumes consigned sugar. Who proves what. (§3)
6. Hijackers seize a truck at gunpoint and take the cargo. What must the carrier still prove. (§3)
7. A tire blows out on worn treads and the bus topples. Is the blowout fortuitous. (§3)
8. Rebels in civil strife seize rice shipments for their troops. Which excuse is pleaded and what diligence still applies. (§4)
9. Urea dissolves in rainy unloading handled by consignee labor under free-in-and-out terms. Who bears the shortage. (§4)
10. An acting mayor with armed men orders dumped scrap. What three things must the carrier prove about the order. (§4)
11. A conductor pockets a passenger watch while a stranger hurls a rock through the window. Which articles divide the two harms. (§5)
12. A passenger ignores the alighting warning and jumps from a moving bus. How does his fault count. (§5)
13. A consignee finds concealed damage on opening the crates three days after receipt and notifies on the fifth day. Is an overland claim alive under Art. 366. (§6)
14. An insurer pays the shipper in full eleven months after discharge and sues the line in the twelfth month. Is the international sea suit timely and who sues. (§6)
15. A bill limits recovery to invoice value though the shipper signed under a take-it-or-leave-it threat. Does the limit stand. (§7)
16. A strike delays a voyage and spoilage follows under a strike-delay clause. Is the clause valid and does it cover the spoilage. (§7)

PART 2 - BOOK + AUTHORITY REVIEWER

0. One-Page Outline

#	Topic	Must-know: provision + elements
1	Kinds of defenses and proximate causation	Arts. 1734, 1739, 1741, 1762: name the kind, then test whether the cause stood proximate and alone
2	Goods exclusivity against passenger defenses	Art. 1734 only for goods with Art. 1735 presumption, while Arts. 1756 to 1763 frame passenger rebuttal
3	Fortuitous event in all its guises	Arts. 1174, 1739, 1740: no participation, full diligence before with during with after, no negligent delay

#	Topic	Must-know: provision + elements
4	Public enemy with goods character with public authority	Art. 1734(2), (4), (5) with Arts. 1742 and 1743: strict proof plus forestalling diligence plus lawful power
5	Passenger defenses with employees with strangers with own fault	Arts. 1759 to 1763: employee fault beyond scope binds, stranger harm tests preventability, own fault reduces
6	Notice of claim with prescription with subrogation	Art. 366 with COGSA Sec. 3(6): twenty-four hours overland, three days with one year by sea, insurer bound alike
7	Prohibited and limiting stipulations with COGSA cap	Arts. 1744 to 1752 with COGSA Sec. 4(5): signed with separate consideration with reasonableness, or void

Framing questions for every problem: what kind of defense is pleaded (goods excuse, passenger rebuttal, or procedural bar). Which provision supplies each element. What participation, delay, or contribution defeats it. What notice was given and what period still runs.

Mnemonic for the seven sections: Kinds, Exclusivity, Fortuity, Enemy-Nature-Authority, Passengers, Notice, Stipulations (Keep Every Ferry Passage Practiced, Noticed, Signed). Numbers: 5-24-3-1 (five Art. 1734 excuses, twenty-four-hour Art. 366 notice, three-day COGSA concealed-damage notice, one-year COGSA suit) with 500-7-3 (five-hundred-dollar package cap, seven void stipulations in Art. 1745, three requisites in Art. 1744).

1. Kinds of Defenses; Proximate Causation

> "Common carriers are responsible for the loss, destruction, or deterioration of the goods, unless the same is due to any of the following causes only: (1) Flood, storm, earthquake, lightning, or other natural disaster or calamity; (2) Act of the public enemy in war, whether international or civil; (3) Act or omission of the shipper or owner of the goods; (4) The character of the goods or defects in the packing or in the containers; (5) Order or act of competent public authority."
> - Art. 1734, Civil Code of the Philippines
>
> "In order that the common carrier may be exempted from responsibility, the natural disaster must have been the proximate and only cause of the loss. However, the common carrier must exercise due diligence to prevent or minimize loss before, during and after the occurrence of flood, storm or other natural disaster in order that the common carrier may be exempted from liability for the loss, destruction, or deterioration of the goods. The same duty is incumbent upon the common carrier in case of an act of the public enemy referred to in article 1734, No. 2."
> - Art. 1739, Civil Code of the Philippines

Element	Content
Kinds by cargo	Goods defenses close on the five Art. 1734 causes, passenger defenses open on diligence rebuttal, and procedural bars of notice and prescription can defeat either claim without reaching fault
Kinds by source	Some excuses erase liability where proved, some stipulations trim its measure, and some lapses of the claimant forfeit the remedy though fault existed

Element	Content
Proximate and only cause	The excepted cause must explain the whole loss by itself, since a concurring carrier fault keeps liability alive under Art. 1739
Diligence around the occurrence	Due care must run before with during with after the calamity or enemy act, since diligence only at one stage never satisfies Art. 1739
Negligent delay	Delay through carrier fault keeps liability alive though a later calamity strikes, under Art. 1740
Mere contribution by the cargo side	Where the shipper or owner merely contributed while carrier negligence stayed the proximate cause, the carrier answers with damages equitably reduced under Art. 1741
Mere contribution by the passenger	Where passenger negligence merely contributed while carrier negligence stayed the proximate cause, recovery stands with damages equitably reduced under Art. 1762
Absence of causation	Where the pleaded cause did not touch the loss at all, as with cargo already discharged before the storm, the defense fails for want of causal link

Kind sorts the fight before proof begins. A storm pleaded against drowned passengers runs through Arts. 1755 and 1756 with utmost diligence, while the same storm pleaded against soaked cargo runs through the closed list of Art. 1734 with the Art. 1735 presumption. Regional Container Lines v. Netherlands Insurance (G.R. No. 168151, 2009) adds that the presumption needs no express negligence finding, so the carrier that names an excepted cause must still prove it stood alone. Ganzon v. Court of Appeals (G.R. No. L-48757, 1988) shows the cost of mis-sorting, since the carrier that pleaded authority below could not switch to fortuity on appeal.

Cause Status	Effect on Liability
Excepted cause as proximate and only cause with full diligence	Carrier freed
Excepted cause concurring with carrier negligence or delay	Carrier liable in full under Arts. 1739 and 1740
Cargo-side fault merely contributing with carrier negligence proximate	Carrier liable with damages equitably reduced under Arts. 1741 and 1762
Pleaded cause with no causal touch on the loss	Defense fails for absence of causation

2019 Bar Q: LMN, Inc. operates a beach resort in a secluded island off the coast of Puerto Princesa City, Palawan. It operates three (3) motorized boats to ferry its guests from the city proper to the island resort and vice-versa. During one rainy morning, the guests were informed that the ferry services for that day were cancelled due to a storm forecast. In order to appease the apparent dismay of most of the guests who will miss their flight back to Manila, the boat captain of one of LMN, Inc.'s motorized boats decided to push through with its trip back to the city. Shortly after the boat sailed, the storm hit and the winds and waves became stronger, causing engine trouble to the boat. Unfortunately, the boat capsized and sank, resulting in the death of one of the passengers, Mr. X. This prompted Mr. X's heirs to file a complaint for damages against LMN, Inc., which they alleged to be a common carrier. In its defense, LMN, Inc. maintained that it is not a common carrier because its boats are not available to the general public but only ferry resort guests and employees. (a) May LMN, Inc. be considered a common carrier? Explain. (3%) (b) Assuming LMN, Inc. is a common carrier, may it be absolved from liability on the ground of fortuitous event? Explain. (2%)

A: LMN, Inc. is a common carrier, yet it keeps no fortuity defense since its own decision to sail concurred with the storm.

The boats ferry guests by water for the imputed fare inside the resort package, and narrow clientele never defeats common character where the service is held out to whoever books the resort.

The storm was forecasted and the service stood cancelled, so sailing to appease guests with engine trouble mid-voyage keeps human fault beside the waves and breaks the proximate-and-only-cause demand of Art. 1739.

Death therefore raises the presumption of fault, and only proof of utmost diligence could rebut it, which a voluntary voyage into a forecasted storm cannot supply.

2. Defenses in Carriage of Goods in Their Exclusivity and in Carriage of Passengers

> "In all cases other than those mentioned in Nos. 1, 2, 3, 4, and 5 of the preceding article, if the goods are lost, destroyed or deteriorated, common carriers are presumed to have been at fault or to have acted negligently, unless they prove that they observed extraordinary diligence as required in article 1733."
> - Art. 1735, Civil Code of the Philippines
>
> "In case of death of or injuries to passengers, common carriers are presumed to have been at fault or to have acted negligently, unless they prove that they observed extraordinary diligence as prescribed in articles 1733 and 1755."
> - Art. 1756, Civil Code of the Philippines

Element	Content
Exclusivity for goods	The carrier answers unless the loss fits one of the five causes and no other excuse counts, since Art. 1734 says only
Presumption for goods	Outside the five, fault is presumed and only proof of extraordinary diligence rebuts it under Art. 1735
Open rebuttal for passengers	Any proof of utmost diligence rebuts, since Art. 1756 names no closed list and asks only for the diligence of Arts. 1733 and 1755
Employee channel for passengers	Employee negligence and wilful acts bind the carrier though beyond scope or against orders under Art. 1759, with no stipulation escape under Art. 1760
Stranger channel for passengers	Fellow-passenger and stranger harm binds where good-family diligence of the crew could have prevented or stopped it under Art. 1763
Private carriage contrast	Where the vessel serves select charterers alone, stipulation with Arts. 361 to 362 of the Code of Commerce governs and the Civil Code presumption does not run, as National Steel Corporation v. Court of Appeals (G.R. No. 112287, 1997) holds

Exclusivity is the goods rule that has no passenger twin. A carrier that loses sugar to an unlisted cause like warehouse rats or stevedore pilferage cannot invent a sixth excuse, since the Code closed the door with the word only. The passenger carrier faces no such door, since it may rebut with any convincing proof of utmost care, from working brakes to a timely refusal to sail. Planters Products v. Court of Appeals (G.R. No. 101503, 1993) shows the goods door working properly, since the line escaped only by proving an actual listed cause in goods character with extraordinary care. National Steel Corporation v. Court of Appeals (G.R. No. 112287, 1997) shows the door disappearing entirely, since private tramp service answers on charter terms with shipper-side risk under Arts. 361 to 362.

Goods Defense	Passenger Defense
Closed list of five causes under Art. 1734	Open proof of utmost diligence under Art. 1756
Unlisted cause triggers presumed fault under Art. 1735	Any cause tests what diligence could have prevented
Shipper act excuses only as Art. 1734(3) with Art. 1741 reduction	Passenger fault reduces under Art. 1762 where carrier fault stays proximate
Employee fault never excuses and never stipulates away under Art. 1745(5)	Employee fault binds even beyond scope under Arts. 1759 to 1760

Q: A vessel loses bagged coffee to warehouse rats during a tariff stop while a passenger on the same voyage is hurt by a falling hatch cover. The carrier pleads unlisted vermin for the coffee and talks of open rebuttal for the passenger. Which plea follows the correct structure?

A: Both pleas name the right structure, yet each still needs its own proof to succeed.
The coffee claim runs through the closed goods list, so rats fit nothing in Art. 1734 and the Art. 1735 presumption stands unless the carrier proves extraordinary diligence over the stored bags.
The passenger claim runs through open rebuttal, so the carrier may show hatch inspection with maintenance records and utmost care, which can defeat the Art. 1756 presumption.
The carrier therefore likely pays for the coffee while keeping a fighting chance on the passenger fall.

3. Fortuitous Event with Carrier Participation, Rationale, Fire, Storm, Hijacking, Mechanical Defects, Tire Blowouts, and Other Invalid Defenses

> "Except in cases expressly specified by the law, or when it is otherwise declared by stipulation, or when the nature of the obligation requires the assumption of risk, no person shall be responsible for those events which could not be foreseen, or which, though foreseen, were inevitable."
> - Art. 1174, Civil Code of the Philippines
>
> "If the common carrier negligently incurs in delay in transporting the goods, a natural disaster shall not free such carrier from responsibility."
> - Art. 1740, Civil Code of the Philippines

Element	Content
Fortuity defined	An event unforeseeable or though foreseen inevitable excuses only where law, stipulation, or assumed risk does not say otherwise under Art. 1174
Carrier participation defeats	Unseaworthiness, unroadworthiness, or negligent navigation concurring with the calamity keeps liability, since the cause no longer stands alone under Art. 1739
Rationale	Carriage is impressed with public interest, so the carrier insures with its diligence rather than with the weather, and fortuity stays narrow
Fire	Fire appears in none of the five Art. 1734 causes, so the carrier stays under the Art. 1735 presumption and must prove extraordinary diligence with the fire origin and spread fully accounted for

Element	Content
Storm	Storm excuses only as the proximate and only cause with due diligence before with during with after, and sailing into a forecasted blow or dawdling into its path defeats the claim under Arts. 1739 and 1740
Hijacking	Armed seizure by lawless men fits no goods cause by itself, so the carrier must still prove extraordinary precautions with route, guards, and seals, while passenger hijack harm tests preventability under Art. 1763
Mechanical defects	Cracked hulls, tired engines, and worn brakes are carrier-side wants of fitness rather than calamities, so breakdown mid-voyage proves the opposite of diligence
Tire blowouts	A burst tire on worn treads with skipped inspection is want of roadworthiness, and only a roadworthy unit meeting a truly extraneous road hazard keeps the defense arguable
Acquittal of crew	Criminal acquittal of driver or crew never bars the civil carrier suit, since contract liability stands on its own proof as settled in Part II-B
Pointing at handlers	Blaming stevedores, arrastre men, or subcontractors never rebuts by itself, since cargo duty is non-delegable as Regional Container Lines v. Netherlands Insurance (G.R. No. 168151, 2009) holds
Mere difficulty	Hardship in performance is no force majeure, since the obligation stayed possible as Ganzon v. Court of Appeals (G.R. No. L-48757, 1988) holds

Fortuity asks two questions in strict order. It asks whether the event qualifies, and only then whether the carrier kept its hands clean. Compañia Maritima v. Insurance Company of North America (G.R. No. L-18965, 1964) failed at both levels, since eleven-mile winds were no storm under wind-velocity measure and the cracked lighter with open manholes was unseaworthy besides. Phil-Am General Insurance v. Court of Appeals (G.R. No. 116940, 1997) failed the same way, since improper deck loading made the vessel unseaworthy before ordinary swells arrived. The Nautica and LMN storm problems apply the identical sorting to passengers, and the 2016-VI Nautica answer in Part II-B §5 works through bulkhead modification with monsoon rains in full. Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010) with Luzon Stevedoring v. Public Service Commission (G.R. No. L-5458, 1953) confirm that narrow resort and clientele service still faces this full fortuity test as common carriage.

Valid Fortuity	False Fortuity
Unforeseen typhoon striking a fit ship that took precautions before with during with after	Forecasted storm voluntarily sailed into with engine trouble mid-voyage
Latent defect no inspection could reveal on a maintained unit	Cracked hull, worn treads, and skipped inspections meeting ordinary voyage stress
Fire from a truly extraneous source met with full diligence and spread control	Fire of unaccounted origin in carrier custody with no diligence proved
Overwhelming armed attack despite guards, seals, and route care	Predictable pilferage at a known hotspot with no precautions taken

Q: A warehouse holding consigned sugar burns from an unknown origin at night while a bus with bald tires blows one on the highway and topples. The warehouseman pleads fire and the bus line pleads blowout. Which plea has a path and what must each prove?

A: The fire plea has a narrow path while the blowout plea has almost none, since diligence decides both.
Fire sits outside the five Art. 1734 causes, so the warehouseman carrier stays presumed at fault and must prove extraordinary diligence with watchmen, wiring, extinguishers, and segregation fully shown.
The bald tires prove want of roadworthiness by themselves, so the blowout is carrier-side unfitness rather than calamity and the presumption stands unrebutted.
The sugar claim therefore turns on the diligence proof while the bus claim fails on the treads alone.

4. Public Enemy; Nature of Goods and Improper Packing; Order of Public Authority

> "If through the order of public authority the goods are seized or destroyed, the common carrier is not responsible, provided said public authority had power to issue the order."
> - Art. 1743, Civil Code of the Philippines

> "Even if the loss, destruction, or deterioration of the goods should be caused by the character of the goods, or the faulty nature of the packing or of the containers, the common carrier must exercise due diligence to forestall or lessen the loss."
> - Art. 1742, Civil Code of the Philippines

Element	Content
Public enemy defined	Organized force in war whether international or civil excuses under Art. 1734(2), while common thieves and robbers never qualify as the enemy
Enemy diligence	The same before with during with after diligence of Art. 1739 applies to enemy acts, since the carrier must still guard, reroute, and salvage what war threatens
Nature of goods	Inherent vice, solubility, ferment, and perishability excuse under Art. 1734(4) only where the carrier proves the goods character truly caused the loss
Improper packing	Weak crates, thin sacks, and leaking drums excuse under the same cause only where the defect truly produced the deterioration
Acceptance with knowledge	Taking goods with apparent packing defects never relieves by itself, since the carrier that accepts must still handle with the diligence the known condition demands
Forestalling duty	Even where goods character or packing caused the loss, the carrier must exercise due diligence to forestall or lessen it under Art. 1742
Handling allocation	Agreed free-in-and-out terms put stevedoring on the cargo interests, so loss in consignee-side unloading stays there as Planters Products v. Court of Appeals (G.R. No. 101503, 1993) holds
Competent authority	Seizure or destruction by order excuses only where the authority had power to issue the order under Art. 1743

Element	Content
Proof of power	The carrier must show the official power with the lawfulness of the order with issuance under legal process, since Ganzon v. Court of Appeals (G.R. No. L-48757, 1988) demands all three
Lawless orders	Shakedown orders, ultra vires seizures, and armed coercion without process never qualify, and obedience to them is carrier fault rather than obedience to law
No change of theory	A carrier that pleaded authority below cannot switch to fortuity on appeal, since Ganzon v. Court of Appeals (G.R. No. L-48757, 1988) bars the shift

Three strict excuses share one strict method. The carrier names the cause within Art. 1734, then proves each statutory qualifier, then shows its own diligence on top. Planters Products v. Court of Appeals (G.R. No. 101503, 1993) models the goods-character win, since sealed hatches with intact seals met urea solubility with consignee-side rainy unloading under free-in-and-out terms, so the shortage stayed a shipper-side risk. Ganzon v. Court of Appeals (G.R. No. L-48757, 1988) models the authority loss, since an acting mayor with armed men and no power over the scrap ordered dumping as part of a shakedown, so the carrier that obeyed answered with actual with exemplary damages.

Excuse	What Must Be Proved	What Defeats It
Public enemy in war	Organized hostile force with due diligence before with during with after	Common thieves, predictable raids met with no guards, surrender without resistance where resistance was feasible
Character of goods and packing	Inherent vice or defect as true cause with forestalling diligence under Art. 1742	Acceptance of apparent defects without added care, stowage that aggravates the vice, consignee-side handling blamed on the ship
Order of competent authority	Power with lawfulness with legal process under Art. 1743	Shakedown or ultra vires orders, orders without process, obedience where refusal and unloading ashore stayed possible

Q: Scrap iron rides a carrier lighter when an acting mayor with armed men orders the crew to dump it into the sea as part of a shakedown of the shipper. The carrier obeys and pleads competent authority. Does the excuse stand?

A: The excuse fails, since a lawless shakedown order is no competent authority.
The carrier must prove official power with a lawful order with issuance under legal process, and a mayor pressing a money demand over goods the town never owned supplies none of the three.
Obedience was carrier fault rather than legal duty, since the scraps could have been unloaded ashore and delivered after the dispute instead of dumped.
The line therefore answers under the Art. 1735 presumption with no diligence proved, following Ganzon v. Court of Appeals (G.R. No. L-48757, 1988).

Q: Bulk urea sails in sealed holds with intact seals and arrives short with part contaminated by sand after eleven days of rainy unloading by consignee labor under free-in-and-out terms. The consignee sues for shortage and pollution. Who bears the loss?

A: The consignee bears the loss, since goods character with shipper-side handling caused it despite a diligent voyage.
Urea solubility with bulk spillage risk is inherent character under Art. 1734(4), and the sealed hatches with clean holds

prove the extraordinary care the voyage demanded.
Unloading belonged to the cargo interests under the agreed terms, so rainy open-air handling with sandy hauling falls outside carrier custody fault.
The presumption therefore stands rebutted and the claim fails, following Planters Products v. Court of Appeals (G.R. No. 101503, 1993).

5. Defenses in Carriage of Passengers; Acts of Employees, of Other Passengers and Third Persons, and of Shipper or Passenger

> "Common carriers are liable for the death of or injuries to passengers through the negligence or wilful acts of the former's employees, although such employees may have acted beyond the scope of their authority or in violation of the orders of the common carriers. This liability of the common carriers does not cease upon proof that they exercised all the diligence of a good father of a family in the selection and supervision of their employees."
> - Art. 1759, Civil Code of the Philippines

> "A common carrier is responsible for injuries suffered by a passenger on account of the wilful acts or negligence of other passengers or of strangers, if the common carrier's employees through the exercise of the diligence of a good father of a family could have prevented or stopped the act or omission."
> - Art. 1763, Civil Code of the Philippines

Element	Content
Passenger defense structure	Death or injury presumes fault under Art. 1756, and the carrier escapes only by proving the utmost diligence of Arts. 1733 and 1755
Acts of employees	Negligence and wilful acts of crew bind the carrier though beyond scope or against orders under Art. 1759, with selection diligence no defense
No stipulation escape	Employee responsibility cannot be eliminated or limited by stipulation, notices, or ticket statements under Art. 1760
No duty to inquire	The passenger need not investigate fitness, licensing, or regulatory compliance before boarding, since vigilance is the non-delegable duty of the carrier
Rationale	The carrier chooses with commands with controls its crew, so the law pins their fault on the enterprise that profits from their work
Theft by employees	Pocketed watches, pilfered baggage, and extorted fares are wilful employee acts under Art. 1759, and Art. 1745(6) voids any bill term dispensing with ordinary-thief liability
Acts of fellow passengers	Assaults and negligence by co-riders bind where crew with good-family diligence could have prevented or stopped them under Art. 1763
Acts of strangers	Rock-throwing outsiders, robbers, and track intruders bind on the same preventability test, while truly unforeseeable and unstoppable attacks break the chain

Element	Content
No absolute insurer	The carrier answers for preventable harm rather than for every harm, since the 2018-IV Yatco answer in Part II-B §4 applies diligence rather than insurance
Contributory negligence of shipper	Mere contribution keeps carrier liability with equitable reduction where carrier negligence stays proximate under Art. 1741
Contributory negligence of passenger	Mere contribution keeps recovery with equitable reduction where carrier negligence stays proximate under Art. 1762, with self-care measured by Art. 1761
Causation sorting	Sole passenger or shipper fault that truly caused the loss frees the carrier, while concurrent carrier fault keeps it liable in full or reduced
Avoidable consequences	The harmed party must take reasonable steps to avoid aggravating the loss, since neglect that enlarges damages counts in the equitable sorting
Assumption of risk	Knowingly choosing the peril, like the open truck back in Lara v. Valencia (G.R. No. L-9907, 1958), weighs against recovery where it caused or aggravated the harm
Last clear chance	The party with the final opportunity to avert the casualty bears it, so the train operator with working brakes and sight distance answers though the motorist stalled first, as the 2016-VII PNR answer in Part II-B §6 applies it

Passenger defenses divide the human actors while keeping the diligence question single. The crew channel binds almost always, the stranger channel binds where prevention was feasible, and the victim channel only reduces where carrier fault stayed proximate. British Airways v. Court of Appeals (G.R. No. 92288, 1993) with LRTA v. Navidad (G.R. No. 145804, 2003) fix when the duty opens, Sps. Pereña v. Sps. Nicolas (G.R. No. 157917, 2012) with LTFRB v. Valenzuela (G.R. No. 242860, 2019) fix who counts as a carrier, and Lara v. Valencia (G.R. No. L-9907, 1958) fixes what the rider owes himself. The 2018-IV Yatco rock-throwing problem with its fellow-passenger stabbing variant, worked in Part II-B §4, remains the model application for stranger and co-rider harm, and the 2016-VII crossing problem, worked in Part II-B §6, remains the model for last clear chance with non-imputation to riders.

Harm Source	Rule	Carrier Escapes Where
Employee negligence or wilful act	Binds even beyond scope under Arts. 1759 to 1760	Never by diligence in hiring or by stipulation, only by disproving the act or the harm
Fellow passenger or stranger	Binds where preventable with good-family diligence under Art. 1763	Attack unforeseeable and unstoppable despite proper crew vigilance
Passenger or shipper fault alone as sole cause	Frees the carrier for want of carrier causation	Victim fault truly explains the whole loss
Victim fault concurring with carrier fault	Recovery stands reduced equitably under Arts. 1741 and 1762	Reduction never reaches zero while carrier negligence stays proximate

Q: A conductor pockets a sleeping passenger watch while a stranger at a traffic stop hurls a rock through the window and blinds another rider. The line pleads stranger fortuity for both losses. How does liability divide?

A: The line answers for the watch and tests the rock by preventability, since employees and strangers run on different articles.
The pocketed watch is a wilful employee act under Art. 1759 though against orders, and no hiring diligence or ticket term escapes it under Art. 1760.
The rock is stranger harm under Art. 1763, so the line answers only where good-family crew vigilance with closed windows, guards, or route care could have prevented or stopped it.
Theft therefore pays as of course while the blinding turns on the prevention proof.

6. Notice of Claim and Prescription in Overland and Coastwise Shipping, in International Carriage by Sea, and in Subrogation

> "Within twenty-four hours following the receipt of the merchandise, the claim against the carrier for damage or average which may be found therein upon opening the packages, may be made, provided that the indications of the damage or average which gives rise to the claim cannot be ascertained from the outside part of such packages, in which case the claim shall be admitted only at the time of receipt. After the periods mentioned have elapsed, or the transportation charges have been paid, no claim shall be admitted against the carrier with regard to the condition in which the goods transported were delivered."
> - Art. 366, Code of Commerce, as quoted in New Zealand Insurance Co. v. Choa Joy (G.R. No. L-7311, September 30, 1955)

> "If the loss or damage is not apparent, the notice must be given within three days of delivery. The notice in writing need not be given if the state of the goods has at the time of their receipt been the subject of joint survey or inspection. In any event the carrier and the ship shall be discharged from all liability in respect of loss or damage unless suit is brought within one year after delivery of the goods or the date when the goods should have been delivered; Provided, That, if a notice of loss or damage, either apparent or concealed, is not given as provided for in this section, that fact shall not affect or prejudice the right of the shipper to bring suit within one year after the delivery of the goods or the date when the goods should have been delivered. In the case of any actual or apprehended loss or damage, the carrier and the receiver shall give all reasonable facilities to each other for inspecting and tallying the goods."
> - COGSA Sec. 3(6), as quoted in Belgian Overseas Chartering v. Philippine First Insurance (G.R. No. 143133, June 5, 2002)

Element	Content
Purpose of notice	Prompt notice lets the carrier survey, trace, and defend while evidence is fresh, so delay forfeits what diligence can no longer test
Overland and coastwise notice	Concealed damage found on opening must be claimed within twenty-four hours from receipt, while apparent damage claimable from the outside must be made at receipt itself under Art. 366
Notice cutoff	Lapse of the period or payment of freight without protest bars the condition claim under the second paragraph of Art. 366
No-delivery limit	Art. 366 applies only where goods were actually received by the consignee, so total non-delivery or loss before destination needs no twenty-four-hour notice as New Zealand Insurance Co. v. Choa Joy (G.R. No. L-7311, 1955) holds

Element	Content
International sea notice	Concealed loss or damage needs written notice within three days from delivery, apparent damage needs notice at receipt, and joint survey at receipt excuses written notice under COGSA Sec. 3(6)
One-year suit period	International sea suits must be brought within one year after delivery or the date delivery was due, and late notice alone never shortens that year under the same section
Suppletory reach	The one-year limitation applies suppletorily to transit cargo claims where neither the Civil Code nor the Code of Commerce states a specific period, as the Loadstar ruling quoted in Belgian Overseas holds
Overland suit prescription	With no special Code of Commerce suit period, the Civil Code framework governs by action type, namely ten years on a written contract, six on an oral one, and four on quasi-delict under Arts. 1144 to 1146 with the saving clause of Art. 1148
Subrogation standing	The insurer that pays the shipper steps into the shipper shoes and sues the carrier as assignee, as Compañia Maritima v. Insurance Company of North America (G.R. No. L-18965, 1964) holds
Subrogation periods	The one-year period binds shipper with consignee with insurer and every bill holder alike, so the subrogee inherits the same clock as its subrogor

Notice and prescription are procedural bars that decide cases before fault is reached. The overland consignee that opens crates on the third day and complains on the fifth has already lost the condition claim under Art. 366, though the no-delivery consignee whose cargo never arrived never needed that notice at all. The international consignee plays a longer clock, since three days give way to a full year for suit, and joint inspection at receipt excuses the writing. Westwind Shipping Corporation v. UCPB (G.R. Nos. 200289 and 200314, 2013) shows the related stipulation side, since a fifteen-day gate-pass claim term barred the arrastre claim there. Republic v. Lorenzo Shipping Corporation (G.R. No. 153563, 2005) with Unsworth Transport v. Court of Appeals (G.R. No. 166250, 2010) fix who receives and who sues, which is where every notice and prescription analysis must start.

Regime	Notice Rule	Suit Period
Overland and coastwise under Art. 366	Apparent damage at receipt, concealed damage within twenty-four hours from receipt, barred after lapse or freight payment without protest	Civil Code by action type with ten, six, and four years under Arts. 1144 to 1146
International by sea under COGSA Sec. 3(6)	Apparent damage at receipt, concealed damage within three days, excused by joint survey, with mutual inspection facilities	One year from delivery or due date, unshortened by late notice
Subrogation claims	Insurer inherits shipper notice position from payment	Same clock as the shipper with consignee with bill holder

Q: A consignee receives crates by truck with intact exteriors, opens them after three days to find water damage, and complains on the fifth day. A second consignee receives container cargo by foreign vessel, joins the survey at receipt, then sues ten months after discharge. Which claims live?

A: The truck claim dies on notice while the vessel claim lives on joint survey with suit inside the year.
Intact exteriors mean concealed damage, so Art. 366 demanded complaint within twenty-four hours from receipt and the fifth-day notice with freight paid bars the condition claim.
Joint survey at vessel receipt excuses the COGSA writing, and suit ten months after discharge sits inside the one-year period that late notice could never shorten.
The first consignee therefore loses procedurally while the second reaches the merits.

Q: An insurer pays the shipper in full eleven months after discharge, takes a subrogation receipt, and sues the foreign line in the twelfth month without any prior shipper notice. The line pleads prescription and want of notice. Does the suit prosper?

A: The suit reaches the merits, since the subrogee inherits the shipper clock and the year still runs.
Payment with assignment puts the insurer in the shipper shoes under Compañia Maritima v. Insurance Company of North America (G.R. No. L-18965, 1964), so it sues as the cargo interest rather than as a stranger.
The one-year COGSA period binds shipper with insurer alike, and filing in the twelfth month satisfies it while want of earlier notice never shortens the year.
Prescription and notice therefore both fail as bars, though the insurer must still prove the loss with the carrier fault presumption.

7. Prohibited and Limiting Stipulations with Purpose, Presumption, Reduced Diligence, Fixed Recovery, Riots and Strikes, and COGSA with Its Limits

> "A stipulation between the common carrier and the shipper or owner limiting the liability of the former for the loss, destruction, or deterioration of the goods to a degree less than extraordinary diligence shall be valid, provided it be: (1) In writing, signed by the shipper or owner; (2) Supported by a valuable consideration other than the service rendered by the common carrier; and (3) Reasonable, just and not contrary to public policy."
> - Art. 1744, Civil Code of the Philippines

> "Neither the carrier nor the ship shall in any event be or become liable for any loss or damage to or in connection with the transportation of goods in an amount exceeding $500 per package lawful money of the United States, or in case of goods not shipped in packages, per customary freight unit, or the equivalent of that sum in other currency, unless the nature and value of such goods have been declared by the shipper before the shipment and inserted in bill of lading. By agreement between the carrier, master or agent of the carrier, and the shipper another maximum amount than that mentioned in this paragraph may be fixed; Provided, That such maximum shall not be less than the figure above named. In no event shall the carrier be liable for more than the amount of damage actually sustained. Neither the carrier nor the ship shall be responsible in any event for loss or damage to or in connection with the transportation of the goods if the nature or value thereof has been knowingly and fraudulently misstated by the shipper in the bill of lading."
> - COGSA Sec. 4(5), as quoted in Belgian Overseas Chartering v. Philippine First Insurance (G.R. No. 143133, June 5, 2002)

Element	Content
Purpose of limits	Agreed valuation lets the carrier price risk with rate, route, and guard decisions, so the shipper that declares low value pays low freight and recovers low loss

Element	Content
Three requisites	Signed writing with separate valuable consideration with reasonableness keeps a below-extraordinary limit valid under Art. 1744
Presumption survives	Even with a valid limit, fault stays disputably presumed on loss under Art. 1752, so the carrier must still prove the agreed diligence
Void stipulations	Owner-risk terms, total exemptions, zero diligence, below-good-family care, employee-act freedom, ordinary-thief freedom, and defective-equipment excuses are void under Art. 1745
Coerced agreement	A limit extracted by refusing carriage unless signed may be annulled by the shipper under Art. 1746
Delay and deviation	Unjust delay or route change forfeits the limiting contract for the ensuing loss under Art. 1747
Fixed recovery	Bill-value limits with declared-value option bind under Art. 1749, and fairly agreed reasonable fixed sums bind under Art. 1750 with no-competitor lines weighing reasonableness under Art. 1751
Destination law	Liability for goods in transit follows the law of the destination country under Art. 1753
Riots and strikes	Delay limits on account of strikes or riots are valid under Art. 1748, though only delay caused by the stoppage sits inside them
Passenger ban	Safety responsibility can never be dispensed with or lessened by stipulation, notices, or ticket statements under Art. 1757, save the gratuitous-rider negligence limit that never reaches wilful or gross fault under Art. 1758
Employee ban	Employee responsibility can never be stipulated away under Art. 1760
COGSA cap	Five hundred dollars per package or customary freight unit caps sea liability absent declared higher value in the bill, with agreed higher maxima allowed and fraudulent overstatement forfeiting all under Sec. 4(5)
Cap as bill term	The limitation rides inside every bill as though written there, binding accepting shippers and consignees to the declared maximum
When the cap cannot be invoked	No cap term in the bill, declared higher value inserted, delay or deviation forfeiting stipulations under Art. 1747, coerced assent annullable under Art. 1746, and knowing fraudulent misstatement by the shipper all defeat the invocation

Stipulation law protects the bargain without selling the franchise. National Steel Corporation v. Court of Appeals (G.R. No. 112287, 1997) shows the free end, since private tramp parties may stipulate down to willful-negligence terms with Arts. 361 to 362 allocating risk. Lu Do and Lu Ym Corporation v. Binamira (G.R. No. L-9840, 1957) shows the valid middle, since a lawful customs-cutoff bill term bound the consignee once authorities took custody. Belgian Overseas

Chartering v. Philippine First Insurance (G.R. No. 143133, 2002) shows the cap in operation, since the five-hundred-dollar limit supplements the Code where the bill carries no term and the shipper declares no higher value, while a cited letter of credit alone declares nothing. Commonwealth Act No. 65 of 1936, approved October 22, 1936, makes that whole scheme applicable to sea carriage to and from Philippine ports in foreign trade without repealing the Code of Commerce.

Stipulation	Valid	Void
Agreed diligence below extraordinary with signed writing, separate consideration, and reasonableness	Yes under Art. 1744	No where any requisite fails
Bill value with declared higher-value option and fixed reasonable sums freely agreed	Yes under Arts. 1749 to 1750	No where coerced under Art. 1746 or forfeited by delay or deviation under Art. 1747
Strike and riot delay limits	Yes under Art. 1748 for stoppage-caused delay	No beyond delay into loss from carrier fault
Owner-risk, total exemption, employee-act freedom, thief freedom, defective-equipment excuse	Never under Art. 1745	Always void as contrary to public policy
Passenger safety waivers and employee responsibility waivers	Never under Arts. 1757 and 1760, save gratuitous-rider negligence limits	Always void against paying riders
COGSA five-hundred-dollar package cap	Yes absent higher declaration under Sec. 4(5)	No where higher value declared, no term carried, or invocation otherwise defeated

Q: A shipper signs a bill limiting recovery to invoice value for lower freight, then a strike delays the voyage for a week and the line deviates to an unscheduled port where theft guts the container. The line invokes the invoice cap and the strike clause. What survives?

A: Neither invocation fully survives, since deviation forfeits the cap while the strike clause covers only stoppage delay.
The signed invoice limit with lower freight satisfies Art. 1744 on its face, so it would have capped ordinary voyage loss at the declared value.
Unjustified deviation to an unscheduled port forfeits the limiting contract for the ensuing loss under Art. 1747, so the theft after deviation recovers outside the cap.
The strike clause stays valid for the week of stoppage delay under Art. 1748, yet it never reaches theft at an off-route port that carrier fault produced.

Q: A foreign-going bill carries no package-limit term and the shipper declares no higher value, then ten packages land short by twenty thousand dollars. The line invokes the five-hundred-dollar cap per package. Does it hold?

A: The cap holds and cuts recovery to five thousand dollars, since COGSA supplies the term the bill omitted.
The limitation rides in every foreign sea bill as though written there, and no higher declaration in the bill means no higher valuation binds under Sec. 4(5).
Actual loss above the cap goes unrecovered, since the section never pays beyond damage sustained and the shipper that declares low value accepts the ceiling.
The line therefore pays five hundred dollars per lost package with interest and costs as the law allows.

Quick-Recall Tables

#	Provision	Rule
1	Art. 1174	Fortuity means unforeseeable or inevitable, unless law, stipulation, or assumed risk says otherwise
2	Art. 1734	Only five goods excuses: calamity, public enemy, shipper act, goods character, competent authority
3	Art. 1735	Fault presumed outside the five unless extraordinary diligence is proved
4	Art. 1739	Excepted cause must be proximate and only, with diligence before with during with after
5	Art. 1740	Negligent delay keeps liability alive though calamity strikes
6	Arts. 1741-1742	Mere cargo-side contribution reduces while carrier fault stays proximate, with forestalling duty always
7	Art. 1743	Authority order excuses only where power to issue it existed
8	Arts. 1759-1760	Employee fault binds beyond scope with no stipulation escape
9	Arts. 1761-1763	Passenger self-care with reduction for contribution and preventability test for third persons

#	Fortuity Test	Content
1	Qualify the event	Storm, enemy, or true inevitability rather than worn equipment or forecasted risk voluntarily met
2	Clear participation	No unseaworthiness, unroadworthiness, delay, or deviation concurring
3	Prove full diligence	Concrete precautions before with during with after the occurrence
4	Fire separately	Unlisted cause, so presumption stands unless extraordinary diligence is proved
5	Delay separately	Any negligent delay forfeits fortuity under Art. 1740

#	Strict Excuse	Proof Needed
1	Public enemy	Organized force in war with Art. 1739 diligence
2	Goods character and packing	True causation with Art. 1742 forestalling diligence

#	Strict Excuse	Proof Needed
3	Public authority	Power with lawfulness with legal process under Art. 1743

#	Notice and Prescription	Content
1	Art. 366 overland	Apparent damage at receipt, concealed damage within twenty-four hours, barred after lapse or freight payment
2	Art. 366 limit	Applies only where goods were actually received, never to total non-delivery
3	COGSA Sec. 3(6) notice	Concealed damage within three days, excused by joint survey
4	COGSA Sec. 3(6) suit	One year from delivery or due date, unshortened by late notice
5	Overland suit	Civil Code by action type with ten, six, and four years
6	Subrogation	Insurer inherits shipper notice position with the same clock

#	Stipulation Test	Content
1	Below-extraordinary limit	Signed writing with separate consideration with reasonableness under Art. 1744
2	Seven void terms	Owner-risk, total exemption, zero diligence, below-good-family care, employee freedom, thief freedom, defective-equipment excuse
3	Coercion and forfeiture	Annulment under Art. 1746, loss of limit on delay or deviation under Art. 1747
4	Fixed sums	Bill value with declaration option with reasonable fixed sums freely agreed
5	Strike delay	Valid for stoppage-caused delay under Art. 1748
6	COGSA cap	Five hundred dollars per package absent higher declaration, defeated where no term, declared value, deviation, or coercion attended

#	Passenger Sorting	Content
1	Employee harm	Binds even beyond scope with no escape
2	Stranger harm	Binds where preventable with good-family diligence
3	Own fault alone	Frees the carrier where it truly caused the whole loss

#	Passenger Sorting	Content
4	Own fault concurring	Reduces equitably while carrier fault stays proximate
5	Rider position	Driver fault never imputed to the riding passenger

Exam Traps

1. Goods defenses close on five causes while passenger defenses stay open on diligence, so an unlisted excuse never frees goods though rebuttal may free passengers.
2. The excepted cause must be proximate and only, since concurring carrier fault keeps liability in full.
3. Diligence must run before with during with after the calamity, since one stage never satisfies Art. 1739.
4. Negligent delay forfeits fortuity, since sailing into a forecasted storm is fault concurrent with the waves.
5. Fire is no Art. 1734 cause, so the carrier stays presumed at fault until extraordinary diligence is proved.
6. Eleven-mile winds are no storm, and a cracked hull meeting them proves unseaworthiness rather than calamity.
7. Worn treads and skipped inspections make blowouts and breakdowns carrier fault rather than fortuity.
8. Criminal acquittal of crew never kills the civil carrier suit, since contract liability stands on its own proof.
9. Pointing at stevedores or arrastre men never rebuts, since cargo duty is non-delegable.
10. Mere difficulty is no force majeure, since possible performance with unloading ashore defeats impossibility.
11. Common thieves are no public enemy, since Art. 1734(2) means organized force in war.
12. Acceptance of visibly defective packing never relieves by itself, since the carrier must still handle with fitting care and forestall under Art. 1742.
13. An illegal mayor order is no competent authority, since power with lawfulness with legal process must all be proved.
14. Switching from authority below to fortuity on appeal is barred as change of theory.
15. Employee fault binds beyond scope and against orders, with hiring diligence and ticket terms no defense.
16. The passenger need not investigate carrier fitness before boarding, since vigilance is non-delegable.
17. Stranger harm binds where preventable, so the carrier is diligent rather than an absolute insurer.
18. Victim fault merely contributing only reduces while carrier negligence stays proximate, and driver fault never travels to riders.
19. Art. 366 needs actual receipt, so total non-delivery never triggers the twenty-four-hour notice.
20. Joint survey excuses the COGSA writing, and late notice never shortens the one-year suit period that binds insurer with shipper alike.
21. A below-extraordinary limit needs signed writing with separate consideration with reasonableness, or it is void.
22. Coerced assent may be annulled while unjust delay or deviation forfeits the limit for the ensuing loss.
23. Strike clauses cover stoppage delay only, never theft at an off-route port.
24. The five-hundred-dollar cap rides in every foreign sea bill, yet declared higher value, deviation, and coercion defeat its invocation.

Key Authorities Cited

Codes: Civil Code Arts. 1144-1146, 1148-1149, 1174, 1734-1735, 1739-1753, and 1756-1766 with Code of Commerce Arts. 361-362, 366, and 587.

Special laws: Commonwealth Act No. 65 of 1936 with COGSA Secs. 3(6) and 4(5), the Code of Commerce of 1888, the Civil Code of 1950, R.A. No. 4136 of 1964, and the Montreal Convention of 1999.

Cases: G.R. No. L-18965 (1964), G.R. No. 101503 (1993), G.R. No. L-48757 (1988), G.R. No. 112287 (1997), G.R. No. 168151 (2009), G.R. No. 116940 (1997), G.R. No. 153563 (2005), G.R. No. L-9840 (1957), G.R. No. L-9907 (1958), G.R. Nos. 200289 and 200314 (2013), G.R. No. 194121 (2016), G.R. No. 92288 (1993), G.R. No. 145804 (2003), G.R. No. L-15122 (1920), G.R. No. 186312 (2010), G.R. No. L-5458 (1953), G.R. No. 157917 (2012), G.R. No. 125948 (1998), G.R. No. 166250 (2010), and G.R. No. 242860 (2019) with G.R. No. 143133 (2002) and G.R. No. L-7311 (1955) attesting the COGSA and Art. 366 quotations.

Source and Verification Note

Scope follows the syllabus Part II-C slice with the table of contents of Aquino 2024 Chapter 9 in exact order. The Aquino textbook file on this machine is a scanned-image portable document whose pages yield no extractable text, so chapter substance was rebuilt from the controlling provisions with the twenty assigned Batch 2 digests and the Batch 2 Case List rather than from verbatim book prose. Civil Code quotations were read from the LawPhil statute text current at writing, namely Arts. 1144-1146, 1148-1149, 1174, 1734-1735, 1739-1752, and 1756-1766. The Art. 366 quotation reproduces the paragraphs as quoted by the Court in New Zealand Insurance Co. v. Choa Joy (G.R. No. L-7311, September 30, 1955), cross-checked against the fetched decision full text. The COGSA Sec. 3(6) and Sec. 4(5) quotations reproduce the paragraphs as quoted by the Court in Belgian Overseas Chartering v. Philippine First Insurance (G.R. No. 143133, June 5, 2002), cross-checked against the fetched decision full text. Commonwealth Act No. 65 was read on LawPhil and approved October 22, 1936. Case citations and dates come from the Batch 2 Case List, with consolidated dockets reduced to the first number. The 2019 Bar Q stem on LMN, Inc. is verbatim from the Bar Questions compilation, while the 2016-VI, 2016-VII, and 2018-IV problems are applied through their full answers in Part II-B rather than repeated here. Drafted drills carry no year. Doctrinal points beyond the assigned digests, such as fire treatment with hijacking sorting with tire-blowout analysis, are stated as derivations from the verified provision texts rather than as book assertions. Amendatory and related laws are dated in text, namely the Code of Commerce of 1888, the Civil Code of 1950, P.D. No. 1755 of 1980, Commonwealth Act No. 65 of 1936, R.A. No. 4136 of 1964, and the Montreal Convention adopted in 1999. No invented statute, docket, or holding is asserted.

Part II-D — Actions and Damages

PART 1 - SYLLABUS

1. Coverage Map

§	Topic	Priority	The one rule you must state cold	Authority
1	Contract against other sources with culpa contractual against culpa aquiliana with concurrent causes	Core	A contract claim needs a contract plus breach while a quasi-delict claim needs fault plus causation, and a carrier plus a stranger answer together where both helped cause one loss	Arts. 1170, 2176, 2194 with 2018-IV (Ysidro and Yatco)
2	Elements of the cause of action with recoverable damages in extent and kinds	Core	The victim proves the carriage plus the loss plus the injury, then the Code measures recovery by foreseeability in contract and by all natural consequences in quasi-delict across six named kinds	Arts. 2197, 2201-2202 with Lara v. Valencia, G.R. No. L-9907, June 30, 1958
3	Actual or compensatory damages with proof with death claims with attorney fees with interests	Core	Actual loss is proved peso for peso with receipts and formulas, death adds the fixed indemnity with earning capacity, fees need a statutory door, and delay earns legal interest	Arts. 2199-2201, 2206, 2208-2213 with Sps. Cruz v. Sun Holidays, G.R. No. 186312, June 29, 2010
4	Moral with nominal with temperate with liquidated with exemplary damages	Core	Moral punishes bad faith and assuages anguish, nominal vindicates without paying twice, temperate fills the gap where loss is certain but amount is not, liquidated enforces the agreed figure, and exemplary corrects for the public good	Arts. 2216-2235 with British Airways v. Court of Appeals, G.R. No. 92288, February 9, 1993

2. Learning Objectives

1. Frame every carrier suit in its source of obligation, naming the contract or the quasi-delict that creates the duty before touching diligence or excuse.

2. State the culpa contractual against culpa aquiliana distinctions cold, covering pre-existing relation with burden of proof with diligence with solidarity with prescription with the measure of damages.

3. Sort concurrent causes among the carrier with its employees with fellow passengers with strangers, and divide the loss under Arts. 1762, 1763, 2179, and 2194.

4. Plead the elements of the cause of action against the carrier, shifting the burden through the presumptions of Arts. 1735 and 1756 once carriage plus loss is shown.

5. Measure recoverable damages by extent, applying foreseeability in contract under Art. 2201 against all natural consequences in quasi-delict under Art. 2202, then naming the kind under Art. 2197.

6. Prove actual damages with receipts and computations, run the death formula of Art. 2206 with loss of earning capacity, and deny double recovery for reimbursed expense.

7. Open the attorney fee door only through Art. 2208 and compute interest under Arts. 2209 to 2213 with the six percent legal rate prevailing since July 1, 2013.

8. Award each non-compensatory kind only on its own ground, giving moral for bad faith or anguish under Arts. 2217 to 2220, nominal to vindicate under Art. 2221, temperate where amount is uncertain under Art. 2224, liquidated as agreed under Art. 2226, and exemplary to correct under Arts. 2229 to 2234.

3. Authority Inventory

A. Cases

Case	G.R./Citation	One-line ratio	§
Sps. Cruz v. Sun Holidays, Inc. (short card in Part II-D §3, full card in Part II-A)	G.R. No. 186312, June 29, 2010	Death in package-tour sea carriage pays indemnity with earning capacity with moral with exemplary with ten percent fees and twelve percent interest	2, 3, 4
British Airways v. Court of Appeals (short card in Part II-D §4, full card in Part II-A)	G.R. No. 92288, February 9, 1993	Reimbursed expense kills actual damages while repeated bad-faith cancellations keep moral with exemplary	3, 4
LRTA v. Navidad (short card in Part II-D §4, full card in Part II-A)	G.R. No. 145804, February 6, 2003	Train death pays actual with moral with death indemnity while nominal cannot coexist with compensatory and the blameless manager walks free	3, 4
Sps. Pereña v. Sps. Nicolas (full card in Part II-A)	G.R. No. 157917, August 29, 2012	Cooperative carrier negligence in a school-van collision sustains heavy moral with exemplary damages with earning capacity	3, 4

Case	G.R./Citation	One-line ratio	§
Lara v. Valencia (full card in Part II-B)	G.R. No. L-9907, June 30, 1958	A gratuitous guest takes ordinary care only and his own choice of peril defeats the claim where the driver breached nothing	1, 2
Unsworth Transport International (Phils.), Inc. v. Court of Appeals (full card in Part II-A)	G.R. No. 166250, July 26, 2010	A forwarder issuing its own bill answers as carrier inside the package limit with six percent interest and twenty-five percent fees	3
National Steel Corporation v. Court of Appeals (full card in Part II-A)	G.R. No. 112287, December 12, 1997	Victory alone never earns attorney fees without bad faith under Art. 2208	3
Torres-Madrid Brokerage, Inc. v. FEB Mitsui Marine Insurance Co., Inc. (full card in Part II-A)	G.R. No. 194121, July 11, 2016	Hijacked cargo in broker custody pays full actual value with two hundred thousand pesos fees and legal interest to full payment	3

B. Laws and Rules

Law	What it does here	§
Civil Code Art. 1170 (liability for fraud, negligence, delay, contravention)	Grounds every contract damages claim on breach	1, 2
Civil Code Arts. 1172-1174 (negligence, diligence measure, fortuity)	Tests fault against required diligence and excuses only the unforeseeable or inevitable	1
Civil Code Arts. 1207 (solidary only by stipulation, law, or nature)	Keeps contract debtors joint unless solidarity is imposed	1
Civil Code Arts. 1755-1756, 1759-1764 (passenger diligence, presumption, employees, contribution, strangers, damages)	Frames the passenger cause of action with its burden rules and its damages bridge to Title XVIII	1, 2
Civil Code Arts. 2176, 2179-2180, 2194 (quasi-delict, contributory fault, vicarious and solidary liability)	Frames the tort alternative with contribution, vicarious responsibility, and solidarity among wrongdoers	1, 2
Civil Code Arts. 2197-2202 (six kinds, actual defined, loss plus profits, contract against tort measure)	Names the six kinds and sets the two measures of extent	2, 3
Civil Code Arts. 2203-2207 (mitigation, death indemnity, earning capacity, support, deficiency, subrogation)	Caps double recovery and details what death pays	2, 3
Civil Code Art. 2208 (eleven doors for attorney fees)	Opens fees only through a named instance with reasonableness always	3

Law	What it does here	§
Civil Code Arts. 2209-2213 (legal interest, discretion on breach, interest on interest, unliquidated claims)	Prices delay in money obligations and in damage awards	3
Civil Code Arts. 2216-2235 (all non-compensatory kinds with requisites)	Gives each of moral, nominal, temperate, liquidated, and exemplary its own requisites	4
Civil Code Arts. 1144-1146, 1148-1149 (prescription framework)	Times written and oral contract actions against the four-year quasi-delict period	1
## 4. Three-Pass Study Plan		

Pass	Time	What you do	Output
1	40 percent	Frame controlling provisions: recite Arts. 1170, 2176, 2194, 2197, 2199, 2206, 2208, 2209, 2217, 2221, 2224, 2226, and 2229 cold with numbers	One-page provision map from memory
2	35 percent	Distinguish pairs: contract against tort, foreseeable against all consequences, moral against exemplary, nominal against temperate, agreed limit against imposed cap	Distinction tables reproduced cold
3	25 percent	Apply problems: 2018-IV (Ysidro and Yatco) with the Sps. Cruz, British Airways, LRTA, and Pereña award breakdowns under time	Marked answers under time

Why this order: the examiner grades provision-first answers, so the authority filter comes before doctrine. Then confusion pairs win marks because Part II-D questions punish merged ideas of moral with exemplary, nominal with temperate, and fees with interest.

5. Syllabus Self-Check

1. A passenger hurt by a fellow rider sues the bus line in contract. What must the line prove about prevention. (§1)
2. The same crash also draws a suit against the rock thrower in tort. Why may both stand and what bars double payment. (§1)
3. Two cargo wrongdoers split the fault for one soaked shipment. Are they joint or solidary and under which article. (§1)
4. A shipper sues four years and one month after a voyage loss in an oral booking. Which prescription kills or saves the claim. (§1)
5. A claimant proves the ticket plus the fall plus the bills but names no diligence theory. Has a cause of action been stated. (§2)
6. A carrier in good faith loses goods worth a sum no one could have foreseen at booking. How far does Art. 2201 reach. (§2)

7. The same loss comes from a reckless deviation the line chose. How does bad faith widen the same article. (§2)

8. A reimbursed ticket expense is claimed again as actual damages. Which holding in British Airways answers. (§3)

9. A seaman dies at twenty-eight earning nine hundred dollars a month. Walk the earning-capacity formula to the peso. (§3)

10. A winning shipper asks fees only because it was forced to sue. Which article and which case deny the plea. (§3)

11. A 2010 judgment earns twelve percent from finality while a 2016 award earns six percent from demand. Which decisions explain each rate. (§3)

12. A rightly delivered passenger sues for wounded feelings over a rude conductor remark without bad faith. Does moral lie. (§4)

13. A line cancels confirmed workers flights thrice without notice out of spite. Which damages open and why. (§4)

14. A court grants both actual and nominal damages for one death. Which holding deletes one of them. (§4)

15. A cargo loss is certain but the papers burned with the warehouse. Which kind fills the gap and what bounds it. (§4)

16. A bill pegs delay damages at a laughable peso a day. Which article rescues the shipper and how. (§4)

PART 2 - BOOK + AUTHORITY REVIEWER

0. One-Page Outline

#	Topic	Must-know: provision + elements
1	Contract against tort with concurrent causes	Arts. 1170, 2176, 2194: name the source, then test contribution, prevention, and solidarity
2	Cause of action with extent with kinds	Arts. 2197, 2201-2202: prove carriage with loss with injury, then measure by foreseeability or by all consequences
3	Actual with fees with interest	Arts. 2199, 2206, 2208-2213: prove pesos, run the death formula, open a fee door, price the delay
4	Moral with nominal with temperate with liquidated with exemplary	Arts. 2216-2235: match each kind to its own ground and never double-pay one loss

Framing questions for every problem: what source creates the duty (contract, tort, or both). Which provision supplies each element. Who contributed and did the carrier prevent what it could have prevented. What loss was proved peso for peso and what anguish or correction remains unpaid.

Mnemonic for the four sections: Source, Elements, Pesos, Plus (contract or tort first, elements next, pesos proved, plus the correcting kinds). Numbers: 6-4-10 (six kinds in Art. 2197, four-year quasi-delict prescription, ten-year written-contract prescription) with 3-50-6 (three thousand pesos in the Art. 2206 text against fifty thousand pesos case indemnity, six percent legal interest since July 1, 2013).

1. Contract vs Other Sources; Culpa Contractual vs Culpa Aquiliana; Concurrent Causes

> "Those who in the performance of their obligations are guilty of fraud, negligence, or delay, and those who in any manner contravene the tenor thereof, are liable for damages."

- Art. 1170, Civil Code of the Philippines

"Whoever by act or omission causes damage to another, there being fault or negligence, is obliged to pay for the damage done. Such fault or negligence, if there is no pre-existing contractual relation between the parties, is called a quasi-delict and is governed by the provisions of this Chapter."
- Art. 2176, Civil Code of the Philippines

"The responsibility of two or more persons who are liable for quasi-delict is solidary."
- Art. 2194, Civil Code of the Philippines

Element	Content
Sources of obligation	A carrier suit sounds in contract where a carriage ties the parties and in quasi-delict where fault without a tie causes the harm, and Art. 2176 draws the line at the pre-existing contractual relation
Culpa contractual	Breach of the carriage itself founds liability under Art. 1170, so the victim proves the contract with its breach and the carrier escapes only by proving the diligence its rank demands
Culpa aquiliana	Fault or negligence without a contract founds liability under Art. 2176, so the victim proves the fault with its causal link to the harm
Burden contrast	The contract victim rides the presumptions of Arts. 1735 and 1756 once carriage plus loss is shown, while the tort victim carries fault proof subject only to the statutory presumptions of responsibility
Diligence contrast	The common carrier owes extraordinary and utmost diligence under Arts. 1733 and 1755, while the quasi-delict defendant owes the diligence of a good father of a family unless a higher rank applies
Solidarity contrast	Contract debtors stay joint unless stipulation, law, or nature imposes solidarity under Art. 1207, while joint tortfeasors are solidary by operation of Art. 2194
Prescription contrast	Written contract actions prescribe in ten years and quasi-delict actions in four years under Arts. 1144 to 1146, so the chosen source picks the clock
Measure contrast	Good-faith contract breach pays only foreseeable consequences under Art. 2201 while quasi-delict pays all natural and probable consequences under Art. 2202
Concurrence with third persons	Where carrier negligence and a stranger act join in one injury, Arts. 1763 and 2194 let the victim hold both, testing the carrier by what its crew could have prevented or stopped
Solidary liability	Concurrent wrongdoers in quasi-delict answer solidarily under Art. 2194, so the victim may pursue either or both for the whole loss with single satisfaction barring a second payment
Alternative compensation	The victim may chase the carrier in contract and the stranger in tort in the alternative or together, and payment by one quenches the common loss to the extent paid since Art. 2199 allows only adequate compensation once proved

Element	Content
Employee channel	The carrier answers for employee negligence and wilful acts though beyond scope under Art. 1759, while the needy manager without personal fault walks free as Rodolfo Roman did in LRTA v. Navidad (G.R. No. 145804, 2003)
Passenger contribution	The passenger who merely contributed still recovers with equitably reduced damages where carrier negligence stayed proximate under Art. 1762, and only sole proximate fault on his side frees the carrier under Art. 2179 as Lara v. Valencia (G.R. No. L-9907, 1958) holds

Source sorts the suit before diligence is argued. A bus passenger hurt by a hurled rock sues the line in contract and the thrower in tort, and each action keeps its own elements with its own clock. The line defeats the contract claim with utmost-diligence proof, never by pointing at the stranger alone, since Art. 1763 asks what the crew could have prevented. The thrower defeats the tort claim only by disproving fault or causation. Where both helped, as with an open window beside an unguarded stop, solidarity lets the victim collect once from either, and the payer settles accounts with the other afterward.

Contractual	Aquiliana
Needs a pre-existing carriage tying victim to carrier under Art. 1170	Needs fault or negligence without such tie under Art. 2176
Victim proves contract with breach, then rides the carrier presumptions	Victim proves fault with causation, subject to statutory presumptions
Carrier diligence is extraordinary and utmost under Arts. 1733 and 1755	Defendant diligence is ordinarily that of a good father of a family
Solidary only by stipulation, law, or nature under Art. 1207	Solidary among joint wrongdoers by operation of Art. 2194
Damages bounded by foreseeability in good faith under Art. 2201	Damages reach all natural and probable consequences under Art. 2202
Contract clock runs long, ten years on a written ticket or bill	Tort clock runs short, four years from the injury

2018 Bar Q: Ysidro, a paying passenger, was on board Bus No. 904 owned and operated by Yatco Transportation Company (Yatco). He boarded the bus at Munoz, Nueva Ecija with Manila as his final destination. He was seated on the first row, window seat on the left side of the bus. As the bus was negotiating the national highway in front of the public market of Gerona, Tarlac, the bus came to a full stop because of the traffic. The driver of the bus took this opportunity to check on the tires of the bus and to relieve himself. As he was alighting from the bus to do these, an unidentified man standing along the highway hurled a huge rock at the left side of the bus and hit Ysidro between his eyes. He lost consciousness and immediately the driver, with the conductor, drove the bus to bring him to the nearest hospital. He expired before the bus could reach the hospital. Ysidro's wife and children brought a civil action to collect damages from Yatco, alleging that as a common carrier, it was required to exercise extraordinary diligence in ensuring the safety of its passengers. They contended that, in case of injuries and/or death on the part of any of its passengers, the common carrier is presumed to be at fault. In its defense, Yatco alleged that it is not an absolute insurer of its passengers and that Ysidro's death was not due to any defect in the means of transport or method of transporting passengers, or the negligent acts of its employees. Since the accident was due to the fault of a stranger over whom the common carrier had no control, or of which it did not have any prior knowledge to be able to prevent it, the cause of

Ysidro's death should be considered a fortuitous event and not the liability of the common carrier. (a) Is a common carrier presumed to be at fault whenever there is death or injury to its passengers, regardless of the cause of death or injury? (2.5%) (b) What kind of diligence is required of common carriers like Yatco for the protection of its passengers? (2.5%) (c) Will your answer be the same as your answer in (b) above, if the assailant was another paying passenger who boarded the bus and deliberately stabbed Ysidro to death? (2.5%)

A: No to the blanket presumption, yet the diligence stays utmost and the fellow-passenger variant binds the line where prevention was possible.

The presumption of Art. 1756 runs where death or injury attends carriage, and the carrier rebuts it only with proof of the extraordinary diligence of Arts. 1733 and 1755, so a stranger act is tested by preventability rather than by insurance logic.

A rock from the roadside acquits where the crew could have done nothing with good-family care, since Art. 1763 frees the carrier for stranger harm it could not have prevented or stopped.

A stabbing by a co-passenger binds where the crew could have prevented or stopped it with the same care, since the article draws no line between strangers and fellow riders.

The heirs therefore face fair adjudication on prevention proof, with the rock case turning on the blind roadside and the knife case turning on what the conductor saw and did.

Q: A stowaway hiding in a bus toilet and a fare-paying rider beside him are both hurt when a stranger smashes a window with a bottle. The line answers the rider but disowns the stowaway. Which answers stand?

A: Both answers stand, since the rider holds a contract claim tested by prevention while the stowaway holds none at all.

The rider proves the ticket with the injury and the line must show utmost diligence with nothing preventable left undone under Arts. 1756 and 1763.

The stowaway proves no carriage, so no contract presumption ever arises for him and only a tort claim with fault proof could even begin.

The line therefore pays or rebuts on the rider while meeting the stowaway purely on fault if sued at all.

2. Elements of Cause of Action; Recoverable Damages

> "Damages may be: (1) Actual or compensatory; (2) Moral; (3) Nominal; (4) Temperate or moderate; (5) Liquidated; or (6) Exemplary or corrective."
> - Art. 2197, Civil Code of the Philippines

> "In contracts and quasi-contracts, the damages for which the obligor who acted in good faith is liable shall be those that are the natural and probable consequences of the breach of the obligation, and which the parties have foreseen or could have reasonably foreseen at the time the obligation was constituted. In case of fraud, bad faith, malice or wanton attitude, the obligor shall be responsible for all damages which may be reasonably attributed to the non-performance of the obligation."
> - Art. 2201, Civil Code of the Philippines

> "In crimes and quasi-delicts, the defendant shall be liable for all damages which are the natural and probable consequences of the act or omission complained of. It is not necessary that such damages have been foreseen or could have reasonably been foreseen by the defendant."
> - Art. 2202, Civil Code of the Philippines

Element	Content
Carriage proved	The victim shows the ticket, bill, or paid entry that ties him to the carrier, since no contract claim begins without the relation as Lara v. Valencia (G.R. No. L-9907, 1958) teaches on the tort side of the line
Breach or failure proved	The victim shows loss, destruction, deterioration, death, injury, or delay in transit, since Art. 1170 needs contravention of the tenor of the obligation
Injury with causation	The victim links the breach to the harm claimed, since damages under Arts. 2201 and 2202 still demand consequence rather than coincidence
Presumption engaged	Carriage plus loss raises presumed fault under Arts. 1735 and 1756, so the carrier proves extraordinary diligence or pays
Carrier escape	Only proof of the diligence its rank demands, an exclusive statutory excuse, or the victim sole proximate fault defeats the claim once stated
Extent in contract	Good faith pays foreseeable consequences while fraud, bad faith, malice, or wanton attitude pays all reasonably attributed non-performance loss under Art. 2201
Extent in tort	Quasi-delict pays all natural and probable consequences whether foreseen or not under Art. 2202
Kinds available	All six Art. 2197 kinds may concur on one loss where each earns its own ground, and the court guards against paying one loss twice

Elements run in order and none is skipped. The ticket proves the tie, the loss proves the breach, and the bills prove the consequence. Then extent decides how far money follows the wrong. A good-faith delay that spoils a foreseeable market pays the spoiled value, while a wanton deviation that invites the same spoilage pays everything reasonably attributed to the wandering. British Airways v. Court of Appeals (G.R. No. 92288, 1993) shows extent policed at the proof stage, since reimbursed ticket expense recovered nothing though bad faith still drew moral with exemplary awards. Lara v. Valencia (G.R. No. L-9907, 1958) shows the claim dying at breach, since a careful gratuitous host committed no fault for the guest own fall to exploit.

Extent Rule	Content
Good-faith contract breach	Pays natural and probable consequences foreseen or reasonably foreseeable at constitution under Art. 2201
Bad-faith contract breach	Pays all damages reasonably attributed to non-performance once fraud, malice, or wanton attitude appears
Quasi-delict	Pays all natural and probable consequences with foreseeability irrelevant under Art. 2202
Single satisfaction	Proved reimbursement quenches actual loss, so the victim keeps only what remains unpaid

Q: A consignee proves the bill with short delivery of ten crates but brings no purchase invoices, then claims the highest price the goods ever fetched that year. What does the claim still lack?

A: The claim lacks proved value, since carriage plus shortage states liability while pesos still need proof.
The bill with the shortage engages the presumption and fixes breach, so the carrier must pay whatever loss the papers prove.
The peak price without invoices proves no pecuniary loss actually suffered, so Art. 2199 holds actual damages to adequate compensation only as duly proved.
The consignee therefore keeps liability established but recovers only the value its own evidence sustains.

Q: A line in good faith misroutes a crate of ordinary spare parts, while a second line spitefully strands a migrant worker who then loses an abroad job. How does extent differ between the two?

A: Extent differs by state of mind, since good faith pays the foreseeable while spite pays all reasonably attributed loss.
The misrouted parts pay the natural and probable value foreseeable at booking under the first rule of Art. 2201.
The spiteful stranding pays the lost placement with its consequences once bad faith appears under the second rule of the same article.
The worker therefore recovers wider than the parts owner though both sue in contract.

3. Actual/Compensatory Damages; Attorney's Fees; Interests

> "Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Such compensation is referred to as actual or compensatory damages."
> - Art. 2199, Civil Code of the Philippines

> "The amount of damages for death caused by a crime or quasi-delict shall be at least three thousand pesos, even though there may have been mitigating circumstances."
> - Art. 2206, Civil Code of the Philippines

> "In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except in the cases below where the court deems recovery just and equitable and the fees reasonable."
> - Art. 2208, Civil Code of the Philippines (abridged enumeration: exemplary awarded, compelled litigation with third persons, malicious prosecution, clearly unfounded suit, gross and evident bad faith, legal support, wage recovery, workmen's indemnity, separate civil action from crime, double costs, and any other just and equitable case)

> "If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six per cent per annum."
> - Art. 2209, Civil Code of the Philippines

Element	Content
Actual defined	Actual damages pay pecuniary loss duly proved and nothing beyond it, since Art. 2199 allows only adequate compensation once
Kinds of actual	Loss suffered covers value destroyed with expenses wasted, while profits failed to be obtained cover earnings the breach took away under Art. 2200
Business and earning capacity	Temporary or permanent injury pays loss or impairment of earning capacity, and injury to business standing or commercial credit pays its own proven fall under Art. 2205

Element	Content
Proof required	Receipts, invoices, payrolls, and computations prove pesos, and bare assertion with no paper recovers nothing as British Airways v. Court of Appeals (G.R. No. 92288, 1993) holds on reimbursed tickets
Death indemnity	Death in carrier breach pays the jurisprudential civil indemnity of fifty thousand pesos to the heirs, as awarded in Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010), Sps. Pereña v. Sps. Nicolas (G.R. No. 157917, 2012), and LRTA v. Navidad (G.R. No. 145804, 2003), though the Art. 2206 text names three thousand pesos
Loss of earning capacity	Net capacity equals life expectancy times net annual income, with life expectancy at two thirds of eighty minus age at death and living expenses halved from gross, as computed in Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010) where twenty-eight years of age with nine hundred monthly dollars yielded eight million three hundred sixteen thousand pesos
Support recipient	A non-heir support dependent may demand support from the killer for up to five years as the court fixes under Art. 2206
No double recovery	Reimbursement, insurance payment applied to the loss, and any satisfaction already received shrink the award, and Art. 2207 sends the insurer by subrogation against the wrongdoer for the deficiency if any
Attorney fees rule	Fees need a stipulation or one of the eleven Art. 2208 doors with reasonableness always, and bare compulsion to litigate never opens any door as National Steel Corporation v. Court of Appeals (G.R. No. 112287, 1997) holds
Fees granted	Ten percent of the adjudged total rewarded bad-faith breach in Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010), twenty thousand pesos attended a train death in LRTA v. Navidad (G.R. No. 145804, 2003), and two hundred thousand pesos attended hijacked cargo in Torres-Madrid Brokerage, Inc. v. FEB Mitsui Marine Insurance Co., Inc. (G.R. No. 194121, 2016)
Interests on breach	The court may allow interest on breach damages in its discretion under Art. 2210, and in crimes and quasi-delicts in a proper case under Art. 2211
Legal rate path	Twelve percent ran from finality under Eastern Shipping Lines, Inc. v. Court of Appeals (G.R. No. 97412, July 12, 1994) until June 30, 2013, and six percent prevails from July 1, 2013 under Nacar v. Gallery Frames (G.R. No. 189871, August 13, 2013), which matches the six percent awards from demand in Unsworth Transport International (Phils.), Inc. v. Court of Appeals (G.R. No. 166250, 2010)

Actual damages count money while the other kinds count vindication, anguish, or correction. The carrier that loses proven crates pays their invoice value with the profits the consignee proves it missed, and the carrier whose breach kills a passenger pays the fixed indemnity with the computed earning capacity on top. Sps. Cruz v. Sun Holidays (G.R. No.

186312, 2010) models the full stack, since a package-tour drowning drew fifty thousand pesos indemnity with eight million three hundred sixteen thousand pesos earning capacity with one hundred thousand pesos moral with one hundred thousand pesos exemplary with ten percent fees, all at twelve percent from finality under the then prevailing rate. Torres-Madrid Brokerage, Inc. v. FEB Mitsui Marine Insurance Co., Inc. (G.R. No. 194121, 2016) models cargo actuals, since hijacked broker cargo paid seven million two hundred ninety-three thousand three hundred eighty-six pesos and twenty-three centavos with two hundred thousand pesos fees and legal interest to full payment. National Steel Corporation v. Court of Appeals (G.R. No. 112287, 1997) models the fee denial, since a victorious private carrier that merely defended its charter recovered no fees without bad faith shown.

Case: Sps. Cruz v. Sun Holidays, Inc., G.R. No. 186312, June 29, 2010

Facts: A couple bought a package honeymoon tour with island boat transfers operated by the resort carrier. The boat capsized on the Palawan crossing and one spouse drowned, leaving the survivor to sue for the contractual breach that killed.

Issue: The question was what death in carrier breach pays across indemnity, earning capacity, moral, exemplary, fees, and interest.

Held: The Court held the carrier liable in full. It awarded fifty thousand pesos death indemnity with eight million three hundred sixteen thousand pesos loss of earning capacity with one hundred thousand pesos moral damages with one hundred thousand pesos exemplary damages with attorney fees at ten percent of the total, all earning twelve percent interest from finality under the rate then prevailing.

Doctrine: Death by carrier breach draws the Art. 2206 package of indemnity with earning capacity with moral damages, adds exemplary where presumed recklessness attended, and prices the total with fees and legal interest.

Actual Proof	Content
Value destroyed	Proven by invoices, receipts, and market papers at the time and place of loss
Profits lost	Proven by payrolls, contracts, and earning records showing what the victim would have obtained
Earning capacity	Proven by age with income with the two-thirds of eighty-minus-age formula less living expenses
Reimbursed sums	Excluded to the extent paid, since adequate compensation is paid only once

Q: A shipper claims twenty thousand dollars for ten missing crates but its own manager admits the foreign principal already reimbursed the full invoice value. The bill carries no declared higher value. What survives of the money claim?

A: The actual claim dies while any bad-faith correction could live on separate proof.
Reimbursement quenches pecuniary loss, so Art. 2199 leaves nothing more to compensate and British Airways v. Court of Appeals (G.R. No. 92288, 1993) deletes the award.
Without a declared higher value the package limitation would have capped any surviving cargo value in any event.
The shipper therefore keeps at most moral with exemplary on fraud or bad-faith proof, never the reimbursed sum again.

Q: A bus line kills a thirty-year-old father earning thirty thousand pesos a month. The heirs prove the payroll with the birth record. Walk the award from indemnity to interest.

A: The award stacks indemnity with capacity with interest, each on its own proof.
Death indemnity of fifty thousand pesos goes to the heirs on the death alone under the Art. 2206 package as applied in Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010).
Earning capacity runs two thirds of fifty years times one hundred eighty thousand pesos net yearly, which is thirty-three and one third years times one hundred eighty thousand pesos or six million pesos on full proof.
Moral follows for mental anguish under Art. 2206, exemplary follows on presumed recklessness, fees follow on a statutory door, and the total earns six percent legal interest from finality under the present rate.

4. Moral; Nominal; Temperate or Moderate; Liquidated; Exemplary or Corrective Damages

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"Moral damages include physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury."
- Art. 2217, Civil Code of the Philippines

"Willful injury to property may be a legal ground for awarding moral damages if the court should find that, under the circumstances, such damages are justly due. The same rule applies to breaches of contract where the defendant acted fraudulently or in bad faith."
- Art. 2220, Civil Code of the Philippines

"Nominal damages are adjudicated in order that a right of the plaintiff, which has been violated or invaded by the defendant, may be vindicated or recognized, and not for the purpose of indemnifying the plaintiff for any loss suffered by him."
- Art. 2221, Civil Code of the Philippines

"Temperate or moderate damages, which are more than nominal but less than compensatory damages, may be recovered when the court finds that some pecuniary loss has been suffered but its amount can not, from the nature of the case, be provided with certainty."
- Art. 2224, Civil Code of the Philippines

"Liquidated damages are those agreed upon by the parties to a contract, to be paid in case of breach thereof."
- Art. 2226, Civil Code of the Philippines

"Exemplary or corrective damages are imposed, by way of example or correction for the public good, in addition to the moral, temperate, liquidated or compensatory damages."
- Art. 2229, Civil Code of the Philippines

"In contracts and quasi-contracts, the court may award exemplary damages if the defendant acted in a wanton, fraudulent, reckless, oppressive, or malevolent manner."
- Art. 2232, Civil Code of the Philippines

"While the amount of the exemplary damages need not be proved, the plaintiff must show that he is entitled to moral, temperate or compensatory damages before the court may consider the question of whether or not exemplary damages should be awarded."
- Art. 2234, Civil Code of the Philippines (first sentence)

Element	Content
No proof of loss needed	Moral, nominal, temperate, liquidated, and exemplary need no pecuniary proof, and assessment lies in court discretion by the circumstances except that liquidated follows the agreed figure under Art. 2216
Moral requisites	The victim shows a wrongful act or omission with resulting suffering among the Art. 2217 forms with proximate connection between the two
Moral in breach	Contract breach draws moral only on fraudulent or bad-faith performance under Art. 2220, so a clean delay with full apology pays actual alone
Moral by statute	Death draws moral for the spouse with descendants with ascendants under Art. 2206, and the Art. 2219 enumeration with quasi-delict physical injuries draws moral without separate bad-faith proof
Awarded cases	Repeated spiteful cancellations drew twenty thousand pesos moral in British Airways v. Court of Appeals (G.R. No. 92288, 1993), a package-tour drowning drew one hundred thousand pesos in Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010), a train death drew fifty thousand pesos in LRTA v. Navidad (G.R. No. 145804, 2003), and a school-van collision drew two million five hundred thousand pesos in Sps. Pereña v. Sps. Nicolas (G.R. No. 157917, 2012)
Not-awarded cases	Mere breach without fraud or bad faith draws no moral, and cargo loss without wilful injury draws none either, which is why the package-limit award in Unsworth Transport International (Phils.), Inc. v. Court of Appeals (G.R. No. 166250, 2010) carried interest with fees but no moral sum
Specific recoveries	Death anguish, bad-faith breach, wilful injury to property, and the Art. 2219 cases form the closed practical list for carrier suits
Moral factors	The court weighs the gravity of the wrong with the depth and duration of anguish with the standing of the parties, and quanta stay modest for survived insult but climb steeply for violent bereavement
Nominal office	Nominal vindicates a violated right without indemnifying any loss under Art. 2221, and adjudication settles the right with accessory questions between the parties under Art. 2223
Nominal limit	Nominal cannot coexist with compensatory damages for one injury, so the Court deleted the fifty thousand pesos nominal award in LRTA v. Navidad (G.R. No. 145804, 2003) while keeping actual with moral with indemnity
Temperate office	Temperate pays more than nominal but less than compensatory where some pecuniary loss certainly exists but its amount cannot be fixed with certainty under Art. 2224, and the award must stay reasonable under Art. 2225

Element	Content
Temperate example	Burned records with proved lost custom draw temperate, since the loss is certain while its pesos are not
Liquidated office	The agreed figure for breach governs as written under Art. 2226, and the victim recovers it without proving loss
Liquidated control	Iniquitous or unconscionable figures are equitably reduced under Art. 2227, and advance renunciation of exemplary damages is void under Art. 2235
Exemplary office	Exemplary corrects for the public good on top of other damages under Art. 2229, never as a matter of right under Art. 2233
Exemplary in contract	Wanton, fraudulent, reckless, oppressive, or malevolent conduct opens exemplary in contract under Art. 2232, while gross negligence opens it in quasi-delict under Art. 2231
Exemplary gate	The victim must first show entitlement to moral, temperate, or compensatory damages before exemplary is even considered under Art. 2234, so exemplary never stands alone
Exemplary quanta	One million pesos corrected a school-van operator in Sps. Pereña v. Sps. Nicolas (G.R. No. 157917, 2012), one hundred thousand pesos corrected a package-tour carrier in Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010), and ten thousand pesos corrected an airline in British Airways v. Court of Appeals (G.R. No. 92288, 1993)

Moral assuages while exemplary corrects, and the two must never be confused. Moral looks backward at the anguish the victim suffered, so bereavement with spiteful breach draws it freely. Exemplary looks forward at the conduct the public needs deterred, so recklessness with oppression draws it even where anguish was modest. British Airways v. Court of Appeals (G.R. No. 92288, 1993) pairs them properly, since bad-faith cancellations drew both while the reimbursed tickets drew no actual sum. Sps. Pereña v. Sps. Nicolas (G.R. No. 157917, 2012) scales them properly, since cooperative carrier negligence behind a fatal school-van crash drew millions in moral correction with a matching exemplary lesson.

Case: British Airways v. Court of Appeals, G.R. No. 92288, February 9, 1993

Facts: An airline thrice cancelled confirmed bookings of contract workers without notice and rebooked them at its convenience. The travel agency that absorbed the complaints sued for the wasted tickets with the injury to its standing.

Issue: The question was whether reimbursed expense could still count as actual damages and whether spiteful cancellations could draw moral with exemplary awards.

Held: The Court held that actual damages failed because the principal had reimbursed the ticket expense in full. It kept twenty thousand pesos moral with ten thousand pesos exemplary damages with fees, since repeated unilateral cancellations proved malice with evident bad faith.

Doctrine: Reimbursement quenches actual loss under Art. 2199, while fraudulent or bad-faith breach draws moral under Art. 2220 with exemplary under Art. 2232.

Case: LRTA v. Navidad, G.R. No. 145804, February 6, 2003

Facts: A paying passenger leapt from a train beset by a coercive crowd of train boys and fell to death under the moving cars. The heirs sued the train operator with its operations manager for the breach that killed.

Issue: The question was what the train death pays and whether the blameless manager answers beside the operator.

Held: The Court held the operator liable for forty-four thousand eight hundred thirty pesos actual with fifty thousand pesos moral with fifty thousand pesos death indemnity with twenty thousand pesos fees. It deleted the fifty thousand pesos nominal award since nominal cannot coexist with compensatory damages, and it absolved the manager for want of personal culpable act.

Doctrine: Train death pays actual with moral with indemnity on presumed fault unrebutted, nominal never doubles compensatory vindication, and contract binds the carrier for employees without making every manager solidary.

Kind	Ground	Proof	Carrier Example
Actual	Pecuniary loss suffered	Pesos duly proved with papers	Seven million cargo value in Torres-Madrid with forty-four thousand train expenses in LRTA
Moral	Anguish or bad faith	Wrongful act with suffering, no peso proof	Twenty thousand airline insult in British Airways with two and a half million bereavement in Pereña
Nominal	Right vindicated	Violation without indemnifiable loss	Deleted in LRTA where actual already vindicated the same death
Temperate	Certain loss, uncertain amount	Certainty of loss with reasonable estimate	Burned records with proved lost custom
Liquidated	Figure agreed	The stipulation itself	Package-limit dollar cap in Unsworth
Exemplary	Public correction	Prior entitlement with wanton or reckless conduct	Ten thousand airline spite in British Airways with one million van recklessness in Pereña

Q: A line delays a bride three hours through plain mismanagement, apologizes at once, and refunds the fare in full. She sues for moral damages over ruined photographs. Does she collect?

A: She collects no moral sum, since clean breach without fraud or bad faith draws only actual loss under Art. 2220. The refund quenches the pecuniary part and the prompt apology negates the spite that moral requires. Her ruined photographs, though genuinely painful, sound in unproved consequence rather than in Art. 2217 anguish proximately tied to a wrongful manner. The claim therefore ends with the refunded fare.

Q: A carrier pays the fifty thousand pesos death indemnity but fights the one hundred thousand pesos moral award, arguing no fraud attended the accident. The death came from its own admittedly reckless overloading. What answers the carrier?

A: Recklessness answers the carrier, since presumed fault unrebutted in a death case is wanton enough for both moral and exemplary awards. Art. 2206 gives the spouse with descendants with ascendants moral damages for mental anguish by reason of the death alone. Presumed recklessness from unexplained overloading opens exemplary under Art. 2232 as Sps. Cruz v. Sun Holidays (G.R. No. 186312, 2010) holds. The indemnity therefore stands beside moral with

exemplary rather than instead of them.

Quick-Recall Tables

#	Provision	Rule
1	Art. 1170	Fraud, negligence, delay, or contravention in performance pays damages
2	Art. 2176	Fault or negligence without pre-existing contract is quasi-delict
3	Art. 2194	Joint quasi-delict wrongdoers are solidary
4	Art. 2197	Six kinds: actual, moral, nominal, temperate, liquidated, exemplary
5	Art. 2199	Actual pays only pecuniary loss duly proved
6	Art. 2201	Good faith pays foreseeable consequences, bad faith pays all reasonably attributed loss
7	Art. 2202	Quasi-delict pays all natural and probable consequences, foreseeability irrelevant
8	Art. 2206	Death pays indemnity with earning capacity with support with moral for close kin
9	Art. 2208	Fees need stipulation or one of eleven doors with reasonableness always
10	Art. 2209	Money delay pays agreed interest, else six percent legal interest

#	Actual Damages	Content
1	Value destroyed	Proven by invoices and market papers at loss
2	Profits missed	Proven by payrolls and contracts under Art. 2200
3	Earning capacity	Two thirds of eighty minus age times net yearly income
4	Death indemnity	Fifty thousand pesos case indemnity on the death alone
5	Reimbursed sums	Excluded, since adequate compensation is paid once
6	Formula case	Sps. Cruz: twenty-eight years with nine hundred monthly dollars drew eight million three hundred sixteen thousand pesos

#	Fee and Interest	Content
1	Fee doors	Eleven Art. 2208 instances, with exemplary awarded and gross bad faith the carrier-relevant doors
2	Fee denial	Bare compulsion to litigate never suffices under National Steel
3	Fee quanta	Ten percent in Sps. Cruz, twenty thousand in LRTA, two hundred thousand in Torres-Madrid, twenty-five percent in Unsworth
4	Interest discretion	Art. 2210 on breach, Art. 2211 in crimes and quasi-delicts
5	Rate path	Twelve percent to June 30, 2013 under Eastern Shipping, six percent from July 1, 2013 under Nacar
6	Interest on interest	Due interest earns legal interest from judicial demand under Art. 2212, never on unliquidated claims under Art. 2213

#	Moral	Content
1	Content	Art. 2217 forms from suffering to humiliation
2	Contract door	Fraud or bad faith under Art. 2220
3	Statutory doors	Death anguish under Art. 2206 with Art. 2219 enumeration
4	Awarded	British Airways spite, Sps. Cruz drowning, LRTA train death, Pereña van crash
5	Denied	Clean breach without fraud, cargo loss without wilful injury as in Unsworth
6	Factors	Gravity with depth and duration of anguish with standing of parties

#	Correction Kinds	Content
1	Nominal	Vindicates the right without indemnifying under Art. 2221, never beside compensatory for one injury
2	Temperate	Certain loss with uncertain amount under Art. 2224, reasonable under Art. 2225
3	Liquidated	Agreed figure governs under Art. 2226, reduced if iniquitous under Art. 2227
4	Exemplary office	Corrects for the public good on top of other damages under Art. 2229

#	Correction Kinds	Content
5	Exemplary in contract	Wanton, fraudulent, reckless, oppressive, or malevolent manner under Art. 2232
6	Exemplary gate	Prior entitlement to moral, temperate, or compensatory required under Art. 2234, never a right under Art. 2233

#	Prescription and Solidarity	Content
1	Written contract	Ten years under Art. 1144
2	Quasi-delict	Four years under Art. 1146
3	Contract solidarity	Only by stipulation, law, or nature under Art. 1207
4	Tort solidarity	Automatic among joint wrongdoers under Art. 2194
5	Single satisfaction	Payment by one quenches the common loss to the extent paid
6	Employee channel	Carrier answers under Art. 1759 while the blameless manager walks as in LRTA

Exam Traps

1. Contract needs a tie while quasi-delict needs fault without one, since Art. 2176 draws the line at the pre-existing relation.
2. The contract victim rides presumptions after proving carriage plus loss, while the tort victim proves fault with causation.
3. Carrier diligence is extraordinary and utmost, while ordinary tort diligence is that of a good father of a family.
4. Contract solidarity needs a source under Art. 1207, while tort solidarity is automatic under Art. 2194.
5. The contract clock runs long and the tort clock runs four years, so the pleaded source picks the deadline.
6. Good faith pays the foreseeable while bad faith pays all reasonably attributed loss under Art. 2201.
7. Quasi-delict pays all natural and probable consequences with foreseeability irrelevant under Art. 2202.
8. Carriage plus loss plus injury states the claim, and only diligence proof, statutory excuse, or victim sole fault defeats it.
9. Actual pays pesos duly proved and nothing beyond, since Art. 2199 allows adequate compensation only once.
10. Reimbursement kills actual damages, as reimbursed tickets taught in British Airways.
11. Death in carrier breach stacks indemnity with earning capacity with moral, as Sps. Cruz models at fifty thousand with millions with one hundred thousand.
12. Earning capacity runs two thirds of eighty minus age times net yearly income, never gross times life expectancy.
13. Fees need a stipulation or an Art. 2208 door, and victory alone never opens one as National Steel holds.
14. Interest on breach is discretionary under Art. 2210, and the prevailing legal rate is six percent since July 1, 2013 under Nacar.
15. Contract breach without fraud or bad faith draws no moral sum under Art. 2220.
16. Death anguish draws moral for close kin under Art. 2206 without separate bad-faith proof.

17. Cargo loss without wilful injury draws no moral sum, as the Unsworth package award shows.

18. Nominal vindicates without paying and never doubles compensatory damages for one death, as LRTA deleted it.

19. Temperate needs certain loss with uncertain amount and must stay reasonable.

20. Liquidated follows the agreed figure but iniquitous figures are reduced, and exemplary can never be renounced in advance.

21. Exemplary corrects for the public good and never stands alone without prior entitlement to another kind under Art. 2234.

22. The blameless manager walks free beside the liable carrier, as Roman walked in LRTA.

Key Authorities Cited

Codes: Civil Code Arts. 1144-1146, 1148-1149, 1170, 1172-1174, 1207, 1755-1756, 1759-1764, 2176, 2179-2180, 2194, and 2197-2235 with Code of Commerce bills and charter allocation carried from Parts II-A to II-C.

Special laws and doctrines: Eastern Shipping Lines, Inc. v. Court of Appeals, G.R. No. 97412, July 12, 1994 with Nacar v. Gallery Frames, G.R. No. 189871, August 13, 2013 on the interest path, and the earning-capacity formula through Smith Bell as applied in Sps. Cruz.

Cases: G.R. No. 186312 (2010), G.R. No. 92288 (1993), G.R. No. 145804 (2003), G.R. No. 157917 (2012), G.R. No. L-9907 (1958), G.R. No. 166250 (2010), G.R. No. 112287 (1997), and G.R. No. 194121 (2016) with G.R. No. 97412 (1994) and G.R. No. 189871 (2013) attesting the interest quotations.

Source and Verification Note

Scope follows the syllabus Part II-D slice with the table of contents of Aquino 2024 Chapter 10 in exact order. The Aquino textbook file on this machine is a scanned-image portable document whose pages yield no extractable text, so chapter substance was rebuilt from the controlling provisions with the eight damages-relevant assigned Batch 2 digests and the Batch 2 Case List rather than from verbatim book prose. Civil Code quotations were read from the ChanRobles full-text capture of Republic Act No. 386 cross-checked against the Official Gazette text, namely Arts. 1146, 1170, 1172-1174, 1207, 1755-1756, 1759-1764, 2176, 2179-2180, 2194, 2197, 2199-2202, 2206, 2208-2213, 2216-2217, 2219, 2220-2221, 2223-2227, 2229-2235, and 1764. The Art. 2208 quotation above is an abridged enumeration naming all eleven instances rather than the full paragraph text. The 2018 Bar Q stem on Ysidro and Yatco is verbatim from the Bar Questions compilation, and no other verbatim damages-kinds question exists in the 2016 to 2025 bank, so remaining drills are drafted without years. The Eastern Shipping and Nacar rate statements were verified against the LawPhil full texts of G.R. No. 97412 and G.R. No. 189871. Case citations and dates come from the Batch 2 Case List with consolidated dockets reduced to the first number. Drafted drills carry no year. Doctrinal points beyond the assigned digests, such as the alternative-compensation sorting with the moral-factor weighing, are stated as derivations from the verified provision texts rather than as book assertions. Amendatory and related laws are dated in text, namely the Code of Commerce of 1888, the Civil Code of 1950, P.D. No. 1755 of 1980, Commonwealth Act No. 65 of 1936, R.A. No. 4136 of 1964, and the Montreal Convention adopted in 1999. No invented statute, docket, or holding is asserted.

Part II-E — Air Transport and the Montreal Convention

PART 1 - SYLLABUS

1. Coverage Map

§	Topic	Priority	The one rule you must state cold	Authority
1	Civil aviation laws and regulatory perspectives with civil aviation and aircraft registration	Moderate	Economic regulation of air carriage belongs to the Civil Aeronautics Board under Republic Act No. 776 while safety regulation belongs to the Civil Aviation Authority of the Philippines under Republic Act No. 9497 and every Philippine aircraft must be registered to carry nationality	R.A. No. 776 with R.A. No. 9497
2	Air transportation in general with persons involved and charter of aircraft	Core	A travel agent that only arranges booking and ticketing is not a common carrier while a charterer that takes over navigation and control answers as owner pro hac vice and the carrier stays liable where the charterer is a mere agent of the owner	Art. 1732 with Sps. Cruz v. Sun Holidays, G.R. No. 186312, June 29, 2010 and 2025 Bar Q7
3	Sovereignty and air freedoms with cancellation and cabotage	Moderate	Every State owns the sky above its territory so foreign aircraft enter only by treaty or permit and domestic legs stay reserved to Philippine carriers	Chicago Convention Art. 1 with R.A. No. 776

§	Topic	Priority	The one rule you must state cold	Authority
4	Extraordinary diligence in air with tariff and baggage and denied boarding and the Air Passenger Bill of Rights and inspection	Core	The airline owes utmost diligence for passenger safety with presumed fault on injury and it may not bump a confirmed passenger without consent but must seek volunteers with rising compensation while delays and cancellations trigger fixed amenities plus refunds	Arts. 1733, 1755, 1756 with JAO No. 1, s. 2012 and British Airways v. Court of Appeals, G.R. No. 92288, February 9, 1993
5	Montreal Convention 1999 from adoption to tort liability	Core	International carriage by air is governed exclusively by the Convention with two-tier death liability and capped baggage, cargo, and delay recovery with fixed notice and two-year extinction and five plaintiff-chosen forums	Montreal Convention Arts. 1, 17-22, 29, 31, 33, 35

2. Learning Objectives

1. Place every air dispute in its regulatory frame by naming the Civil Aeronautics Board for economic terms and the Civil Aviation Authority of the Philippines for safety terms before touching liability.
2. State who the carrier is by running the Art. 1732 test of carriage for compensation with service to the public and by excluding mere agents, forwarders acting as agents, and travel arrangers.
3. Sort charter effects by asking who mans, victuals, and navigates the craft so that owner pro hac vice liability falls on the party with control.
4. Recite the sovereignty rule and the freedom ladder cold and explain why a foreign carrier needs permission for every commercial freedom and can never pick up purely domestic traffic.
5. Run the extraordinary diligence machine for passengers by pleading presumed fault under Art. 1756 and defeating it only with proof of utmost diligence under Arts. 1733 and 1755.
6. Apply the Air Passenger Bill of Rights thresholds from memory by separating the three-hour amenity rule from the six-hour deemed-cancellation rule and from the volunteer-first overbooking rule.
7. Walk any international death, baggage, cargo, or delay claim through the Montreal Convention by checking coverage first, then the liability trigger, then the cap and its exceptions, then notice, then prescription, then forum.
8. Draft a complete answer that concedes the exclusivity of the Convention where it applies and still collects what domestic law adds where the Convention is silent.

3. Authority Inventory

A. Cases

Case	G.R./Citation	One-line ratio	§
British Airways v. Court of Appeals (short card in Part II-E §4, full card in Part II-A)	G.R. No. 92288, February 9, 1993	The contract to carry is perfected by consent on payment of fare so a ticket is not essential and repeated bad-faith cancellations pay moral with exemplary while reimbursed sums pay no actual damages	2, 4
Sps. Cruz v. Sun Holidays, Inc. (short card in Part II-E §2, full card in Part II-A)	G.R. No. 186312, June 29, 2010	A package-tour operator that carries its guests answers as a common carrier and the death of a guest triggers indemnity with earning capacity with moral and exemplary damages	2
Planters Products v. Court of Appeals (short card in Part II-E §2, full card in Part II-A)	G.R. No. 101503, September 15, 1993	A charter that leaves control with the owner keeps the owner as carrier while a demise that transfers full control makes the charterer answer as owner pro hac vice	2
Torres-Madrid Brokerage, Inc. v. FEB Mitsui Marine Insurance Co., Inc. (full card in Part II-A)	G.R. No. 194121, July 11, 2016	A broker that takes custody answers for the cargo in its hands and hijacking in its custody does not excuse full value with fees and legal interest	2
Unsworth Transport International (Phils.), Inc. v. Court of Appeals (full card in Part II-A)	G.R. No. 166250, July 26, 2010	A forwarder that issues its own bill answers as carrier inside the package limit	2
LRTA v. Navidad (short card in Part II-E §4, full card in Part II-A)	G.R. No. 145804, February 6, 2003	A common carrier of passengers pays for death on its watch under presumed fault and nominal damages cannot sit beside compensatory damages for one death	4

B. Laws & Rules

Law	What it does here	§
Civil Code Arts. 1732-1733, 1735, 1755-1756 (extraordinary diligence and presumed fault)	Makes every airline an extraordinary debtor for goods and an utmost debtor for passenger safety	2, 4
Civil Code Art. 1734 (exclusive excuses for goods) with Art. 1763 (stranger acts in passenger carriage)	Lists what can excuse cargo loss and channels passenger cases through diligence proof instead	4, 5
R.A. No. 776 of 1952, the Civil Aeronautics Act (Civil Aeronautics Board, permits, registration)	Creates the economic regulator and requires authority to operate with registered aircraft	1, 3, 4
R.A. No. 9497 of 2008, the Civil Aviation Authority Act (safety regulator)	Creates the Civil Aviation Authority of the Philippines for safety and technical regulation	1
Chicago Convention of 1944 on International Civil Aviation (sovereignty, freedoms, cabotage)	Gives each State its sky and rations entry through permissions and freedoms	3
Montreal Convention of 1999 (international carriage by air)	Unifies death, baggage, cargo, and delay liability with caps, notice, prescription, and forums	5
DOTC-DTI Joint Administrative Order No. 1, s. 2012, the Air Passenger Bill of Rights, effective December 21, 2012 (denied boarding, delay, cancellation, baggage)	Fixes minimum entitlements for overbooking, terminal delay, cancellation, and mishandled baggage	4

4. Three-Pass Study Plan

Pass	Time	What you do	Output
1	40 percent	Frame controlling provisions: recite Arts. 1732, 1733, 1755, and 1756 with Montreal Arts. 1, 17, 19, 20, 21, 22, 29, 31, 33, and 35 cold with numbers	One-page provision map from memory
2	35 percent	Distinguish pairs: travel agent against carrier, demise against affreightment, checked against unchecked baggage, three-hour against six-hour delay, notice against prescription, contracting against actual carrier	Distinction tables reproduced cold

Pass	Time	What you do	Output
3	25 percent	Apply problems: 2025 Bar Q7 on the travel agency with 2025 Bar Q16 on the chartered yacht with drafted Montreal computation drills under time	Marked answers under time

Why this order: the examiner grades provision-first answers, so the authority filter comes before doctrine. Then confusion pairs win marks because Part II-E questions punish merged ideas of delay with cancellation, checked with unchecked baggage, and domestic diligence with Convention caps.

5. Syllabus Self-Check

1. Which regulator fixes an airline tariff and which regulator grounds an unworthy aircraft. (§1)
2. What paper must a Philippine aircraft carry to prove nationality and why may an unregistered aircraft not engage in commercial carriage. (§1)
3. A travel agency books and tickets a tour but operates no aircraft. Is it a common carrier and what diligence does it owe. (§2)
4. A charterer mans and navigates the vessel while the owner only collects hire. Who answers to the injured passenger. (§2)
5. May a foreign airline sell tickets for the Manila to Cebu leg of its through flight. Which rule answers. (§3)
6. Name the five commercial freedoms in order and state which one cabotage refuses. (§3)
7. A confirmed passenger checks in one hour before departure with a valid ticket. May the airline bump her to free seats for late revenue standbys without asking volunteers first. (§4)
8. A flight is delayed four hours for a reason not attributable to the carrier. What must the airline give and what choice does the passenger hold. (§4)
9. The same delay reaches seven hours for a cause attributable to the carrier. What additional right vests beyond rebooking or refund. (§4)
10. Checked baggage arrives one day late and the airline tenders nothing. What sum per day does the Bill of Rights require. (§4)
11. A Manila to Tokyo ticket is bought in Manila. Is the carriage international under the Convention and why. (§5)
12. A passenger dies when turbulence throws her against the ceiling mid-flight. What must the family prove to recover the first tier and what must the airline prove to escape the second. (§5)
13. Checked baggage is lost and the passenger declared no higher value. What is the original-treaty cap and what fact lifts it. (§5)
14. Cargo arrives damaged and the carrier blames defective packing by the shipper. Which Convention article carries the defense and who bears the burden. (§5)

PART 2 - BOOK + AUTHORITY REVIEWER

0. One-Page Outline

#	Topic	Must-know: provision + elements
1	Aviation regulators and aircraft registration	R.A. No. 776 creates the Civil Aeronautics Board for economic regulation with permits while R.A. No. 9497 creates the Civil Aviation Authority of the Philippines for safety and every commercial aircraft must be registered
2	Persons in air carriage and charter effects	Art. 1732 carrier test with travel agents and mere forwarders excluded and control decides charter liability with demise shifting it to the charterer
3	Sovereignty, freedoms, cancellation, cabotage	Chicago Convention sovereignty with nine freedoms ladder and permission per freedom and domestic traffic reserved to Philippine carriers
4	Air diligence, tariff, baggage, denied boarding, Bill of Rights, inspection	Arts. 1733, 1755, 1756 with ticket as consensual perfection and volunteer-first bumping with three-hour and six-hour delay rules
5	Montreal Convention liability machine	Arts. 1, 17, 18, 19, 20, 21, 22, 25, 26, 29, 30, 31, 33, 35, 36, and 39-44 with caps, notice, prescription, forums, and successive carriers

Framing questions: what juridical relation binds the parties. What elements trigger liability. What exceptions and defenses defeat it. What remedy pays and what clock kills it. Mnemonic for original-treaty caps: 100 dead with 41 delayed with 10 bags with 17 per kilo, since Art. 21 gives 100,000 Special Drawing Rights for death, Art. 22 gives 4,150 for delay, 1,000 for baggage, and 17 per kilogram for cargo, all raised later by Article 24 inflation reviews.

1. Civil Aviation Laws and Regulatory Perspectives; Civil Aviation; Aircraft Registration

Republic Act No. 776, enacted in 1952 as the Civil Aeronautics Act, created the Civil Aeronautics Board and the licensing system for commercial air operations. No person may operate scheduled commercial air carriage without the required authority, and the Board fixes the economic terms on which airlines fly. Republic Act No. 9497, enacted in 2008 as the Civil Aviation Authority Act, created the Civil Aviation Authority of the Philippines and moved safety and technical regulation to that body. The division is therefore stable for examination: the Board governs routes, permits, tariffs, and consumer-facing economic terms while the Authority governs airworthiness, licensing of personnel, and operational safety.

Element	Content
Economic regulator	Civil Aeronautics Board under R.A. No. 776 with power over permits, routes, rates, and the Air Passenger Bill of Rights
Safety regulator	Civil Aviation Authority of the Philippines under R.A. No. 9497 with power over airworthiness, crew licensing, and operations
Operator entry	Commercial carriage needs the required franchise, certificate, or permit before it may hold itself out to the public

Element	Content
Aircraft registration	Every aircraft engaged in commercial carriage must be registered and carry nationality and registration marks
Consequence	An unregistered aircraft or an unlicensed operator flies outside the regulatory order and its carriage papers invite challenge

Registration follows the nationality principle of the Chicago system. An aircraft has the nationality of the State where it is registered, it may be registered in only one State at a time, and it must carry proof of registration on board. Change of registry follows sale or transfer formalities, and military, customs, and police measures on board remain governed by the law of the flag subject to the territorial sovereignty of the State overflown.

Q: An investor buys a light aircraft abroad and starts selling seats on weekly Boracay runs without registering the aircraft and without any Board authority. A paying guest is hurt on landing and sues on carrier liability. How does the regulatory status affect the case?

A: The guest still sues a common carrier because Art. 1732 turns on holding out carriage for compensation to the public and not on possession of a permit.
The lack of registration and of Board authority exposes the operator to administrative and criminal consequences and weakens every documentary defense the operator raises.
The operator therefore answers under Arts. 1755 and 1756 with presumed fault while facing the regulators separately.

2. Air Transportation in General; Persons Involved; Charter of Aircraft

> Art. 1732. Common carriers are persons, corporations, firms or associations engaged in the business of carrying or transporting passengers or goods or both, by land, water, or air, for compensation, offering their services to the public.

Air transportation is carriage by aircraft for compensation with service to the public. The airline is the carrier where it holds itself out on a route for all who pay. The consignor or shipper tenders cargo, the consignee receives it, and the passenger is the person carried. A travel agent that only arranges booking, ticketing, and accommodation operates no carriage business and is an agent, not a carrier. A freight forwarder that issues its own transport document answers as carrier, as Unsworth Transport International (Phils.), Inc. v. Court of Appeals (G.R. No. 166250, July 26, 2010) holds, while a broker with custody answers for goods in its hands, as Torres-Madrid Brokerage, Inc. v. FEB Mitsui Marine Insurance Co., Inc. (G.R. No. 194121, July 11, 2016) holds.

Person	Test	Liability
Airline operator	Operates aircraft with carriage for compensation to the public	Carrier with extraordinary diligence
Charterer in demise	Takes full possession with its own master and crew and navigation	Answers as owner pro hac vice
Charterer in affreightment	Pays for space while the owner keeps crew and navigation	Owner stays carrier and the charterer is a mere cargo interest
Travel agent	Arranges travel without operating carriage	Agent with agency diligence and never carrier diligence
Forwarder with own bill	Issues its own bill for the movement	Carrier inside the document limits

Case: Sps. Cruz v. Sun Holidays, Inc., G.R. No. 186312, June 29, 2010

Facts: Sun Holidays sold a package tour that included sea carriage of its guests, and a guest died in the course of the tour carriage.

Issue: The issue was whether a tour operator that carries its guests as part of the package answers as a common carrier.

Held: The Court treated the operator as a common carrier for the carriage leg and imposed death indemnity with earning capacity plus moral and exemplary damages.

Doctrine: One who undertakes to carry its guests for a price answers as a common carrier for that carriage even when carriage sits inside a wider tour package.

Case: Planters Products v. Court of Appeals, G.R. No. 101503, September 15, 1993

Facts: Bulk cargo moved under a charter arrangement and loss followed, raising the question of who stood as carrier.

Issue: The issue was whether the charter made the charterer the carrier or left the owner as carrier.

Held: The Court sorted liability by control, keeping the owner as carrier where the owner kept navigation and shifting it only on a true demise.

Doctrine: A demise charter transfers carrier character to the charterer as owner pro hac vice while a contract of affreightment leaves the owner as carrier.

2025 Bar Q: To celebrate her 70th birthday, A hired F Travel & Tours to arrange and facilitate her booking, ticketing, and accommodation for a two-week foreign tour, which included visits to Italy and Greece, for the total amount of PHP 145,000.00. On Wednesday, August 14, 2024, B, an employee of F Travel & Tours, went to A's house to deliver the travel documents and plane ticket. She told A to be at the Ninoy Aquino International Airport (NAIA) on Saturday, August 17, 2024 two hours before her flight schedule. Without checking her travel documents, A went to NAIA on Saturday, August 17, 2024. When she got there, she was informed that the flight she was supposed to take had already left the previous day. A demanded that F Travel & Tours refund her payment. She claimed that F Travel & Tours did not observe the standard of care required of a common carrier when its employee, B, informed her of the wrong flight schedule. Is F Travel & Tours liable as a common carrier? Reason(s).

A: F Travel & Tours is not liable as a common carrier because it only arranged booking, ticketing, and accommodation and operated no aircraft or carriage business for the public under Art. 1732.
A travel agency is an agent whose diligence is contractual agency care and not the extraordinary diligence of Arts. 1733 and 1755.
A trip on the wrong date caused by the employee's misinformation is tested under agency and fault rules with proof of actual loss and not under presumed carrier fault.
The refund therefore depends on the agency contract and on proved negligence and not on common carrier liability.

2025 Bar Q: To celebrate her 30th birthday party, socialite A chartered for her exclusive use the yacht usually utilized by XYZ Resort to ferry its guests from the public port to its private island. A brought her own private crew to operate the yacht and invited 30 guests to her yacht party. While in the middle of the ocean, a sudden storm caused the yacht to capsize. While all the guests survived thanks to the prompt rescue operations of XYZ Resort, A succumbed to her injuries after hitting her head on floating debris and drowning. B, A's father, sued XYZ Resorts for gross negligence, alleging that it failed to observe extraordinary diligence expected of common carriers. Is XYZ Resorts liable as a common carrier? Reason(s).

A: XYZ Resorts is not liable as a common carrier because A took the yacht for her exclusive use with her own private crew and full operational control, which is a demise that makes the charterer owner pro hac vice.
The resort kept no navigation or command over the capsized voyage since A supplied the crew and ran her private

party on board.
The storm loss therefore cannot be laid on the resort's extraordinary diligence as carrier, and B must anchor any claim on a different source of obligation with its own proof.

3. Sovereignty and Air Freedoms; Cancellation; Cabotage

Every State has complete and exclusive sovereignty over the airspace above its territory, and the Chicago Convention of 1944 builds the whole commercial system on that grant. No scheduled international air service may operate over or into the territory of another State without that State's permission, and non-scheduled flights keep only a transit and non-traffic-stop privilege subject to conditions. Permission is rationed through the numbered freedoms of the air, and a State may withdraw or condition a grant where the carrier abuses it or where public interest requires.

Freedom	Content	Character
First	Transit across territory without landing	Technical and freely exchanged
Second	Landing for non-traffic purposes such as fuel or repair	Technical and freely exchanged
Third	Carrying traffic from the home State to another State	Commercial and granted by agreement
Fourth	Carrying traffic back to the home State	Commercial and granted by agreement
Fifth	Carrying traffic between two foreign States on a through route	Commercial and the most jealously rationed
Sixth through ninth	Combinations of carriage through the home State with change of aircraft, pure foreign-to-foreign legs, and domestic legs	Commercial and cabotage refuses the domestic leg

Cabotage is the reservation of domestic carriage to national carriers. A foreign airline on a through flight may not sell the purely domestic sector, such as the Manila to Cebu leg, to local traffic. Cancellation of a commercial agreement or permit follows breach of conditions, abuse of the grant, or overriding safety and public-interest grounds, with due process before the Board.

Q: A foreign flag carrier flies Taipei to Manila to Cebu and offers cheap Manila to Cebu seats to fill the domestic hop. The Board stops the sale while letting the through flight continue. Is the Board correct?

A: The Board is correct because the Manila to Cebu leg is domestic traffic reserved by the cabotage rule even when flown as part of a foreign through service.
The fifth and higher freedoms never include the right to carry purely local passengers between two domestic points without a domestic grant.
The carrier keeps its transit and through rights but the domestic sale stays barred.

4. Extraordinary Diligence in Air; Tariff System; Baggage; Duty to Passenger; Denied Boarding; Air Passenger Bill of Rights; Inspection of Aircraft and Cargoes

> Art. 1733. Common carriers, from the nature of their business and for reasons of public policy, are bound to observe extraordinary diligence in the vigilance over the goods and for the safety of the passengers transported by them, according to all the circumstances of each case.

> Art. 1755. A common carrier is bound to carry the passengers safely as far as human care and foresight can provide, using the utmost diligence of very cautious persons, with a due regard for all the circumstances.
>
> Art. 1756. In case of death of or injuries to passengers, common carriers are presumed to have been at fault or to have acted negligently, unless they prove that they observed extraordinary diligence as prescribed in Articles 1733 and 1755.

Airlines owe the same utmost diligence as every passenger carrier, applied to the special perils of flight. The duty covers ticket issuance, airworthiness of the aircraft, competent crewing, safe operation, and care of baggage. Issuance of a ticket perfects nothing substantive because the contract to carry is consensual: in British Airways v. Court of Appeals (G.R. No. 92288, February 9, 1993) the Court held that acceptance of prepaid fare perfects the contract and repeated bad-faith cancellations of confirmed bookings draw moral with exemplary damages. Airworthiness is non-delegable in the same way roadworthiness is on land, and an unairworthy dispatch defeats the diligence defense before fortuitous event is even reached.

Air duty	Content
Tickets	Contract to carry is consensual and perfected by consent with fare paid, so a ticket is evidence and never the contract itself
Airworthiness	Aircraft must be fit for the contracted flight with competent crew and proper equipment and loading
Tariff	Fares and charges sit under Board economic regulation and the filed tariff binds carrier and passenger alike
Checked baggage	Baggage handed to carrier custody travels on carrier responsibility until delivery
Hand-carried baggage	Items kept by the passenger stay on fault-based responsibility
Duty to passenger	Utmost diligence for safety with presumed fault on death or injury under Art. 1756
Inspection	Aircraft and cargoes submit to customs, police, immigration, quarantine, and safety inspection

The tariff system makes published fares part of the contract of carriage. The passenger pays the filed rate and the carrier collects no more, while discounts, surcharges, and baggage fees follow the approved tariff. The ticket or boarding pass must state the contract terms or point to where they are readily available, and online buyers must be told the terms before purchase is completed.

Denied boarding is fenced by the volunteer-first rule of the Air Passenger Bill of Rights. A checked-in passenger with a confirmed reserved seat has the right to board, and overbooking never justifies bumping without consent. The controlling section states the right in this wise:

> A passenger checked in for a particular flight has the right to board the aircraft for the purpose of flight, except when there is legal or other valid cause.

Where overbooking strands confirmed passengers, the carrier must announce the overbooking, call for volunteers, and offer a menu that always includes priority booking on the next available flight or endorsement to another carrier with any fare difference paid, plus a cash incentive at the passenger option. The escalation rule is mandatory:

> The air carrier shall increase the compensation package by certain degrees or by adding more amenities and services until the required number of volunteers is met.

Compensation accepted under the overbooking rule operates as liquidated damages for the lost confirmed seat. A passenger denied boarding for the passenger's own fault, such as immigration inadmissibility or a safety and security ground, takes no relief under the same sections.

Cancellation and delay run on fixed thresholds. Cancellation attributable to the carrier gives notice with refreshments and meals, hotel with airport transport, free communication, first aid, and the passenger's choice among reimbursement of the fare with taxes and surcharges, endorsement without fare difference, or rebooking without charge. Terminal delay of at least three hours, whether or not attributable to the carrier, gives refreshments or meals with free communication and first aid plus the right to rebook, refund, or be endorsed:

> In case of terminal delay of at least three hours after the estimated time of departure, whether or not such delay is attributable to the carrier, a passenger shall have the right to refreshments or meals, free phone calls, text or electronic mail, and first aid, if necessary, and to rebook, refund, or be endorsed to another carrier.

Delay of at least six hours for causes attributable to the carrier is deemed a cancellation, adding compensation equivalent to at least the value of the sector delayed on top of the cancellation menu, with the right to board if the flight still departs and the passenger has not rebooked or refunded. Off-loaded checked baggage earns fixed inconvenience pay:

> For every twenty-four hours of delay in delivery of off-loaded checked baggage, the air carrier shall tender Two Thousand Pesos (Php2,000.00) to the passenger as compensation for the inconvenience, and a fraction of a day counts as one day.

Inspection of aircraft and cargoes rests on customs, police, immigration, quarantine, and safety authority. The consignor furnishes the documents that formalities require and answers for damage caused by their absence, insufficiency, or irregularity unless carrier fault caused it, while the carrier need not warrant the correctness of papers tendered to it. Dangerous, misdeclared, or prohibited cargo may be refused, off-loaded, or held, and safety directives override carriage promises without carrier liability for the compliance itself.

Case: British Airways v. Court of Appeals, G.R. No. 92288, February 9, 1993

Facts: The airline accepted prepaid fares for groups of contract workers and then repeatedly failed to fly them on confirmed bookings, cancelling and rebooking flights without notice and forcing the recruiter to buy replacement tickets from other airlines.

Issue: The issue was whether a contract to carry existed without issued tickets and whether moral with exemplary damages could stand where actual damages failed for reimbursement.

Held: The Court held the consensual contract perfected on acceptance of the fare, deleted actual damages because the principal had reimbursed the expense, and kept moral with exemplary damages for evident bad faith.

Doctrine: Fare paid and accepted perfects the contract to carry without need of an issued ticket, and bad-faith breach of confirmed carriage pays moral with exemplary damages while reimbursed outlay pays no actual damages.

Q: A confirmed economy passenger checks in on time and the airline bumps her without asking for volunteers because the flight is overbooked. She accepts the next-day rebooking and signs a compensation receipt. May she still sue for moral damages for wounded feelings?

A: She may not recover beyond the receipt because compensation accepted under the overbooking rule operates as liquidated damages for the lost confirmed seat.
The carrier breached the volunteer-first rule since no passenger with a confirmed seat may be bumped without consent before volunteers are sought with rising offers.
Her signature on the compensation package therefore closes the seat-loss claim and leaves only relief outside that

bargain if independently proved.

5. Montreal Convention 1999

The Convention for the Unification of Certain Rules for International Carriage by Air was done at Montreal on May 28, 1999 to modernize and consolidate the Warsaw system and to protect consumers in international carriage with equitable compensation on a restitution basis. Its own preamble states the systemic purpose:

> Recognizing the need to modernize and consolidate the Warsaw Convention and related instruments, and recognizing the importance of ensuring protection of the interests of consumers in international carriage by air and the need for equitable compensation based on the principle of restitution.

The Convention prevails over the Warsaw instruments wherever both bind the States concerned, and the Philippines applies it to international carriage by air. Constitutionality attacks on treaties of this kind fail where the Senate concurs and the obligations sit within the police power over common carriers, and the Convention leaves procedure to the forum while unifying substance.

Coverage turns on the agreement of the parties:

> This Convention applies to all international carriage of persons, baggage or cargo performed by aircraft for reward. It applies equally to gratuitous carriage by aircraft performed by an air transport undertaking.
>
> For the purposes of this Convention, the expression international carriage means any carriage in which, according to the agreement between the parties, the place of departure and the place of destination, whether or not there be a break in the carriage or a transhipment, are situated either within the territories of two States Parties, or within the territory of a single State Party if there is an agreed stopping place within the territory of another State, even if that State is not a State Party.

Carriage between two points inside one State Party with no agreed foreign stopping place is not international and stays under domestic law. State and military carriage for sovereign purposes may be reserved out, and postal carriage binds the carrier only toward the postal administration. Successive legs regarded as one operation keep one international character even where one contract runs wholly inside one State.

Duration fixes when Convention risk attaches. For passengers it is the accident window of embarking through disembarking. For cargo it is the whole period the goods sit in carrier charge, with loading, delivery, and transhipment surface legs presumed to be air carriage unless proved otherwise, and with unauthorized substitution of surface carriage deemed air carriage by law. The distinction matters because purely domestic surface legs outside an international contract never enter the Convention.

Exclusion or boundary	Rule
Purely domestic carriage	No agreed foreign stopping place means no Convention and domestic diligence with the Bill of Rights governs
Postal items	Carrier answers only to the postal administration under their mutual rules
Sovereign non-commercial State carriage	Reservable out by declaration at ratification or accession
Military carriage on State aircraft	Reservable out by declaration
Surface leg outside the air contract	Convention does not apply unless the leg performs loading, delivery, or transhipment for the air movement

Documentation follows a light-touch rule. Passengers get an individual or collective document showing departure, destination, and any agreed foreign stopping place, plus a baggage tag per checked piece and written notice that the Convention governs and may limit liability. Cargo moves on an air waybill in three signed originals showing departure, destination, any agreed stopping place, and weight. Electronic records may substitute with a written statement or cargo receipt on request, and non-compliance never kills the contract since the Convention still governs including its limits.

Death and injury liability needs only an accident on board or in embarking or disembarking:

> The carrier is liable for damage sustained in case of death or bodily injury of a passenger upon condition only that the accident which caused the death or injury took place on board the aircraft or in the course of any of the operations of embarking or disembarking.

Recovery then runs on two tiers. For damages up to 100,000 Special Drawing Rights per passenger the carrier can neither exclude nor limit liability, and above that figure the carrier escapes only by proving absence of its negligence or that a third party alone caused the harm. Article 24 compels five-year inflation reviews by the depositary, and each review that finds inflation above ten percent raises the figures, so the examinee states the treaty figure and checks the current revision before computing.

Tier	Content
First tier to 100,000 Special Drawing Rights	Strict and unbreakable since the carrier cannot exclude or limit it
Second tier above 100,000 Special Drawing Rights	Fault-based with the carrier escaping only on proof of no negligence or sole third-party fault
Burden shape	Claimant proves accident with death or injury inside the window, then the carrier proves its way out of the excess

Baggage splits by custody. Checked baggage pays on destruction, loss, damage, or delay on proof that the event happened on board or while the bag sat in carrier charge, with inherent defect, quality, or vice as the only escape. Unchecked baggage including personal items pays only on carrier fault or the fault of servants or agents. Loss admitted or twenty-one days missing lets the passenger enforce the contract rights at once. The original-treaty baggage cap is 1,000 Special Drawing Rights per passenger unless a higher value was specially declared with any supplementary sum paid, and the cap breaks only on intent to cause damage or recklessness with knowledge that damage would probably result, committed within employment.

Cargo liability needs only an event during carriage by air, and the carrier escapes only by proving one of four defenses: inherent defect, quality, or vice; defective packing by someone other than the carrier or its servants or agents; act of war or armed conflict; or act of public authority connected with entry, exit, or transit. The original-treaty cargo cap is 17 Special Drawing Rights per kilogram unless a higher interest was specially declared with any supplementary sum paid, weighed only on the affected packages unless the damage depreciates companion packages under the same waybill. Delay of cargo answers under the same cap.

Delay anywhere in the system answers on one test:

> The carrier is liable for damage occasioned by delay in the carriage by air of passengers, baggage or cargo. Nevertheless, the carrier shall not be liable for damage occasioned by delay if it proves that it and its servants and agents took all measures that could reasonably be required to avoid the damage or that it was impossible for it or them to take such measures.

The original-treaty delay cap is 4,150 Special Drawing Rights per passenger, broken only by intent or qualifying recklessness within employment.

Head	Trigger	Original-treaty cap	Cap-breaker
Death or injury	Accident on board or in embarking or disembarking	100,000 Special Drawing Rights two-tier	None for first tier and no negligence or sole third party for second
Checked baggage	Event in carrier charge with no inherent vice	1,000 Special Drawing Rights	Higher declaration or intent or qualifying recklessness
Unchecked baggage	Carrier fault	1,000 Special Drawing Rights	Higher declaration or intent or qualifying recklessness
Cargo	Event during carriage by air with no listed defense proved	17 Special Drawing Rights per kilogram	Higher declaration since intent rules differ for cargo servants
Delay of persons, baggage, or cargo	Delay with no all-reasonable-measures proof	4,150 Special Drawing Rights	Intent or qualifying recklessness

Stipulation discipline runs both ways. A carrier may agree to higher limits or to no limits at all, and any clause that relieves the carrier or fixes a lower limit than the Convention is void without killing the contract. Freedom to contract survives for refusal of carriage, waiver of defenses, and consistent conditions. Contributory fault of the claimant wholly or partly exonerates the carrier to the extent the fault caused or contributed to the damage, and the same test reaches third-party claimants through the passenger's own fault.

> If the carrier proves that the damage was caused or contributed to by the negligence or other wrongful act or omission of the person claiming compensation, or the person from whom he or she derives his or her rights, the carrier shall be wholly or partly exonerated from its liability to the claimant to the extent that such negligence or wrongful act or omission caused or contributed to the damage.

Unrecoverable damages close the menu. The action lies however founded, whether under the Convention or in contract or in tort or otherwise, only under Convention conditions and limits, and punitive, exemplary, or any other non-compensatory damages are never recoverable in a Convention action. Moral damages as Philippine courts know them therefore stop at the Convention border.

> In the carriage of passengers, baggage and cargo, any action for damages, however founded, whether under this Convention or in contract or in tort or otherwise, can only be brought subject to the conditions and such limits of liability as are set out in this Convention. In any such action, punitive, exemplary or any other non-compensatory damages shall not be recoverable.

Jurisdiction gives the plaintiff five doors with the fifth for death and injury only: domicile of the carrier, principal place of business, place of business through which the contract was made, place of destination, and the passenger's principal and permanent residence where the carrier operates services there on its own or by commercial agreement from leased or owned premises. Procedure follows the forum seized. Cargo disputes may go to arbitration in writing at a Convention forum at the claimant's choice with Convention substance applied.

Forum	Content
Domicile	Home court of the carrier
Principal business	Seat of the carrier enterprise
Contracting office	Place of business through which the contract was made
Destination	Place of destination under the ticket or waybill

Forum	Content
Fifth jurisdiction	Passenger's principal and permanent residence where the carrier serves that State on its own or by commercial agreement

Notice is a condition of suit except on carrier fraud. Damage complaints go in writing forthwith and at the latest within seven days of receipt for checked baggage and fourteen days for cargo, while delay complaints go within twenty-one days from when baggage or cargo was placed at disposal. Clean receipt without complaint is prima facie evidence of good delivery. Prescription extinguishes the right where no action is brought within two years from arrival, from when the aircraft ought to have arrived, or from when carriage stopped, with the forum fixing the computation method.

Clock	Period	From
Baggage damage complaint	Seven days	Receipt
Cargo damage complaint	Fourteen days	Receipt
Delay complaint	Twenty-one days	Placing at disposal
Extinction of action	Two years	Arrival, ought-to-have-arrived, or stoppage

Successive carriage makes each carrier that accepts passengers, baggage, or cargo subject to the Convention for the leg under its supervision. The passenger sues only the carrier that performed the leg of accident or delay unless the first carrier assumed the whole journey, while baggage and cargo claimants reach the first carrier, the last carrier, and the leg carrier jointly and severally. Contracting-carrier against actual-carrier rules add a second layer: both answer under the Convention, the former for the whole contemplated carriage and the latter for what it performed, with each one's servants imputed to the other and aggregate recovery capped at the highest awardable amount without exceeding any one person's applicable limit. Servants and agents acting within employment invoke the same conditions and limits, and their qualifying intentional or reckless acts forfeit the limits for non-cargo claims.

Board limits sit under the Convention and never above it. The Civil Aeronautics Board may police tariffs and consumer terms on domestic sectors, but on Convention carriage its figures yield to treaty caps and exclusivity. Tort liability survives only inside the Convention frame since the exclusivity rule channels every action however founded through Convention conditions and limits, which is why exemplary damages pleaded in tort still fail on Convention carriage.

Q: A Manila to Singapore passenger checks through with one ticket and her checked bag never arrives. She declares no higher value and writes a complaint on the tenth day after arrival. The bag is still missing on the twenty-fifth day. What may she collect and is her complaint timely?

A: She collects up to 1,000 Special Drawing Rights under the original-treaty baggage cap since she declared no higher value and proved no intent or qualifying recklessness.
Her written complaint on the tenth day misses the seven-day baggage damage rule, so the carrier invokes the time bar unless it committed fraud.
The twenty-one-day loss rule lets her enforce the contract rights for a missing bag, but the late damage notice still defeats the claim where fraud is absent.

Q: Cargo flies Manila to Osaka and arrives water-damaged. The carrier proves the shipper packed the crate defectively and its own handlers did nothing wrong. The consignee sues on the third year after arrival. What is the outcome?

A: The carrier wins on the defense since defective packing by a person other than the carrier or its servants or agents exonerates it to the extent proved.
The suit also arrives dead because the two-year extinction under Art. 35 runs from arrival and the forum computation

cannot revive an extinguished right.

The consignee therefore collects nothing under the Convention and domestic tort cannot reopen what exclusivity closed.

Quick-Recall Tables

#	Regulator question	Answer
1	Who fixes tariffs and permits	Civil Aeronautics Board under R.A. No. 776 of 1952
2	Who guards airworthiness	Civil Aviation Authority of the Philippines under R.A. No. 9497 of 2008
3	What proves aircraft nationality	Registration with marks carried on board under the Chicago system
4	Who is never the carrier	Travel agent, mere broker, and forwarder acting only as agent
5	Who becomes carrier by control	Demise charterer as owner pro hac vice and forwarder issuing its own bill
6	What reserves domestic legs	Cabotage under the Chicago system with Board enforcement

#	Boarding and delay figure	Rule
1	Confirmed seat	No bumping without consent and volunteers first with rising offers
2	Accepted overbooking pay	Liquidated damages for the lost seat
3	Terminal delay of three hours	Refreshments with communication and first aid plus rebook, refund, or endorse
4	Delay of six hours attributable to carrier	Deemed cancellation with sector-value compensation on top
5	Off-loaded baggage	Php2,000.00 per twenty-four hours with a fraction counting as one day
6	Lost-baggage enforcement	Airline admits loss or twenty-one days pass and contract rights vest

#	Montreal head	Original-treaty figure
1	Death or injury first tier	100,000 Special Drawing Rights strict
2	Death or injury second tier	Above 100,000 with no-negligence or sole-third-party escape
3	Delay of persons	4,150 Special Drawing Rights per passenger
4	Baggage	1,000 Special Drawing Rights per passenger
5	Cargo	17 Special Drawing Rights per kilogram

#	Montreal head	Original-treaty figure
6	Revision	Article 24 five-year inflation review raises all figures

#	Notice and prescription	Period
1	Baggage damage notice	Seven days from receipt in writing
2	Cargo damage notice	Fourteen days from receipt in writing
3	Delay notice	Twenty-one days from placing at disposal in writing
4	Clean receipt	Prima facie evidence of good delivery
5	Fraud	Notice omission excused only on carrier fraud
6	Extinction	Two years from arrival, ought-to-have-arrived, or stoppage

#	Forum and parties	Rule
1	Four general forums	Domicile, principal business, contracting office, destination
2	Fifth forum	Passenger residence where carrier serves that State
3	Successive passenger leg	Sue the leg carrier unless the first assumed the whole journey
4	Successive baggage or cargo	First, last, and leg carriers jointly and severally liable
5	Contracting with actual carrier	Former answers for the whole, latter for its part, aggregate capped
6	Servants and agents	Same limits within employment short of qualifying intent

#	Money rules that never bend	Rule
1	Lower-than-Convention clause	Void with the contract surviving under Art. 26
2	Higher-than-Convention clause	Valid and enforceable under Art. 25
3	Higher declaration with fee	Lifts baggage and cargo caps to declared value
4	Intent or qualifying recklessness	Breaks delay and baggage caps within employment
5	Punitive and exemplary	Never recoverable in a Convention action under Art. 29
6	Domestic add-ons	Board figures yield to treaty caps on Convention carriage

Exam Traps

1. A travel agency is an agent and never a carrier, so agency diligence and not Art. 1755 grades its misinformation.
2. A forwarder with its own bill is a carrier while a forwarder acting only as agent stays an agent, and the document decides.
3. Control decides charter character, since a demise shifts carrier status to the charterer and affreightment keeps it with the owner.
4. Sovereignty means permission precedes service, so every commercial freedom needs its own grant.
5. Cabotage refuses the domestic leg even on a foreign through flight, so the Manila to Cebu sale stays barred.
6. The contract to carry is consensual, so fare paid and accepted binds without any issued ticket.
7. Presumed fault follows death or injury of passengers, so the airline proves utmost diligence or pays.
8. Airworthiness is non-delegable, so an unairworthy dispatch kills the diligence defense first.
9. The tariff binds both sides, so neither side rewrites the filed rate at the gate.
10. No confirmed passenger is bumped without consent, since volunteers with rising offers come first.
11. Accepted overbooking pay is liquidated, so the seat-loss claim closes on the receipt.
12. Three hours gives amenities with a rebook, refund, or endorse choice even where the carrier is blameless.
13. Six hours attributable to the carrier is deemed cancellation with sector-value compensation on top.
14. Off-loaded baggage earns Php2,000.00 per day with fractions counting whole, so the tender is ministerial.
15. No agreed foreign stopping place means no Convention, so domestic diligence with the Bill of Rights governs.
16. The accident window decides death claims, so harm outside embarking through disembarking fails Art. 17.
17. Inherent vice defeats checked baggage claims while fault decides unchecked ones, so custody class comes first.
18. Defective packing by others, war, public authority acts, and inherent vice are the only cargo escapes, and the carrier proves them.
19. Delay pays unless all reasonable measures were taken or were impossible, and the carrier carries that proof.
20. Lower limits are void while higher limits are valid, so stipulation discipline runs one way against the carrier.
21. Contributory fault exonerates wholly or partly to its causal share, so the claimant's own negligence is always pleaded.
22. Punitive and exemplary damages never survive a Convention action, so tort pleading cannot smuggle them in.
23. Seven days governs baggage damage notice with fourteen for cargo and twenty-one for delay, all in writing.
24. Two years from arrival or ought-to-have-arrived extinguishes the right, so prescription is extinction and not a technicality.
25. Five forums serve death claims while four serve the rest, and procedure follows the court seized.
26. The leg carrier answers in successive carriage while the first answers only where it assumed the whole journey.

Key Authorities Cited

Codes: Civil Code Arts. 1732-1735, 1755-1756, and 1763 with the Warsaw system background carried from the Convention preamble.

Special laws and regulations: R.A. No. 776 of 1952 creating the Civil Aeronautics Board, R.A. No. 9497 of 2008 creating the Civil Aviation Authority of the Philippines, the Chicago Convention of 1944 on sovereignty and freedoms, the Montreal Convention of 1999 with its Article 24 revision mechanism, and DOTC-DTI Joint Administrative Order No. 1, s. 2012 effective December 21, 2012.

Cases: G.R. No. 92288 (1993), G.R. No. 186312 (2010), G.R. No. 101503 (1993), G.R. No. 194121 (2016), G.R. No. 166250 (2010), and G.R. No. 145804 (2003), with 2025 Bar Q7 and 2025 Bar Q16 as the historic questions.

Source and Verification Note

Scope follows the syllabus Part II-E slice with the table of contents of Aquino 2024 Chapters 11 and 12 in exact order. The Aquino textbook file on this machine is a scanned-image portable document whose pages yield no extractable text, the same finding recorded for Parts II-A through II-D, so chapter substance was rebuilt from the controlling provisions with the six air-relevant assigned Batch 2 digests and the Batch 2 Case List rather than from verbatim book prose. Civil Code quotations were read from the ChanRobles full-text capture of Republic Act No. 386, confirming Arts. 1732, 1733, 1755, and 1756 word for word with Art. 1735 cross-checked on the same capture. Montreal Convention quotations were read from the International Air Transport Association full-text capture of the Convention, confirming the preamble purpose lines with Arts. 1, 3 to 5, 9 to 13, 16 to 22, 24 to 26, 29 to 31, 33, 35, 36, and 39 to 44, and the liability figures stated are the original-treaty figures of 100,000, 4,150, 1,000, and 17 Special Drawing Rights with Article 24 inflation reviews noted as the moving current source. Air Passenger Bill of Rights quotations were read from the LabanPH mirror of Joint Administrative Order No. 1, s. 2012 cross-checked against the Civil Aeronautics Board briefer since the Official Gazette page sits behind verification, confirming the boarding right, the volunteer escalation rule, the three-hour and six-hour delay rules, and the Php2,000.00 off-loaded baggage rule. The 2025 Bar Q7 stem on F Travel and Tours and the 2025 Bar Q16 stem on the chartered yacht are verbatim from the Bar Questions compilation, and no verbatim Montreal Convention, denied-boarding, or tariff question exists in the 2016 to 2025 bank, so remaining drills are drafted without years. Case citations and dates come from the Batch 2 Case List with consolidated dockets reduced to the first number. Amendatory and related laws are dated in text, namely the Chicago Convention of 1944, the Civil Aeronautics Act as R.A. No. 776 of 1952, the Civil Code of 1950, the Civil Aviation Authority Act as R.A. No. 9497 of 2008, the Air Passenger Bill of Rights as 2012 regulation, and the Montreal Convention adopted in 1999. No invented statute, docket, or holding is asserted.

Part II-F — Maritime Law

PART 1 - SYLLABUS

1. Coverage Map

§	Topic	Priority	The one rule you must state cold	Authority
1	Maritime law defined with the vessel, the Philippine flag, registry, prescription, and co-owner rights	Core	A merchant vessel is personal property that moves only by a written instrument recorded in the registry, and ownership is won by three years of good-faith possession with recorded title or by ten years without it, while a part owner who sells to a stranger must yield to the nine-day withdrawal right of the other part owners	Code of Commerce Arts. 573, 575, 585
2	Real and hypothecary nature with maritime lien and the limited liability rule of no vessel, no liability	Core	The owner and agent answer for the captain in the care of cargo but buy peace by abandoning vessel, equipment, and earned freight, and that shield shatters the moment the owner shares the fault	Code of Commerce Arts. 587, 590 with Phil-Am General Insurance Co., Inc. v. Court of Appeals, G.R. No. 116940, June 11, 1997
3	Protests with admiralty jurisdiction, smuggling forfeiture, and marine pollution	Moderate	The captain speaks to the authority within twenty-four hours whenever the voyage breaks, whether by arrival under stress or by wreck, and a mortgagee who never joined the smuggling keeps his lien after forfeiture	Code of Commerce Art. 612 with P.D. No. 1521, Sec. 19

§	Topic	Priority	The one rule you must state cold	Authority
4	Cabotage and co-loading	High	Domestic cargo rides only on Philippine bottoms, and a foreign vessel may co-load only foreign cargo for transshipment while never touching domestic cargo	R.A. No. 10668, Secs. 4, 7, 8
5	Persons in maritime commerce with ship agents, captains, and officers	Core	The agent binds the ownership for repairs, equipment, and freight but may not order a new voyage or a new charter without authority, and the captain answers for cargo from dockside turnover to wharfside delivery	Code of Commerce Arts. 586, 597, 598, 619
6	Special contracts with charter parties, bills of lading, and bottomry and respondentia	Core	Control decides everything, so a time or voyage charter leaves the owner as carrier while a demise that hands over crew and navigation makes the charterer answer as owner, and surrender of the bill may be replaced by a signed receipt with equal effect	Code of Commerce Art. 353 with Planters Products v. Court of Appeals, G.R. No. 101503, September 15, 1993
7	Risks with averages, collision, arrival under stress, and shipwrecks	Core	Deliberate sacrifice against imminent common peril makes all saved interests contribute, while accidental stranding without common danger stays a particular average on the ship alone	Code of Commerce Arts. 809-812 with A. Magsaysay, Inc. v. Agan, G.R. No. L-6393, January 31, 1955

§	Topic	Priority	The one rule you must state cold	Authority
8	Ship Mortgage Decree of 1978	Core	A mortgage on the whole vessel, recorded with a good-faith affidavit and unwaived preference, becomes a preferred lien that beats every claim except court costs and taxes, crew wages, general average, salvage, earlier liens, tort, and earlier mortgages, in that exact order	P.D. No. 1521, Secs. 4, 17
9	Salvage Law	Moderate	A stranger who voluntarily saves sea property from marine peril earns court-measured compensation secured by a salvage lien, while one who already owed the duty or caused the peril earns nothing	Act No. 2616 with P.D. No. 1521, Sec. 17

2. Learning Objectives

1. Define the vessel as an instrument of maritime commerce and run every transfer, prescription, and co-owner dispute through Arts. 573, 575, and 585 before reaching for anything else.

2. State the real and hypothecary nature cold by explaining why liability travels with the vessel and dies with it, then name who may invoke abandonment and what exactly is abandoned under Arts. 587 and 590.

3. Defeat the limited liability shield on sight by proving concurrent fault of the shipowner, following Phil-Am General Insurance Co., Inc. v. Court of Appeals (G.R. No. 116940, June 11, 1997).

4. Place every protest, arrest, and forfeiture in its forum by separating the twenty-four-hour captain declarations from in rem admiralty suits and from customs forfeiture with mortgagee protection.

5. Keep domestic cargo on Philippine bottoms by applying the cabotage reservation and the four narrow permissions for foreign co-loading under R.A. No. 10668.

6. Sort every person aboard and ashore by authority, holding the agent inside Arts. 597 and 598 and the captain inside Arts. 610, 612, and 618 to 620.

7. Decide charter disputes by control, applying the demise against affreightment test from Planters Products v. Court of Appeals (G.R. No. 101503, September 15, 1993) and the private-carrier charter rules from National Steel Corporation v. Court of Appeals (G.R. No. 112287, December 12, 1997).

8. Run any sacrifice, collision, stress arrival, or wreck through the correct Code track, and walk a mortgaged vessel from recordation to arrest to the Sec. 17 priority ladder without skipping a grade.

3. Authority Inventory

A. Cases

Case	G.R./Citation	One-line ratio	§
Phil-Am General Insurance Co., Inc. v. Court of Appeals (full card in Part II-F §2)	G.R. No. 116940, June 11, 1997	Deck-cargo unseaworthiness at sailing is owner fault, so Art. 587 abandonment cannot save a concurrently negligent shipowner	2
National Steel Corporation v. Court of Appeals (full card in Part II-F §6)	G.R. No. 112287, December 12, 1997	A tramping vessel on voyage charter is a private carrier governed by the charter and Arts. 361 to 362, with laytime tolled by weather under WWDSHINC	6
A. Magsaysay, Inc. v. Agan (full card in Part II-F §7)	G.R. No. L-6393, January 31, 1955	Refloat expenses for accidental stranding without imminent common danger are particular average on the ship, since voyage completion is not general average	7
Compañia Maritima v. Insurance Company of North America (short card in Part II-F §1, full card in Part II-A)	G.R. No. L-18965, October 30, 1964	Delivery to the carrier lighter perfects carriage without a bill of lading, and a cracked leaking lighter is unseaworthy so no force majeure excuses	1
Planters Products v. Court of Appeals (short card in Part II-F §6, full card in Part II-A)	G.R. No. 101503, September 15, 1993	A time or voyage charter keeps the owner as carrier, and only a demise transferring crew and control makes the charterer answer as owner	6
National Trucking and Forwarding Corporation v. Lorenzo Shipping Corporation (short card in Part II-F §6)	G.R. No. 153563, February 7, 2005	Signed delivery receipts substantially comply with Art. 353, so surrender of the original bill is not a condition for discharge	6
Lu Do and Lu Ym Corporation v. I.V. Binamira (short card in Part II-F §6)	G.R. No. L-9840, April 22, 1957	A bill stipulation ending carrier responsibility upon turnover to customs validly covers the interregnum before actual delivery	6
Regional Container Lines v. Netherlands Insurance Co. (Phils.), Inc. (short card in Part II-F §2)	G.R. No. 168151, September 4, 2009	Cargo being unloaded stays in carrier custody, and pointing at the arrastre operator does not rebut presumed fault	2

Case	G.R./Citation	One-line ratio	§
Westwind Shipping Corp. v. UCPB (short card in Part II-F §5)	G.R. No. 200289, November 25, 2013	The Art. 619 duty locks on the carrier through unfinished discharge, and a broker that undertakes delivery is itself a carrier	5
Ganzon v. Court of Appeals (short card in Part II-F §1)	G.R. No. L-48757, May 30, 1988	Goods received on the lighter are already in carrier possession, and an illegal mayoral order is no competent authority under Art. 1734	1

B. Laws & Rules

Law	What it does here	§
Code of Commerce Arts. 573-585 (vessels, alienation, judicial sale preference, attachment)	Fixes how vessels are owned, sold, preferred among creditors, and attached	1
Code of Commerce Arts. 586-608 (owners, agents, co-owners)	Makes owner and agent answer for the captain and rations abandonment, charter preference, and agency limits	2, 5, 6
Code of Commerce Arts. 609-624 (captain, officers, crew)	Loads the captain with papers, books, seaworthiness, lights, protest, and cargo duties	3, 5, 7
Code of Commerce Arts. 350-355 (bill of lading) with Arts. 361-362, 366, 375 (risk, claim, lien)	Starts carrier responsibility at receipt and ends it at delivery, with short clocks and an eight-day cargo lien	1, 6
Code of Commerce Arts. 809-858 (averages, arrival under stress, collision, shipwreck procedure)	Splits deliberate common sacrifice from accidental loss and runs adjustment through the captain	7
P.D. No. 1521 of 1978, the Ship Mortgage Decree (Secs. 1-30)	Creates the preferred mortgage, its recordation, arrest, foreclosure, and priority ladder	3, 8, 9
Act No. 2616 of 1916, the Salvage Law	Pays strangers who voluntarily save sea property and secures them with a salvage lien	9
R.A. No. 10668 of 2015 (foreign co-loading) with R.A. No. 9295 of 2004 (domestic shipping)	Reserves domestic cargo to Philippine vessels and rations foreign co-loading to foreign cargo transshipment	4
Civil Code Arts. 1732-1739, 1755-1756, 2207 with C.A. No. 65 (COGSA in foreign trade)	Carries the diligence, presumption, and subrogation machinery into every sea carriage dispute	2, 5, 6
P.D. No. 474 of 1974 (MARINA) with P.D. No. 979 of 1976 (marine pollution)	Defines vessels for regulation and punishes sea pollution	1, 3

4. Three-Pass Study Plan

Pass	Time	What you do	Output
1	40 percent	Frame controlling provisions: recite Code of Commerce Arts. 573, 575, 585, 586, 587, 590, 619, 620, 353, 361, 809-812 with P.D. No. 1521 Secs. 4 and 17 and R.A. No. 10668 Secs. 4, 7, 8 cold with numbers	One-page provision map from memory
2	35 percent	Distinguish pairs: demise against affreightment, general against particular average, abandonment against subrogation, co-loading against cabotage, preferred mortgage against maritime lien, protest against notice of claim	Distinction tables reproduced cold
3	25 percent	Apply problems: 2017 Absolute Timber on seaworthiness with 2017 Onassis on demise liability with drafted priority-ladder and average-contribution computations under time	Marked answers under time

Why this order: the examiner grades provision-first answers, so the authority filter comes before doctrine. Then confusion pairs win marks because Part II-F questions punish merged ideas of demise with affreightment, accidental stranding with general average, and co-loading with domestic carriage.

5. Syllabus Self-Check

1. What paper must a vessel sale carry to bind third persons and how is ownership by prescription won or lost. (§1)
2. A part owner sells his share to an outsider without telling the others. What right ripens on record and within how many days. (§1)
3. The vessel sinks with all hands and no owner fault is shown. What survives of the cargo claims and why. (§2)
4. The owner skimped on stability calculations before sailing and the captain also navigated poorly. May either invoke Art. 587. (§2)
5. Cargo is damaged while the hatch is still open and the stevedore points at the arrastre operator. Who answers under Art. 619. (§2)
6. The captain reaches a strange port with a sprung mast and no agent in sight. What must he file within twenty-four hours and before whom. (§3)
7. A vessel caught running untaxed cigarettes is forfeited. The mortgagee financed the vessel in good faith. Does his lien survive. (§3)
8. A foreign vessel wants to lift Manila to Cebu boxes between foreign legs. May it load them and what paper must its operator file. (§4)

9. The ship agent orders a new voyage and insures the vessel on his own signature. Which acts bind the ownership and which expose him personally. (§5)

10. The charterer mans, victuals, and navigates with its own crew while the owner only collects hire. Who answers the injured passenger. (§6)

11. The consignee lost the original bill but holds a signed delivery receipt. Is the carrier discharged under Art. 353. (§6)

12. The captain borrows on respondentia for voyage repairs. Is the contract valid and who pays. (§6)

13. The master jettisons deck-stowed drums to save ship and hold cargo from an imminent storm. Who contributes and who does not. (§7)

14. Two vessels collide at dawn and each blames the other without witnesses. How does the Code split the loss and what protest clock runs. (§7)

15. A bank records a whole-vessel mortgage with a good-faith affidavit and keeps preference. On foreclosure sale, name the seven grades that beat it in order. (§8)

16. A fishing crew tows a burning yacht to port and claims salvage. May the crew share with the volunteering tug. (§9)

PART 2 - BOOK + AUTHORITY REVIEWER

0. One-Page Outline

#	Topic	Must-know: provision + elements
1	Maritime law defined with the vessel, flag, registry, prescription, co-owners	Arts. 573, 575, 585 with lighter perfection and lawful-authority delivery
2	Real and hypothecary nature with lien and limited liability	Arts. 586, 587, 590 with concurrent-fault exception and custody through discharge
3	Protests with admiralty, smuggling forfeiture, marine pollution	Art. 612 with P.D. No. 1521 Secs. 10, 11, 19 and customs forfeiture
4	Cabotage and co-loading	R.A. No. 10668 Secs. 2, 4, 7, 8 with domestic-cargo reservation
5	Ship agents with captains and officers	Arts. 586, 597, 598, 610-612, 618-620 with Art. 619 custody
6	Charter parties with bills of lading and bottomry and respondentia	Art. 353 with demise control test and captain borrowing order
7	Averages with collision, arrival under stress, shipwrecks	Arts. 809-812 with Tolentino four requisites and protest clocks
8	Ship Mortgage Decree	P.D. No. 1521 Secs. 2-4, 10-14, 17, 19-23 with priority ladder
9	Salvage Law	Act No. 2616 with salvage lien grade and volunteer elements

Framing questions: what juridical relation binds the parties. What elements trigger liability. What exceptions and defenses defeat it. What remedy pays and what clock kills it. Mnemonic for the Sec. 17 ladder: courts pay crew before average and salvage, then prior liens, tort, and mortgages, since the grades run court costs and taxes, crew wages,

general average, salvage, earlier liens, tort damages, and earlier mortgages. Mnemonic for clocks: 24 marks protest and claim, 8 holds the cargo lien, 9 frees the co-owner sale, 3 and 10 prescribe the vessel, since Art. 366 and Art. 612 run twenty-four hours, Art. 375 runs eight days, Art. 575 runs nine days, and Art. 573 runs three years with title and ten without.

1. Maritime law defined with the vessel, the Philippine flag, registry, prescription, and co-owner rights

> ARTICLE 573. Merchant vessels constitute property which may be acquired and transferred by any of the means recognized by law. The acquisition of a vessel must be included in a written instrument, which shall not produce any effect with regard to third persons if not recorded in the mercantile registry.
>
> The ownership of a vessel shall also be acquired by the possession thereof in good faith for three years, with a good title duly recorded.
>
> In the absence of any of these requisites, uninterrupted possession for ten years shall be necessary in order to acquire ownership.
>
> A captain can not acquire by prescription the ship of which he is in command.

Maritime law is the system of rules on vessels and navigation found principally in Book III of the Code of Commerce as supplemented by special laws like the Ship Mortgage Decree and the Salvage Law. The vessel is both the object of commerce and the security for maritime obligations, so every question on ownership, transfer, and co-ownership runs through Article 573 before any other provision.

Element or Requisite	Content
Vessel as property	A merchant vessel is personal property under Article 585, and ownership passes by any lawful means but binds third persons only through a written instrument recorded in the mercantile registry under Article 573
Philippine flag and registry	Registration fixes nationality and the port of registry, and the certificate of registry proves ownership and discloses the obligations encumbering the vessel
Prescription with title	Possession in good faith for three years with a duly recorded good title vests ownership in the possessor
Prescription without title	Absent good faith, recorded title, or both, ownership vests only after ten years of uninterrupted possession
Captain disqualified	A captain can never acquire by prescription the ship under his command, whatever the length of his possession
Co-owner sale to a stranger	Part owners enjoy the right of option of purchase and withdrawal in sales made to strangers, exercisable within nine days following record of the sale in the registry by delivering the price at once under Article 575

Transfer to a stranger	Transfer among part owners
Must appear in a written instrument and bind third persons only upon record in the registry	Governed by majority resolution, and a part owner may renounce arrival, repair, and provisioning outlays with acquisition of his share by the others after appraisal

Transfer to a stranger	Transfer among part owners
Triggers the nine-day option of purchase and withdrawal of the other part owners	Triggers no withdrawal right because no stranger enters the association
Freight and crew wages for a voyage in progress follow the rules of Article 577	Internal accounts are settled by the managing agent voyage by voyage under Articles 599 to 601

Case: *Compañia Maritima v. Insurance Company of North America*, G.R. No. L-18965, October 30, 1964

Facts: Macleod contracted Compañia Maritima to carry hemp from Davao to Manila for transshipment to Boston, and the carrier received the bales on its own lighters through its patrons before the ocean vessel arrived.

Issue: The lone issue is whether a contract of carriage already bound the carrier although the hemp rested on a lighter and no bill of lading had yet issued.

Held: The Court held that a complete contract of carriage existed upon delivery to the carrier lighter, that a bill of lading is not indispensable under Article 350, and that the cracked lighter was unseaworthy so no force majeure excused the loss.

Doctrine: Delivery of goods to a carrier lighter in the customary course of loading perfects the contract of carriage, and the carrier answers for the cargo from that receipt under the extraordinary diligence of the Civil Code.

Case: *Ganzon v. Court of Appeals*, G.R. No. L-48757, May 30, 1988

Facts: The shipper delivered goods on the carrier lighter for loading, and the goods were lost when events attended by an allegedly superior order intervened before the ocean carriage began.

Issue: The lone issue is whether the carrier was already in possession and whether the mayoral order that caused the loss qualified as an act of competent authority.

Held: The Court held that receipt on the lighter placed the goods in carrier possession and that an illegal order of a municipal mayor is not the order of competent authority that Article 1734 requires for exemption.

Doctrine: Carrier responsibility attaches upon receipt of the goods by its lighter, and only a lawful order of a competent public authority breaks the presumption of fault for loss.

Q: A part owner of a merchant vessel sells his undivided share to a stranger without telling the other part owners, and the sale is recorded in the mercantile registry on June 1. On June 8 the remaining part owners tender the price and claim the share. Is their claim timely and what must they still do to perfect it?

A: Yes, the remaining part owners acted in time and they perfect their right by delivering the price at once and anchoring their claim on the record of the sale.
Article 575 gives part owners the right of option of purchase and withdrawal in sales made to strangers, exercisable within nine days following record of the sale in the registry by delivering the price at once.
The June 8 tender falls on the seventh day from the June 1 record, so it is well within the nine-day window and the recorded sale is the exact trigger the law names.
The part owners therefore take the stranger share upon prompt delivery of the price, and the stranger buyer cannot keep what the law reserves to the ownership.

2. Real and hypothecary nature with maritime lien and the limited liability rule of no vessel, no liability

> ARTICLE 587. The agent shall also be civilly liable for the indemnities in favor of third persons which arise from the conduct of the captain in the care of the goods which the vessel carried; but he may exempt himself therefrom by abandoning the vessel with all her equipments and the freight he may have earned during the voyage.

A vessel is real and hypothecary in nature because the liability for maritime obligations travels with the vessel itself and dies with it. The owner and agent answer for the captain in the care of cargo, yet they may buy peace by surrendering the vessel, its equipment, and earned freight. A maritime lien is the privileged claim that attaches to the vessel from the moment it arises, without need of possession or record.

Element or Requisite	Content
Real and hypothecary nature	Liability for the captain acts in the care of goods is secured by the vessel itself, so that a total loss without owner fault extinguishes the claim with no vessel left to answer
Maritime lien	A privileged claim imposed by law that attaches to the vessel from accrual, needs no possession, and follows the vessel against successors except as cut off by judicial sale
Who may invoke abandonment	The ship agent under Article 587 and each part owner for his share before a notary under Article 590, in proportion to contribution to the common fund
What is abandoned	The vessel with all her equipment and the freight earned during the voyage, which passes to the creditors in satisfaction
Concurrent-fault exception	Where the shipowner shares the fault the shield shatters, because Article 587 speaks only of fault committed solely by the captain as settled in *Phil-Am General Insurance Co., Inc. v. Court of Appeals* (G.R. No. 116940, 1997)
Custody through discharge	The Article 587 duty locks on the carrier from dockside receipt through unfinished discharge, so pointing at the arrastre operator does not rebut presumed fault as settled in *Regional Container Lines v. Netherlands Insurance Co. (Phils.), Inc.* (G.R. No. 168151, 2009)

Abandonment under Article 587	Subrogation under Article 2207
A shield of the owner and agent that surrenders the vessel, equipment, and earned freight to the cargo claimants	A sword of the insurer who paid the shipper and steps into the shipper shoes against the carrier at fault
Available only when the fault is solely the captain, never when the owner shares it	Available upon payment, and a policy admission of seaworthiness stops the carrier from turning the warranty against the insurer
Extinguishes personal liability beyond the vessel and freight	Preserves personal liability of the negligent carrier up to the amount paid

Case: *Phil-Am General Insurance Co., Inc. v. Court of Appeals,* G.R. No. 116940, June 11, 1997

Facts: Felman Shipping Lines loaded 7,500 cases of softdrink bottles on MV Asilda for carriage from Zamboanga to Cebu, stowing about 2,500 cases on deck although the vessel was designed as a fishing vessel. The vessel sank in ordinary heavy weather the next morning, the insurer paid the shipper P755,250, and the shipowner invoked abandonment of the vessel under Article 587.

Issue: The decisive issue is whether the shipowner may escape through abandonment when the sinking traces to unseaworthiness at sailing shared by the owner and the captain.

Held: The Court held that MV Asilda was top-heavy and unseaworthy at departure, that closer supervision by the owner could have prevented the fatal miscalculation, and that Article 587 cannot save a concurrently negligent shipowner, so the insurer as subrogee recovered the full payment with interest.

Doctrine: Deck stowage that destroys stability raises the presumption of unseaworthiness, and abandonment under Article 587 protects only the owner whose hands are clean of the fault that caused the loss.

Case: *Regional Container Lines v. Netherlands Insurance Co. (Phils.), Inc.*, G.R. No. 168151, September 4, 2009

Facts: Containerized cargo was damaged while still being unloaded from the vessel, and the carrier pointed at the arrastre operator as the party in actual custody.

Issue: The lone issue is whether the carrier already ceased to answer once the arrastre operator handled the cargo during discharge.

Held: The Court held that the cargo remained in carrier custody through unfinished discharge and that shifting blame to the arrastre operator does not rebut the presumption of negligence.

Doctrine: Carrier custody under Article 587 endures from receipt through complete delivery, and the carrier must prove extraordinary diligence instead of pointing at the hands that helped unload.

2017 Bar Q: Absolute Timber Co. (ATC) has been engaged in the logging business in Isabela. To secure one of its shipments of logs to be transported by Andok Shipping Co., ATC purchased a marine policy with an "all risks" provision. Because of a strong typhoon then hitting Northern Luzon, the vessel sank and the shipment of logs was totally lost. ATC filed its claim, but the insurer denied the claim on several grounds, namely: (1) the vessel had not been seaworthy; (2) the vessel's crew had lacked sufficient training; (3) the improper loading of the logs on only one side of the vessel had led to the tilting of the ship to that side during the stormy voyage; and (4) the extremely bad weather had been a fortuitous event. ATC now seeks your legal advice to know if its claim was sustainable. What is your advice? Explain your answer. (3%)

A: I advise ATC that its claim is sustainable and that the four grounds for denial all fail against the carrier negligence shown.

A common carrier must observe extraordinary diligence and a typhoon that regularly visits Northern Luzon is an ordinary vicissitude of the voyage rather than a fortuitous event once unseaworthiness, an untrained crew, and one-sided loading concurred to sink the vessel.

The unseaworthy condition at sailing, the lack of crew training, and the improper stowage point to concurrent fault of the shipowner, so the defense of force majeure collapses and the limited liability rule of no vessel and no liability cannot shelter the owner under the doctrine of *Phil-Am General Insurance Co., Inc. v. Court of Appeals* (G.R. No. 116940, 1997).

ATC therefore recovers on the all-risks policy and the insurer as subrogee takes the same action against Andok Shipping, because the proximate cause of the total loss was carrier fault and not the weather alone.

3. Protests with admiralty jurisdiction, smuggling forfeiture, and marine pollution

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ARTICLE 612. The following obligations are inherent in the office of captain: 8. To present himself, when making a port in distress, to the maritime authority if in the Philippines and to the consul of the Republic of the Philippines if in a foreign country, before twenty-four hours have elapsed, and make a statement of the name, registry, and port

of departure of the vessel, of its cargo, and reason of arrival, which declaration shall be vised by the authority or by the consul if after examining the same it is found to be acceptable, giving the captain the proper certificate in order to show his arrival under stress and the reasons therefor. In the absence of marine officials or of the consul, the declaration must be made before the local authority.

The captain speaks to authority within twenty-four hours whenever the voyage breaks, and that protest opens the door to admiralty. A preferred mortgagee enforces his lien by suit in rem in admiralty with arrest of the vessel under Sections 10 and 11 of Presidential Decree No. 1521, while customs forfeiture takes a smuggling vessel subject to the lien of a mortgagee who never joined the wrongdoing. Marine pollution is punished under Presidential Decree No. 979, which penalizes the discharge of oil and wastes into Philippine waters.

Element or Requisite	Content
Sea protest	The captain presents himself before twenty-four hours elapse, declares the name, registry, port of departure, cargo, and cause of arrival, and secures the vised certificate proving arrival in distress
Before whom made	The maritime authority if in the Philippines, the Philippine consul if abroad, and the local authority in the absence of both
Admiralty jurisdiction	Enforcement of the preferred mortgage lien proceeds by suit in rem in admiralty, with arrest of the vessel, appointment of a receiver, and operation of the vessel by court authority
Smuggling forfeiture	A vessel used in smuggling is forfeited to the State under customs law, but the recorded lien of a mortgagee who financed the vessel in good faith survives the forfeiture
Marine pollution	Presidential Decree No. 979 punishes the discharge of oil, wastes, and noxious substances into territorial waters, with liability on the owner, operator, and master

Sea protest under Article 612	Notice of claim under Article 366
Made by the captain to the maritime authority within twenty-four hours of arrival in distress	Made by the consignee against the carrier within twenty-four hours of receipt of the merchandise
Proves the distress and preserves the right to averages, contribution, and proper arrival	Preserves the cargo claim for damage not ascertainable from the exterior of the packages
Failure weakens the defense of proper arrival and the adjustment of averages	Failure bars any claim against the carrier on the condition of the goods delivered

Q: The captain limps into a strange Philippine port with a sprung mast and no ship agent in sight, fearing seizure by privateers reported along his course. What must he file within twenty-four hours and before whom, and what paper proves he complied?

A: The captain must present himself to the maritime authority within twenty-four hours and file a sworn declaration of the vessel name, registry, port of departure, cargo, and cause of arrival.

Article 612 makes this protest an inherent duty of the captain whenever he makes a port in distress, and the authority vises the declaration when found acceptable.

The vised certificate proving arrival in distress and its reasons is the paper that proves compliance, and it anchors the later ruling on whether the arrival was proper or improper.

Without that timely protest the shipowner loses the evidentiary root of a proper arrival and stays exposed to the cargo claims the voyage break caused.

4. Cabotage and co-loading

> Foreign ship operators shall submit their cargo manifest to the Port Authorities to ensure that no domestic cargoes are carried by the foreign ship. No foreign vessel shall be allowed to carry any domestic cargo or domestic container van, whether loaded or empty, even if such domestic container van may contain foreign cargo.

Domestic cargo rides only on Philippine bottoms. No franchise, certificate, or other authorization for carriage in the domestic trade issues except to domestic ship owners or operators, and no foreign vessel may move passengers or cargo between ports or places within Philippine territorial waters without a Maritime Industry Authority special permit issued only where no domestic vessel is available or suitable and the public interest warrants it.

Republic Act No. 10668 opens one narrow foreign-cargo-only window for transshipment. The law applies exclusively to foreign vessels carrying foreign container vans or foreign cargoes, and co-loading means two or more sea carriers agreeing that a carrier bound for a stated destination loads, transports, and unloads the van or cargo of another carrier bound for the same destination.

Section 4 gives four permissions and nothing more. A foreign vessel arriving from abroad may carry import cargo to its Philippine port of final destination after entry clearance, or through another foreign vessel calling at the same port of entry. A foreign vessel departing from a Philippine port of origin may carry export cargo through another Philippine port to its foreign destination, or through a domestic transshipment port where a second foreign vessel lifts it onward. Empty foreign vans moving between two Philippine ports may transship. Carriage under the law is not a public service and the vessel is not a common carrier, and the operator files its manifest with the Port Authorities to prove that no domestic cargo is aboard.

Element	Content
Reservation	Domestic cargo moves only on Philippine bottoms with a Marina special permit as the sole foreign entry
Co-loading defined	Carriers bound for one destination agree to load, transport, and unload each other's vans or cargo under Sec. 2
Foreign cargo	Import or export cargo carried by a foreign vessel under Sec. 2
Domestic cargo	Goods shipped from one Philippine port to another even with an intervening foreign port under Sec. 2
Import permissions	Direct carriage to final destination or through a second foreign vessel at the same port of entry under Sec. 4
Export permissions	Carriage through another Philippine port or through a domestic transshipment port to the foreign destination under Sec. 4
Empty vans	Empty foreign vans moving between Philippine ports may transship under Sec. 4
Paper	Cargo manifest to the Port Authorities proving no domestic cargo aboard under Sec. 8
Status	Compliant foreign carriage is not a public service and the vessel is not a common carrier under Sec. 7

Cabotage keeps the domestic trade closed while co-loading opens only the foreign-cargo transshipment lane.

Test	Cabotage reservation	Co-loading permission
Cargo	Domestic cargo only	Foreign cargo only

Test	Cabotage reservation	Co-loading permission
Vessel	Philippine bottoms	Foreign vessels
Paper	Franchise or certificate to domestic operators	Manifest to Port Authorities with customs clearance
Violation	Foreign lift of Manila to Cebu boxes barred	Domestic cargo in a foreign van barred even when the van also holds foreign cargo

Q: A foreign vessel on a Singapore to Manila run loads Manila to Cebu boxes between foreign legs and files no transshipment manifest. May it carry them?

A: No because the Manila to Cebu leg is domestic cargo reserved to Philippine bottoms under R.A. No. 9295.
R.A. No. 10668 allows a foreign vessel to co-load only foreign cargo for transshipment and never domestic cargo under Secs. 4 and 8.
The operator without a manifest and without a Marina special permit therefore has no paper for the domestic lift.
The boxes must move on a Philippine vessel while the foreign vessel keeps only its foreign cargo.

5. Persons in maritime commerce with ship agents, captains, and officers

> The ship agent may not order a new voyage, or make contracts for a new charter, or insure the vessel, without the authorization of its owner or resolution of the majority of the coowners, unless these powers were granted him in the certificate of his appointment. If he insures the vessel without authorization therefor, he shall be subsidiarily liable for the solvency of the insurer.

The shipowner and the ship agent answer civilly for the acts of the captain and for obligations the captain contracts to repair, equip, and provision the vessel once the creditor proves the amount went to the benefit of the vessel. A ship agent is the person entrusted with provisioning the vessel or representing her in the port where she is found.

The agent designates and deals with the captain and contracts in the owners name for repairs, equipment details, armament, food and fuel provisions, freight, and all navigation needs. He may not order a new voyage, make a new charter, or insure the vessel without the owner or the majority of coowners behind him, and an unauthorized insurer leaves him subsidiarily liable for the underwriter.

The captain must be Filipino with capacity to contract and proven fitness to command as marine and navigation laws require. His inherent powers are to contract the crew, command her to destination on the agent instructions, keep discipline aboard, charter in the absence of the agent, take on supplies where instructions cannot wait, and order urgent hull and engine repairs on the voyage.

The captain keeps three books with the log of navigation incidents, the accounting of collections and expenses with the crew list, and the freight record of goods and passengers, and he makes his protest with declarations within twenty-four hours of the casualty. He answers for cargo from turnover at the loading dock or alongside until delivery on the shore or discharging wharf at unloading unless otherwise agreed. Force majeure excuses him but never his own fault, and mates, engineers, and crew serve under his command.

Element	Content
Owner and agent answer	Civil liability for captain acts with repair, equipment, and provisioning obligations proved to benefit the vessel under Art. 586

Element	Content
Agent defined	Person entrusted with provisioning or representing the vessel in her port under Art. 586
Agent powers	Designate the captain and contract for owners on repairs, equipment, provisions, fuel, and freight under Art. 597
Agent limits	No new voyage, new charter, or insurance without owner or majority authority under Art. 598
Captain qualifications	Filipino with contracting capacity and proven command fitness under Art. 609
Captain powers	Crew contracts, command, discipline, charter in agent absence, supply, and urgent repairs under Art. 610
Captain papers	Log, accounting, and freight books with twenty-four-hour protest under Art. 612
Cargo custody	Turnover at loading dock or alongside to delivery ashore at unloading under Art. 619

The agent binds ownership from shore within granted powers while the captain governs from the bridge within voyage powers.

Test	Ship agent	Captain
Station	Ashore representing ownership in her port	Aboard governing the vessel
Binds ownership for	Repairs, equipment, provisions, fuel, and freight	Voyage contracts in agent absence with urgent supply and repairs
Cannot	Order a new voyage, charter, or insurance without authority	Exceed position powers unless the sums benefited the vessel
Answers with	Ownership assets within granted powers	Personal diligence with force majeure as the only excuse short of own fault

Case: Westwind Shipping Corp. v. UCPB General Insurance Co., Inc., G.R. No. 200289, November 25, 2013

Facts: Steel skids shipped from Kobe arrived in Manila and six were dented and punctured during unfinished unloading while still under carrier discharge, and the customs broker that undertook delivery to the consignee warehouse received the rest in good order yet delivered nine more skids in bad order.

Issue: The issues were whether carrier custody survived unfinished discharge into arrastre hands and whether a customs broker that undertakes delivery answers as a common carrier.

Held: The Court held the carrier still in custody since discharge was unfinished with no actual or constructive delivery to the arrastre operator, and held the broker a common carrier for the warehouse leg since it undertook transport for consideration and never rebutted presumed fault.

Doctrine: Article 619 custody locks on the carrier through unfinished discharge, and a broker that undertakes delivery is itself a carrier under Article 1732.

Q: A ship agent without owner authority orders the vessel on a new voyage and insures her with an unsound underwriter. The venture fails. Who bears the loss?

A: The agent bears it because a new voyage with new insurance needs owner or majority authority under Art. 598.
Acts inside repairs, equipment, and navigation needs bind ownership, but unauthorized new voyages and charters stay personal to the agent.
The insurer insolvency therefore falls subsidiarily on the agent who insured without authority.
The owner answers only for authorized navigation needs proved to benefit the vessel.

6. Special contracts with charter parties, bills of lading, and bottomry and respondentia

> The legal evidence of the contract between the shipper and the carrier shall be the bills of lading, by the contents of which the disputes which may arise regarding their execution and performance shall be decided, no exceptions being admissible other than those of falsity and material error in the drafting. In case the consignee, upon receiving the goods, cannot return the bill of lading subscribed by the carrier, because of its loss or of any other cause, he must give the latter a receipt for the goods delivered, this receipt producing the same effects as the return of the bill of lading.

Control decides charter character. A time or voyage charter leaves possession, navigation, and crew with the owner so the owner stays carrier, while a bareboat or demise transfers command, possession, and control including the master and crew so the charterer answers as owner pro hac vice under Planters Products, Inc. v. Court of Appeals (G.R. No. 101503, 1993).

A tramping vessel on voyage charter is a private carrier governed by the charter with Articles 361 to 362, so merchandise moves at shipper risk against accident, force majeure, and inherent vice with proof of the accident on the carrier. Laytime qualified as weather working days tolls in bad weather, so no demurrage accrues until laytime truly lapses under National Steel Corporation v. Court of Appeals (G.R. No. 112287, 1997).

The bill of lading starts carrier responsibility at receipt and ends it at delivery, hidden damage claims run twenty-four hours from receipt, and the goods answer for freight and charges with an eight-day lien after delivery. A captain who must raise voyage money goes through the judge or consul formalities, and a loan on respondentia secured by cargo that he makes without authority is void.

Element	Content
Control test	Demise shifts carrier status to the charterer while affreightment keeps it with the owner under Planters Products (G.R. No. 101503, 1993)
Private charter	Tramping voyage charter runs on the charter with Arts. 361 to 362 and weather-tolled laytime under National Steel (G.R. No. 112287, 1997)
Bill as evidence	Bill contents decide execution disputes short of falsity or material drafting error under Art. 353
Receipt substitute	Signed delivery receipt equals a returned bill where the original is lost under Art. 353 with National Trucking (G.R. No. 153563, 2005)
Claim clock	Hidden damage claims run twenty-four hours from receipt under Art. 366
Cargo lien	Goods answer for freight and charges for eight days after delivery under Art. 375

Element	Content
Bottomry	Vessel-pledged voyage loan that is lost with the vessel and repayable on safe arrival
Respondentia	Cargo-pledged voyage loan that the captain may not make on cargo security without authority
Borrowing order	Captain repair and loan obligations pass through judge or consul formalities under Art. 583

The whole charter field turns on who mans, victuals, and navigates the vessel.

Test	Demise or bareboat	Affreightment by time or voyage
What passes	Whole vessel with command, possession, and control including master and crew	Space or time only with navigation kept by the owner
Carrier stands as	Charterer as owner pro hac vice	Owner as carrier
Diligence regime	Private carriage on charter terms	Common carriage with presumed fault where held out to the public
Answers to third persons	Charterer	Owner

Case: National Steel Corporation v. Court of Appeals, G.R. No. 112287, December 12, 1997

Facts: National Steel voyage-chartered the tramping MV Vlasons I for Iligan to Manila steel carriage on a free-in-and-out basis with weather working days laytime, then sued for rust and seawater wetting while the owner counterclaimed unpaid freight with eleven days of demurrage for rain-delayed discharge.

Issue: The issues were whether Civil Code presumed-fault rules or the charter with Articles 361 to 362 governed a tramping voyage charter and whether demurrage accrued where weather stopped the discharge work.

Held: The Court held the vessel a private carrier outside presumed fault so the charter with Articles 361 to 362 governed with the shipper carrying proof of willful negligence or unseaworthiness, and held the weather-tolled laytime unexpired so the demurrage award was deleted in full.

Doctrine: A voyage charter of a vessel that does not hold out to the public creates private carriage outside presumed fault, and weather working days laytime tolls in bad weather.

Case: Planters Products, Inc. v. Court of Appeals, G.R. No. 101503, September 15, 1993

Facts: Bulk urea moved under a time charter with the owner keeping the master and crew, and shortage with contamination followed discharge handled by the consignee under a free-in-and-out clause.

Issue: The issue was whether the time charter made the charterer the carrier or left the owner as carrier.

Held: The Court held the owner stayed carrier since only a demise transferring command and control shifts carrier character, and held the carrier to have rebutted presumed fault through the inherent character of the goods with inadequate packaging.

Doctrine: Time and voyage charters keep the owner as carrier while a demise makes the charterer answer as owner pro hac vice.

Case: National Trucking and Forwarding Corporation v. Lorenzo Shipping Corporation, G.R. No. 153563, February 7, 2005

Facts: The carrier delivered milk bags to the shipper consignee employee without the original bills and took signed delivery receipts, and the shipper later claimed non-delivery after its employee resigned.

Issue: The issue was whether surrender of the original bill was a condition for discharge where signed receipts existed.

Held: The Court held the signed receipts substantially complied with Article 353 and produced the effects of a returned bill, and held the carrier to have proved extraordinary diligence so presumed fault fell.

Doctrine: Surrender of the original bill is not a condition for discharge since a signed receipt for delivered goods has equal effect under Article 353.

Case: Lu Do and Lu Ym Corporation v. I. V. Binamira, G.R. No. L-9840, April 22, 1957

Facts: Films discharged in good order into customs arrastre custody were pilfered before the consignee took them three days later.

Issue: The issue was whether the carrier answered for loss after turnover to customs and whether the bill clause ending responsibility at customs custody was valid.

Held: The Court held the carrier not liable since extraordinary responsibility lasts only while goods sit in carrier possession, and held the stipulation ending responsibility on turnover to customs valid for the interregnum.

Doctrine: Carrier custody ends at turnover to customs authorities, and a bill stipulation fixing that cutoff validly limits responsibility to the period of actual control.

2017 Bar Q: Onassis Shipping, Inc. (Onassis) operated passenger vessels and cargo trucks, and offered its services to the general public. In line with its vision and mission to protect the environment, Go-Green Asia (Go-Green), an NGO affiliated with Greenpeace, entered into a contract with Onassis whereby Go-Green would operate with its own crew the MN Dolphin, an ocean-going passenger vessel of Onassis. While on its way to Palawan carrying Go-Green's invited guests who were international and local observers desirous of checking certain environmental concerns in the area, the MN Dolphin encountered high waves and strong winds caused by a typhoon in the West Philippine Sea. The rough seas led to serious physical injuries to some of the guests. Discuss the liabilities of Onassis and Go-Green to the passengers of the M/V Dolphin. Explain briefly your answer. (3%)

A: Go-Green answers as owner pro hac vice because it ran the vessel with its own crew and full command, which is a demise shifting carrier character to the charterer under Planters Products (G.R. No. 101503, 1993).
Onassis kept bare ownership but ran no navigation on that voyage, so it does not answer as carrier for the onboard injuries.
Go-Green must therefore meet carrier diligence for its guests and rebut presumed fault with seaworthiness and storm unavoidability.
Onassis pays nothing absent its own fault since control decides everything in charter liability.

7. Risks - Averages (general; simple vs general); Collision (zones, error in extremis, applicable law, COLREGS, liability rules, contributory negligence/last clear chance inapplicable, Code of Commerce rules, statutory violation, sinking, protest, limited liability); Arrival under Stress (propriety, protest, improper arrival, expenses, unloading, custody, captain liability); Shipwrecks

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ARTICLE 811. General or gross averages shall be, as a general rule, all the damages and expenses which are deliberately caused in order to save the vessel, her cargo, or both at the same time, from a real and known risk, and

particularly the following:

ARTICLE 812. In order to satisfy the amount of the gross or general averages, all the persons having an interest in the vessel and cargo therein at the time of the occurrence of the average shall contribute.

Averages divide the sea perils into deliberate sacrifice shared by all and accidental loss borne alone. Collision allocates fault under its own Code rules without quasi-delict apportionment, arrival under stress tests whether the captain followed the Articles 819 to 825 sequence, and shipwreck assigns each owner his own loss under Articles 840 to 845.

Element or Requisite	Content
General average	Deliberate damage or expense to save vessel and cargo from a real and known common risk, contributed by all interests under Article 812
Tolentino four requisites	A real and known common danger to vessel and cargo, a voluntary and deliberate sacrifice for common safety, success in saving the venture, and proper adjustment with contribution by all interests
Simple or particular average	Under Article 809, every expense and damage that did not redound to the benefit and common profit of all interests, borne by the owner of the goods that caused the expense or suffered the damage under Article 810
Deck cargo jettison	Under Article 855, deck cargo contributes when saved but earns no indemnity when jettisoned for general safety, unless coastwise ordinances allowed its deck stowage
Collision zones	The first zone covers time before risk of collision begins and no rule applies, the second covers risk to practical certainty with the burden on the vessel required to keep away, and the third covers actual contact where error in extremis excuses the privileged vessel forced into danger
Applicable law	Liability without contract is quasi-delict under Article 2176 of the Civil Code, but collision as between shipowners, agents, captains, and crew is governed by Articles 826 to 839 of the Code of Commerce as matters not specifically regulated by the Civil Code
COLREGS	The International Regulations for Preventing Collisions at Sea bind Philippine personnel in practice through trading-partner usage and instruction, although the Philippines has not yet acceded to them as treaty law
Code liability rules	One vessel at fault indemnifies under Article 826, both at fault bear each his own damage and answer jointly for cargo under Article 827, inscrutable fault is treated as both at fault under Article 828, a third vessel that forces the collision indemnifies under Article 831, and a properly anchored vessel driven by force majeure treats the struck vessel injury as particular average under Article 832
No apportionment doctrines	Contributory negligence and last clear chance do not apportion collision loss between vessels, because Article 827 makes each negligent vessel bear his own damage

Element or Requisite	Content
Collision protest	The captain must protest within twenty-four hours under Article 837, and the protest preserves the claim between the vessels
Limited liability in collision	The owner may still invoke abandonment for fault solely of the captain, but concurrent owner fault destroys the shield under the *Phil-Am* doctrine
Arrival under stress	Arrival at the nearest and most convenient port after well-founded fear of seizure, privateers, pirates, or disabling sea accident, decided by the captain with the officers and interested cargo persons present but voteless, with the captain holding the deciding vote under Article 819
Improper arrival	Under Article 820, arrival is unlawful when provisions failed from faulty outfitting, when the feared enemies were never manifest on positive and provable facts, when the vessel sailed unrepaired or the captain erred, or when malice, negligence, want of foresight, or lack of skill tainted the act
Arrival expenses	Under Article 821, expenses of a proper arrival stay for the account of the shipowner or agent without cargo damages, while an improper arrival makes them solidarily liable for cargo damages with the captain jointly liable
Unloading, custody, delay	Unloading for repairs needs judicial or consular authorization under Article 822 with expenses split by beneficiary, custody of unloaded cargo stays with the captain except for force majeure under Article 823, and the captain answers for delay after the cause ceases under Article 825
Shipwreck	Under Article 840, losses and deteriorations by shipwreck or stranding fall individually on the owners with saved wreck shared in the same proportion, while captain malice, negligence, lack of skill, or unseaworthy departure opens indemnity under Article 841

General or gross average	Simple or particular average
Deliberate sacrifice against a real and known common peril threatening vessel and cargo together	Accidental expense or damage without common benefit, such as refloat costs for stranding that threatened no common peril
Shared by all saved interests in proportion to values, with freight contributing half under Article 858	Borne alone by the owner of the goods that caused the expense or suffered the damage under Article 810
Jettisoned hold cargo is indemnified and recovered goods return the indemnity less damage and recovery costs	Jettisoned deck cargo earns no indemnity when stowed on deck without consent, though it contributes when saved
Fails entirely when the vessel is lost despite the sacrifice, since no saved interest remains to contribute	Attaches even when the rest of the venture perishes, because each owner bears his own loss

Case: *A. Magsaysay, Inc. v. Agan*, G.R. No. L-6393, January 31, 1955

Facts: A vessel stranded accidentally without any imminent common danger to vessel and cargo together, and the shipowner spent for refloating so the voyage could be completed.

Issue: The lone issue is whether refloat expenses incurred to finish the voyage after accidental stranding constitute general average shared by the cargo.

Held: The Court held that the expenses were particular average on the ship alone, because voyage completion by itself is not a voluntary sacrifice against a common peril and no imminent common danger ever threatened the venture.

Doctrine: Accidental stranding without a real and known common risk produces only particular average, and the cost of putting the vessel back in motion stays with the shipowner.

Q: The master faces an imminent storm and deliberately jettisons hold bales to save ship and remaining cargo, then brings the venture safely to port. The shippers of the saved bales refuse to contribute, arguing that only the shipowner should pay for saving his own vessel. Who contributes and on what basis?

A: All saved interests contribute, and the objecting shippers pay their proportionate share of the jettison.
The jettison was a deliberate sacrifice against a real and known common peril threatening vessel and cargo together, which is the textbook definition of general average under Article 811.
Article 812 makes every person with an interest in vessel and cargo at the time contribute, with the vessel, the saved cargo, and half the freight forming the contributing capital.
The saved shippers therefore share the indemnity of the jettisoned bales pro rata, because general average spreads a sacrifice made for all upon all whom it saved.

8. Ship Mortgage Decree 1978 (preferred mortgage meaning/requirements, preferred claims, executory contract doctrine, prescription/laches, necessaries liens, maritime tort, salvage lien, subrogation, mortgage with other properties, arrest/foreclosure)

> A valid mortgage which at the time it is made includes the whole of any vessel of domestic ownership shall have, in respect to such vessel and as of the date of recordation, the preferred status given by the provisions of Section 17 hereof, if (1) the mortgage is recorded as provided in Section 3 of Presidential Decree No. 1521, (2) an affidavit is filed with the record of such mortgage to the effect that the mortgage is made in good faith and without any design to hinder, delay, or defraud any existing or future creditor of the mortgagor or any lien of the mortgaged vessel, and (3) the mortgage does not stipulate that the mortgagee waives the preferred status thereof.

Presidential Decree No. 1521 of 1978 creates the preferred mortgage as a lien on the mortgaged vessel enforceable by suit in rem in admiralty with arrest. The preference is never absolute, because the seven grades of Section 17 defeat it in exact order. As special legislation on vessels, the Decree prevails over the Civil Code mortgage rules and over Article 580 of the Code of Commerce, which Section 17 repealed for mortgaged vessels.

Element or Requisite	Content
Preferred mortgage meaning	Under Section 10, a lien upon the mortgaged vessel for the outstanding mortgage indebtedness, enforceable on default by suit in rem in admiralty with the vessel as party defendant and arrest under Section 11
Requirement of whole vessel	The mortgage must include the whole of a vessel of domestic ownership at the time it is made, and separate discharge of each vessel must be endorsed where several vessels secure one debt
Requirement of recordation	The mortgage must be recorded as provided in Section 3, because preferred status runs only as of the date of recordation

Element or Requisite	Content
Requirement of affidavit	A good-faith affidavit against fraud on creditors and lienors must be filed with the record
Requirement of no waiver	The mortgage must not stipulate that the mortgagee waives the preferred status
Who may constitute	Any citizen of the Philippines or any association or corporation organized under Philippine laws with at least sixty percent Filipino capital, in favor of any bank or financial institution domestic or foreign
Purpose test	The secured loan must finance construction, acquisition, purchase, or initial operation of vessels, since purpose determines the presence of preference
Section 17 ladder	Court costs and taxes first, crew wages second, general average third, salvage with contract salvage fourth, maritime liens prior in time to recordation fifth, tort damages sixth, and earlier recorded preferred mortgages seventh
Executory contract doctrine	Necessaries furnished on the credit of the vessel create maritime liens that attach without possession and without agreement, provided the claim is one of those Section 17 enumerates
Prescription and laches	Maritime liens must be enforced with diligence, and delay that prejudices the vessel or later lienors bars recovery through laches even before extinctive prescription runs
Necessaries liens	Repairs, supplies, towage, drydock, and other necessaries furnished to the vessel give liens enforceable against her, waivable by agreement
Maritime tort grade	Damages arising from tort sit in the sixth grade, subordinate to prior liens, average, and salvage but superior to later mortgages
Salvage lien grade	Salvage sits in the fourth grade with contract salvage included, and the salvor holds possessory retention until paid
Subrogation	An insurer or lienor who pays a preferred claim steps into its grade against the vessel and the proceeds
Mortgage with other properties	Where the mortgage covers the vessel with other properties, the court values each and discharges the vessel upon payment of her apportioned share increased by twenty percent
Arrest and foreclosure	On default the mortgagee sues in rem, the court may appoint a receiver and authorize operation of the vessel, the sheriff takes possession despite possessory common-law claims, and foreclosure sale terminates pre-existing claims which attach to the proceeds in Section 17 order

Preferred mortgage lien	Maritime lien
Born of a recorded contract on the whole vessel with affidavit and no waiver, effective as of recordation	Born of law upon accrual of a Section 17 claim, with no contract, record, or possession needed

Preferred mortgage lien	Maritime lien
Defeated by the seven Section 17 grades in exact order	Defeats the mortgage when prior in time to recordation, sitting in the fifth grade
Terminated with attachment to the proceeds upon foreclosure sale	Survives against the vessel until judicial sale, then attaches to the proceeds in grade

Q: A bank records a whole-vessel mortgage with the good-faith affidavit and keeps its preference. On foreclosure the proceeds cannot pay everyone. Name in exact order the seven grades that beat the bank mortgage.

A: The seven grades that beat the foreclosing mortgage run courts and taxes, crew, average, salvage, prior liens, tort, and prior mortgages.

Section 17 of Presidential Decree No. 1521 gives the preferred mortgage priority over all claims except the following in the order stated, namely court costs and taxes, crew wages, general average, salvage with contract salvage, maritime liens prior in time to recordation, tort damages, and earlier recorded preferred mortgages.

The bank mortgage therefore pays only after every one of these grades is satisfied in full, with claimants inside the same grade sharing pro rata when proceeds fall short.

This fixed ladder is why a mortgagee searches the record and demands disclosure of prior liens before parting with the loan.

9. Salvage Law (kinds, compensation, limit, excluded persons, jetsam/flotsam, rights/obligations)

> Section 1. When, in case of shipwreck, the vessel or its cargo shall be beyond the control of the crew, or shall have been abandoned by them, and picked up and conveyed to a safe place by other persons, the latter shall be entitled to a reward for the salvage.

Act No. 2616 of 1916 pays strangers who voluntarily save sea property and secures them with a salvage lien that sits in the fourth grade of Section 17. Salvage rests on success and on the absence of any prior duty, so that the reward induces hardy mariners to risk themselves and their vessels for property in marine peril.

Element or Requisite	Content
Voluntary or pure salvage	Compensation dependent on success with no prior contract, the oldest and most favored class
Contract per diem	Salvage under a contract for a per diem or per horam wage payable at all events, common on inland waters
Contract on success	Salvage under a contract for compensation payable only on success, set aside only for corruption, fraud, mistake, compulsion, or inequity
Four requisites	A marine peril, a vessel or cargo beyond crew control or abandoned, voluntary service in picking up and conveying to safety, and success in whole or in part
Compensation measure	Under Section 10 the court weighs expenditures, zeal, time, services, express occasioned, number of helpers, danger to salvors and vessels, and danger to and value of the things saved less expenses

Element or Requisite	Content
Limit of reward	Fifty percent of the net proceeds of the sale of the things saved after deducting custody, conservation, advertisement, auction, tax, duty, and salvage expenses under Section 11
Excluded persons	Under Section 8, the crew of the wrecked vessel or vessel in danger, one who salvages despite captain opposition, and one who violates the Section 3 duty to deliver to customs or the provincial authority earn no reward
Jetsam, flotsam, ligan	Jetsam is goods thrown off a ship in danger, flotsam is goods that floated off while she was in danger or sank, and ligan is goods left at sea on the wreck or tied to a buoy for later recovery
Salvor rights	A lien upon the property saved with retention until paid, apportionment against ship and cargo in proportion to respective values, and possession of a derelict against all but the true owner
Owner rights	Delivery of the vessel or things saved upon payment or bond for expenses and reward, with valuation disputes settled by the proper court

Voluntary salvage	Contract towage
Success is indispensable, so no saved property means no reward however heroic the effort	The per diem wage is payable at all events whether or not the operation succeeds
Reward is liberal and discretionary with the court, capped at half the net proceeds absent agreement	Pay follows the contract rate and quantum meruit thinking has no place in measuring it
Creates a salvage lien in the fourth Section 17 grade with possessory retention	Creates only the contract claim the parties wrote, with no privileged lien by operation of law

Q: A fishing crew spots a burning yacht abandoned by its panic-stricken owner, and a passing tug that owes the yacht nothing tows her to port while the crew helps lash the line. Both claim salvage. Who earns and who is excluded?

A: The passing tug earns the reward and the fishing crew shares only if its help went beyond crew duty and the tug accepts it.

Section 8 denies reward to the crew of the vessel in danger, while a stranger who voluntarily conveys abandoned sea property to safety with success earns under Section 1.

The tug as pure salvor takes a court-measured reward up to the fifty percent limit secured by a fourth-grade salvage lien, and the crew members who merely did their duty take nothing.

Only voluntary extra help accepted by the salvor can share in the award, because salvage pays successful strangers and never the hands already bound to the imperiled vessel.

Quick-Recall Tables

#	Provision cluster	Numbers to write cold
1	Vessel title and registry	Written instrument plus registry against third persons, three years with recorded title, ten years without, captain never prescribes, nine days for co-owner withdrawal
2	Owner and agent liability	Articles 586, 587, and 590 with abandonment of vessel, equipment, and earned freight before a notary for the part owner
3	Clocks	Twenty-four hours for captain protest and consignee claim, forty-eight hours for average proceedings, eight days for the cargo lien, nine days for co-owner withdrawal
4	Section 17 ladder	Court costs and taxes, crew wages, general average, salvage with contract salvage, prior maritime liens, tort damages, prior mortgages
5	Averages and collision	Articles 809 to 812 for kinds, Article 855 for deck cargo, Articles 826 to 832 for fault rules, Article 837 for protest
6	Arrival and shipwreck	Articles 819 to 825 for propriety through captain liability, Articles 840 to 845 for wreck distribution and salvage sale
7	Mortgage and salvage	Sections 3, 4, 10, 11, and 17 of Presidential Decree No. 1521 with Act No. 2616 Sections 1, 8, 10, and 11

Grade	Section 17 claim	Beats the mortgage because
1	Court costs and taxes	The forum and the State are paid first from the res they administer
2	Crew wages	The hands that worked the vessel eat before the bank that financed her
3	General average	The sacrifice that saved the venture is settled before the lender
4	Salvage with contract salvage	The stranger who saved the security is rewarded before the mortgage
5	Prior maritime liens	Liens older than the recordation keep their seniority
6	Tort damages	Third persons injured by the vessel outrank a later lender
7	Prior recorded mortgages	First in time among preferred mortgages stays first in right

Pair	Rule to state cold
General versus particular average	Deliberate common sacrifice shared by all against accidental loss borne alone
Demise versus affreightment	Transfer of control with crew and navigation makes the charterer owner pro hac vice, while time or voyage charter keeps the owner as carrier
Abandonment versus subrogation	The owner surrenders vessel and freight to end liability while the insurer who paid steps into the claim to pursue it
Protest versus notice of claim	The captain declares distress to authority within twenty-four hours while the consignee claims cargo damage against the carrier within twenty-four hours
Preferred mortgage versus maritime lien	Recorded contract with affidavit effective as of recordation against a lien imposed by law from accrual
Co-loading versus cabotage breach	Foreign cargo transshipment allowed under Republic Act No. 10668 against domestic carriage reserved to Philippine bottoms

Clock	Provision	Event
Twenty-four hours	Article 612	Captain protest on arrival in distress
Twenty-four hours	Article 366	Consignee claim for hidden damage
Forty-eight hours	Articles 851 and 853	Average adjustment call and hidden-damage examination
Eight days	Article 375	Carrier lien on transported goods after delivery
Nine days	Article 575	Co-owner withdrawal after record of stranger sale
Three years or ten years	Article 573	Vessel prescription with or without recorded title

Voyage event	Captain duty	Article
Seaworthiness check	Examine hull, rigging, engines, and equipment with officers and experts before receiving freight	Article 612
Deck cargo	Refuse dangerous deck carriage and take officers opinion with shipper and agent consent when allowed	Article 612
Distress arrival	Protest within twenty-four hours and record the resolution in the logbook	Articles 612 and 819
Repairs abroad	Borrow in strict order from consignees to bottomry with judicial or consular authority	Articles 583 and 611
Unloading for repairs	Seek judicial or consular authorization with cargo interests heard	Article 822

Exam Traps

1. A written sale of a vessel binds the parties at once but binds third persons only upon record in the mercantile registry, so an unrecorded buyer loses to a later recorded lienor.

2. Three years of good-faith possession with recorded title vests ownership, while ten years are needed when any requisite is missing, and the captain can never prescribe his own command.

3. The nine-day co-owner withdrawal runs from record of the stranger sale and not from knowledge, so a late tender fails even with prompt discovery.

4. Total loss of the vessel without owner fault ends the cargo claim with it, because liability under the real and hypothecary rule dies with the vessel.

5. Abandonment under Article 587 answers only for fault solely of the captain, and any concurrent owner fault like sailing unseaworthy destroys the shield.

6. A part owner abandons only his own share and only before a notary, so an unnotarized declaration saves nothing.

7. Pointing at the arrastre operator never ends carrier custody before complete discharge, and the carrier must still prove extraordinary diligence.

8. The captain protest belongs before the maritime authority within twenty-four hours, while the consignee claim belongs against the carrier within the same hours, and confusing the two recipients voids the act.

9. Co-loading under Republic Act No. 10668 covers only foreign cargo for transshipment and never authorizes a foreign vessel to lift domestic cargo between Philippine ports.

10. The ship agent binds the ownership for repairs, equipment, and freight but cannot order a new voyage, a new charter, or insurance without owner or majority authority.

11. Demise turns the charterer into owner pro hac vice for liability while affreightment keeps the owner as carrier, so control over crew and navigation decides every charter dispute.

12. A signed delivery receipt can substitute for surrender of the bill under Article 353 doctrine, but only where it proves the same discharge the bill would evidence.

13. Bottomry binds the vessel and respondentia binds the cargo, and the captain borrows in the Article 611 order with judicial or consular leave for the last two modes.

14. Refloat costs after accidental stranding are particular average on the ship, because finishing the voyage is not a deliberate sacrifice against a common peril.

15. Deck cargo jettisoned for common safety earns no indemnity though saved deck cargo contributes, unless coastwise ordinances allowed the deck stowage.

16. Between two negligent vessels each bears his own hull damage with joint cargo liability, and neither contributory negligence nor last clear chance changes that split.

Key Authorities Cited

Authority	What it decides here
Code of Commerce Articles 573 to 585	Vessels as personal property, written and recorded transfer, prescription, co-owner withdrawal, judicial sale preference now repealed for mortgaged vessels
Code of Commerce Articles 586 to 608	Owner and agent liability, abandonment, co-owner association, and agency limits on new voyage and charter

Authority	What it decides here
Code of Commerce Articles 609 to 624	Captain qualifications, inherent powers, borrowing order, logbook and protest duties, and cargo responsibility
Code of Commerce Articles 350 to 379	Transport contract perfection, risk, claim clocks, delivery, delay, and the eight-day cargo lien
Code of Commerce Articles 806 to 869	Averages in general, gross and ordinary liquidation, and contribution procedure
Code of Commerce Articles 816 to 839	Arrival under stress propriety and expenses, and collision fault rules with protest
Code of Commerce Articles 840 to 845	Shipwreck ownership of loss, captain indemnity, salvage expenses, convoy distribution, and judicial sale
Presidential Decree No. 1521 of 1978	Ship Mortgage Decree with preferred mortgage, recordation, arrest, foreclosure, and the Section 17 priority ladder
Act No. 2616 of 1916	Salvage Law with voluntary and contract salvage, court-measured reward, fifty percent limit, excluded persons, and salvor lien
Republic Act No. 10668 of 2015	Foreign vessel co-loading of foreign cargo for transshipment
Republic Act No. 9295 of 2004	Domestic Shipping Development Act reserving the coastwise trade
Presidential Decree No. 979 of 1976	Marine pollution control and penalties
Civil Code Articles 1732 to 1739, 1755, 1756, and 2207	Extraordinary diligence, presumption of fault, and insurer subrogation carried into every sea dispute
Phil-Am General Insurance Co., Inc. v. Court of Appeals, G.R. No. 116940, June 11, 1997	Unseaworthiness at sailing is concurrent owner fault that destroys Article 587 abandonment
National Steel Corporation v. Court of Appeals, G.R. No. 112287, December 12, 1997	Voyage charter of a tramp vessel makes her a private carrier under the charter with weather laytime
A. Magsaysay, Inc. v. Agan, G.R. No. L-6393, January 31, 1955	Accidental stranding without common peril yields particular average on the ship
Compañia Maritima v. Insurance Company of North America, G.R. No. L-18965, October 30, 1964	Delivery to the carrier lighter perfects carriage without a bill of lading
Planters Products v. Court of Appeals, G.R. No. 101503, September 15, 1993	Demise transfers control and liability while affreightment keeps the owner as carrier
Regional Container Lines v. Netherlands Insurance Co. (Phils.), Inc., G.R. No. 168151, September 4, 2009	Carrier custody endures through unfinished discharge
Westwind Shipping Corp. v. UCPB Lines, G.R. No. 200289, November 25, 2013	Article 619 duty locks on through discharge and a delivery-undertaking broker is itself a carrier
Ganzon v. Court of Appeals, G.R. No. L-48757, May 30, 1988	Lighter receipt is carrier possession and an illegal mayoral order is no competent authority
National Trucking and Forwarding Corporation v. Lorenzo Shipping Corporation, G.R. No. 153563, February 7, 2005	Signed delivery receipts substantially comply with Article 353

Authority	What it decides here
Lu Do and Lu Ym Corporation v. I.V. Binamira, G.R. No. L-9840, April 22, 1957	A bill stipulation ending carrier responsibility upon turnover to customs covers the interregnum

Source and Verification Note

The primary texts were read directly and quoted verbatim: the Code of Commerce from the eCodal transcription cross-checked against the Aquino 2024 Chapter 13 optical-character extract of pages 879 to 914, Presidential Decree No. 1521 from the LawPhil statute page, Act No. 2616 from its LawPhil statute page, and Republic Act Nos. 10668 and 9295 from their official texts. Case doctrine and dates come from the Batch 2 digests in the vault, with full digest cards for *Phil-Am General Insurance* (G.R. No. 116940, 1997), *National Steel* (G.R. No. 112287, 1997), and *Magsaysay* (G.R. No. L-6393, 1955) and short cards cross-referring the full Batch 2 digests for the remaining decisions. The historic questions are the 2017 questions I.A. and XII transcribed verbatim from the 2016 to 2025 bar question bank, and no year was invented or reassigned. The Aquino 2024 textbook PDF is a scanned image, so Chapter 13 pages 829 to 878 were rebuilt from the Code, the Decree, and the digests rather than quoted from the scan. Amendatory dating was kept current: Act No. 2616 of 1916, Presidential Decree No. 1521 of 1978, Presidential Decree No. 979 of 1976, Republic Act No. 9295 of 2004, and Republic Act No. 10668 of 2015. Charter-party requisite and rescission article numbers and bottomry detail rest on a single secondary transcription and should be rechecked against Aquino Chapter 13 before examination use. Nothing in this reviewer was invented to complete a sentence.