

SECOND DIVISION

[G.R. No. 185891, June 26, 2013]

**CATHAY PACIFIC AIRWAYS, PETITIONER, VS. JUANITA REYES,
WILFI EDO REYES, MICHAEL ROY REYES, SIXTA LAPUZ, AND
SAMPAGUITA TRAVEL CORP., RESPONDENTS.**

D E C I S I O N

PEREZ, J.:

Assailed in this petition for review are the Decision^[1] dated 22 October 2008 in CA-G.R. CV. No. 86156 and the 6 January 2009 Resolution^[2] in the same case of the Court of Appeals.

This case started as a complaint for damages filed by respondents against Cathay Pacific Airways (Cathay Pacific) and Sampaguita Travel Corp. (Sampaguita Travel), now joined as a respondent. The factual backdrop leading to the filing of the complaint is as follows:

Sometime in March 1997, respondent Wilfredo Reyes (Wilfredo) made a travel reservation with Sampaguita Travel for his family's trip to Adelaide, Australia scheduled from 12 April 1997 to 4 May 1997. Upon booking and confirmation of their flight schedule, Wilfredo paid for the airfare and was issued four (4) Cathay Pacific round-trip airplane tickets for Manila-HongKong-Adelaide-HongKong-Manila with the following record locators:

Name of Passenger	PNR OR RECORD LOCATOR NOS. ^[3]
Reyes, Wilfredo	J76TH
Reyes, Juanita	HDWC3
Reyes, Michael Roy	H9VZF
Lapuz, Sixta	HTFMG ^[4]

On 12 April 1997, Wilfredo, together with his wife Juanita Reyes (Juanita), son Michael Roy Reyes (Michael) and mother-in-law Sixta Lapuz (Sixta), flew to Adelaide, Australia without a hitch.

One week before they were scheduled to fly back home, Wilfredo reconfirmed his family's return flight with the Cathay Pacific office in Adelaide. They were advised that the reservation was "still okay as scheduled."

On the day of their scheduled departure from Adelaide, Wilfredo and his family arrived at the airport on time. When the airport check-in counter opened, Wilfredo was informed by a staff from Cathay Pacific that the Reyeses did not have confirmed reservations, and only Sixta's flight booking was confirmed. Nevertheless, they were allowed to board the flight to HongKong due to adamant pleas from Wilfredo. When they arrived in HongKong, they were again informed of the same problem. Unfortunately this time, the Reyeses

were not allowed to board because the flight to Manila was fully booked. Only Sixta was allowed to proceed to Manila from HongKong. On the following day, the Reyeses were finally allowed to board the next flight bound for Manila.

Upon arriving in the Philippines, Wilfredo went to Sampaguita Travel to report the incident. He was informed by Sampaguita Travel that it was actually Cathay Pacific which cancelled their bookings.

On 16 June 1997, respondents as passengers, through counsel, sent a letter to Cathay Pacific advising the latter of the incident and demanding payment of damages.

After a series of exchanges and with no resolution in sight, respondents filed a Complaint for damages against Cathay Pacific and Sampaguita Travel and prayed for the following relief: a) P1,000,000.00 as moral damages; b) P300,000.00 as actual damages; c) P100,000.00 as exemplary damages; and d) P100,000.00 as attorney's fees.^[5]

In its Answer, Cathay Pacific alleged that based on its computerized booking system, several and confusing bookings were purportedly made under the names of respondents through two (2) travel agencies, namely: Sampaguita Travel and Rajah Travel Corporation. Cathay Pacific explained that only the following Passenger Name Records (PNRs) appeared on its system: PNR No. H9V15, PNR No. HTFMG, PNR No. J9R6E, PNR No. J76TH, and PNR No. H9VSE. Cathay Pacific went on to detail each and every booking, to wit:

1. **PNR No. H9V15**

Agent: Sampaguita Travel Corp.

Party: Ms. J Reyes, Mr. M R Reyes, Mr. W Reyes

Itinerary: CX902/CX105 MNL/HKG/ADL 12 APR.

The itinerary listed above was confirmed booking. However, the itinerary did not include booking for the return flights.

From information retrieved from ABACUS (the booking system used by agents), the agent has, on 10 April, added segments CX104/CX905 ADL/HKG/MNL 04 MAY on MK status, which was not a confirmed booking. MK function is used for synchronizing records or for ticketing purposes only. It does not purport to be a real booking. As a result, no booking was transmitted into CPA's system.

2. **PNR No. HTFMG**

Agent: Sampaguita Travel Corp.

Party: Mrs. Sixta Lapuz

Itinerary: CX902/CX105 MNL/HKG/ADL 12 APR, CX104/CX907 ADL/HKG/MNL 04/05 MAY.

The above itinerary is the actual itinerary that the passenger has flown. However, for the return sector, HKG/MNL, the original booking was on CX905 of 04 May. This original booking was confirmed on 21 Mar. and ticketed on 11 Apr.

This booking was cancelled on 04 May at 9:03 p.m. when CX905 was almost scheduled to leave at the behest of the passenger and she was re-booked on CX907 of 05 May at the same time.

3. **PNR No. J9R6E**

Agent: Rajah Travel Corp.

Party: Mrs. Julieta Gaspar, Mrs. Sixta Lapuz, Mrs. Juanita Reyes, Mr. Michael Roy Reyes, Mr. Wilfredo Reyes.

Itinerary: CX900 & CX902 MNL/HKG 12 APR, CX105
HKG/ADL 12 APR, CX104/CX905 ADL/HKG/MNL 04 MAY &
07 MAY

The party was confirmed initially on CX900/12 Apr, CX105/12
Apr, CX104/CX9095 07 May and on waiting list for CX902/12
Apr, CX104/CX905 04 May.

However, on 31 Mar., the booking was cancelled by the agent.

4. **PNR No. J76TH**

Agent: Sampaguita Travel Corp. Party: Mr. W Reyes

Itinerary: CX104/CX905 ADL/HKG/MNL 04 MAY.

The booking on the above itinerary was confirmed initially. When the
agent was asked for the ticket number as the flight CX905 04

May was very critical, the agent has inputted the ticket number on
10 Apr. but has removed the record on 11 April. Since the booking was
reflected as not ticketed, the booking was cancelled on 18 Apr.
accordingly.

This PNR was split from another PNR record, H9VSE.

5. **PNR No. H9VSE**

Agent: Sampaguita Travel Corp.

Party: Ms. R Lapuz, Mr. R Lapuz, Mr. A Samson, originally Mr. W Reyes
was included in this party as well

Itinerary: CX104/CX905 ADL/HKG/MNL 04 MAY.

The booking was confirmed initially but were not ticketed by 11
Apr. and was cancelled accordingly. However, the PNR of Mr. W Reyes
who was originally included in this party was split to a separate record of
J76TH.^[6]

Cathay Pacific asserted that in the case of Wilfredo with PNR No. J76TH, no valid ticket number was inputted within a prescribed period which means that no ticket was sold. Thus, Cathay Pacific had the right to cancel the booking. Cathay Pacific found that Sampaguita Travel initially inputted a ticket number for PNR No. J76TH and had it cancelled the following day, while the PNR Nos. HDWC3 and HTFMG of Juanita and Michael do not exist.

The Answer also contained a cross-claim against Sampaguita Travel and blamed the same for the cancellation of respondents' return flights. Cathay Pacific likewise counterclaimed for payment of attorney's fees.

On the other hand, Sampaguita Travel, in its Answer, denied Cathay Pacific's claim that it was the cause of the cancellation of the bookings. Sampaguita Travel maintained that it made the necessary reservation with Cathay Pacific for respondents' trip to Adelaide. After getting confirmed bookings with Cathay Pacific, Sampaguita Travel issued the corresponding tickets to respondents. Their confirmed bookings were covered with the following PNRs:

PASSENGER NAME	PNR No.
Lapuz, Sixta	H9V15/ J76TH
Reyes, Wilfredo	H9V15/HDWC3

Reyes, Michael Roy	H9V15/H9VZF
Reyes, Juanita	HTFMG ^[7]

Sampaguita Travel explained that the Reyeses had two (2) PNRs each because confirmation from Cathay Pacific was made one flight segment at a time. Sampaguita Travel asserted that it only issued the tickets after Cathay Pacific confirmed the bookings. Furthermore, Sampaguita Travel exonerated itself from liability for damages because respondents were claiming for damages arising from a breach of contract of carriage. Sampaguita Travel likewise filed a cross-claim against Cathay Pacific and a counterclaim for damages.

During the pre-trial, the parties agreed on the following stipulation of facts:

1. That the plaintiffs did not deal directly with Cathay Pacific Airways;
2. That the plaintiffs did not make their bookings directly with Cathay Pacific Airways;
3. That the plaintiffs did not purchase and did not get their tickets from Cathay Pacific Airways;
4. That Cathay Pacific Airways has promptly replied to all communications sent by the plaintiffs through their counsel;
5. That the plane tickets issued to plaintiffs were valid, which is why they were able to depart from Manila to Adelaide, Australia and that the reason why they were not able to board their return flight from Adelaide was because of the alleged cancellation of their booking by Cathay Pacific Airways at Adelaide, save for that of Sixta Lapuz whose booking was confirmed by Cathay Pacific Airways;
6. That several reservations and bookings for the plaintiffs were done by defendant Sampaguita Travel Corporation through the computer reservation system and each of such request was issued a PNR;
7. That, as a travel agent, defendant Sampaguita Travel Corporation merely acts as a booking/sales/ticketing arm for airline companies and it has nothing to do with the airline operations;
8. That in the travel industry, the practice of reconfirmation of return flights by passengers is coursed or done directly with the airline company and not with the travel agent, which has no participation, control or authority in making such reconfirmations.
9. That in the travel industry, the practice of cancellation of flights is within the control of the airline and not of the travel agent, unless the travel agent is requested by the passengers to make such cancellations; and,
10. That defendant Cathay Pacific Airways has advertised that "there is no need to confirm your flight when travelling with us", although Cathay Pacific Airways qualifies the same to the effect that in some cases there is a need for reconfirmations.^[8]

After trial on the merits, the Regional Trial Court (RTC) rendered a Decision,^[9] the dispositive part of which reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the defendants and against the herein plaintiff. Accordingly, plaintiffs' complaint is hereby ordered DISMISSED for lack of merit. Defendants'

counterclaims and cross-claims are similarly ordered dismissed for lack of merit. No pronouncement as to cost.^[10]

The trial court found that respondents were in possession of valid tickets but did not have confirmed reservations for their return trip to Manila. Additionally, the trial court observed that the several PNRs opened by Sampaguita Travel created confusion in the bookings. The trial court however did not find any basis to establish liability on the part of either Cathay Pacific or Sampaguita Travel considering that the cancellation was not without any justified reason. Finally, the trial court denied the claims for damages for being unsubstantiated.

Respondents appealed to the Court of Appeals. On 22 October 2008, the Court of Appeals ordered Cathay Pacific to pay P25,000.00 each to respondents as nominal damages.

Upon denial of their motion for reconsideration, Cathay Pacific filed the instant petition for review assigning the following as errors committed by the Court of Appeals:

A.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A CLEAR AND REVERSIBLE ERROR IN HOLDING THAT CATHAY PACIFIC AIRWAYS IS LIABLE FOR NOMINAL DAMAGES FOR ITS ALLEGED INITIAL BREACH OF CONTRACT WITH THE PASSENGERS EVEN THOUGH CATHAY PACIFIC AIRWAYS WAS ABLE TO PROVE BEYOND REASONABLE DOUBT THAT IT WAS NOT AT FAULT FOR THE PREDICAMENT OF THE RESPONDENT PASSENGERS.

B.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A CLEAR AND REVERSIBLE ERROR IN RELYING ON MATTERS NOT PROVED DURING THE TRIAL AND NOT SUPPORTED BY THE EVIDENCE AS BASIS FOR HOLDING CATHAY PACIFIC AIRWAYS LIABLE FOR NOMINAL DAMAGES.

C.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A CLEAR AND REVERSIBLE ERROR IN HOLDING CATHAY PACIFIC AIRWAYS LIABLE FOR NOMINAL DAMAGES TO RESPONDENT SIXTA LAPUZ.

D.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A CLEAR AND REVERSIBLE ERROR IN NOT HOLDING SAMPAGUITA TRAVEL CORP. [LIABLE] TO CATHAY PACIFIC AIRWAYS FOR WHATEVER DAMAGES THAT THE AIRLINE COMPANY WOULD BE ADJUDGED THE RESPONDENT PASSENGERS.

E.

ALTERNATIVELY, WHETHER OR NOT THE COURT OF APPEALS COMMITTED A CLEAR AND REVERSIBLE ERROR WHEN IT FAILED TO APPLY THE DOCTRINE OF STARE DECISIS IN FIXING THE AMOUNT OF NOMINAL DAMAGES TO BE AWARDED.^[11]