

SECOND DIVISION

[G.R. No. 174364, July 30, 2009]

**NORTHWEST AIRLINES, PETITIONER, VS. DELFIN S. CATAPANG,
RESPONDENT.**

DECISION

CARPIO MORALES, J.:

Delfin S. Catapang (respondent), a lawyer and, at the time material to the case at bar, Assistant Vice President and Head of the Special Projects Department, Corporate Services Division of the United Coconut Planters Bank (UCPB), was directed by UCPB to go to Paris on a business trip. As he intended to proceed, after his trip to Paris, to the United States to visit his siblings, he requested First United Travel, Inc. (FUT) to issue him a ticket that would allow rebooking or rerouting of flights within the United States.

Complying with respondent's requirement, FUT informed him, via telephone, that Northwest Airlines, Inc. (petitioner) was willing to accommodate his request provided he would pay an additional US\$50 for every rebooking or rerouting of flight. Respondent agreed with the condition, hence, FUT, as petitioner's authorized agent, issued respondent a ticket covering the New York to Los Angeles via Detroit and the Los Angeles to Manila segments of his travel, indicating thereon the following details of his itinerary:

X X X X
12MARLV NYC/LAGUARDIA 0935NORTHWEST
AR LOS ANGELES 1433
VIADETROIT MI
X X X X

The rebooking/rerouting scheme was annotated on the restriction portion of the ticket issued to respondent bearing No. 012 6832392670 5 as follows:

No end./7 days adv. Purchase
US\$50 - rebooking/re-routing/cancellation fee (Underscoring supplied)

On respondent's arrival in New York, he called up by telephone petitioner's office which informed him that his ticket was not "rebookable or reroutable." He was, nevertheless, advised to go to petitioner's nearest branch office.

Respondent thus proceeded on March 10, 1992 to petitioner's ticket office at the World Trade Center where he was treated in a rude manner by an employee who informed him that his ticket was not rebookable or reroutable since it was of a

"restricted type," and that unless he upgraded it by paying US\$644.00, he could not rebook. Left with no choice, respondent paid that amount for rebooking.

Upon his return to the Philippines, respondent, by letter of March 24, 1992, wrote petitioner:

At about 9:30 in the morning of March 11, 1992, I went to the sales office in the World Trade Center where I explained to your black woman representative my predicament. Your representative **rudely told me that my ticket is the restrictive type** and that my flight can not be rebooked or rerouted. I explained that the only restriction on my ticket is that I should pay US\$50.00 if I have to rebook or reroute my flight and asked your representative to read the restriction. Your representative **rudely and impolitely retorted that I could not understand English and that unless I pay the amount of US\$644.00, I cannot get a rebooking and rerouting.** Despite my appeal and protestation, she did not reconsider her decision. As I was badly needed in Detroit on the evening of the same day and had to be back in Manila on the 14th of March, I was compelled to pay, under protest, the amount of US\$644.00 using my American Express Card as my cash was insufficient to cover the amount. It was only then that I was issued ticket no. 012:4488:504:099.

Considering that my ticket was cleared with you prior to its issuance and that FUT is your duly accredited agent, you are bound by the terms of the ticket issued by FUT in your behalf. You have no right to unilaterally change the tenor of your contract during its effectivity without my consent.

Your airline's willful breach of the terms and conditions of my ticket and the shabby treatment that I received from your personnel hurt my feeling, humiliated and embarrassed me in the presence of my brother-in-law and other people nearby who witnessed the incident. The fact that your employee did that to a bank officer and a lawyer like me only shows that your airline can also do the same to others, not to mention the poor and hapless persons.

Because I could not bear my wounded feeling, the shabby treatment, the humiliation and the embarrassment that I received from your employee, I asked for the cancellation and refund of my ticket covering my trip from Los Angeles to the Philippines for which I was given a refund application slip_no. 012 0230189256 3 by your ticket counter at the Los Angeles airport on March 12, 1992.

To compensate me for the expenses that I incurred, and the wounded feeling, humiliation and embarrassment that were caused by your airline's willful breach of contract with me, I demand that you pay me damages in the amount of P1,000,000.00 within a period of five (5) days from your receipt hereof. Otherwise, I shall have no alternative but to seek redress from our court of justice and to hold you liable for all other expenses attendant thereto.^[1] (Underscoring supplied)

Respondent's letter of demand remained unanswered, unheeded, drawing him to file on July 1, 1992 with the Regional Trial Court (RTC) of Makati a complaint for damages against petitioner.

Petitioner claimed in its Answer that respondent's ticket was a discounted one, subject to the rules which petitioner's agents have to abide by. Thus, with respect to the annotation on respondent's ticket of the US\$50.00 rebooking charge, petitioner explained that the same was subject to the "rules of applicability," which rules could not be reflected on the ticket.

By Decision of October 5, 2000,^[2] Branch 56 of the RTC Makati faulted petitioner for breach of contract of carriage, disposing as follows:

WHEREFORE, all the foregoing considered, this Court declares defendant liable to pay plaintiff and orders the latter to pay him the following sums:

1. US\$ 823.00 or its Peso equivalent at the time of the payment with legal interest and Php7,372.50 for filing fees as actual damages;
2. P800,000.00 as moral damages;
3. P100,000.00 as exemplary damages;
4. P200,000.00 as and for attorney's fees; and
5. Cost of suit.

SO ORDERED.^[3]

On appeal, the Court of Appeals, by Decision of June 30, 2006^[4] affirmed the trial court's Decision with modification, thus:

WHEREFORE, except for the reduction of the award of moral damages from P800,000.00 to P400,000.00, the appealed Decision dated October 5, 2000 is affirmed in all other respects.

SO ORDERED."^[5] (Underscoring supplied)

Hence, the present petition which assails the award to respondent of moral damages, petitioner positing that it was not guilty of breach of contract. In any event, it assails the award to respondent of exemplary damages, it positing that the same is not recoverable in cases of breach of contract of carriage unless the carrier is guilty of wanton, fraudulent, reckless, oppressive or malevolent conduct of which it is not, so it claims.

Additionally, petitioner assails 1) the award of attorney's fees, positing that under Article 2208 of the Civil Code, attorney's fees and expenses of litigation cannot, as a general rule, be recovered, and of actual damages for respondent did not suffer any pecuniary loss; 2) the order for reimbursement of filing fees there being no basis; and 3) the award of a total of P700,000.00 in damages for being excessive and