

****Title:**** Pan American World Airways, Inc. vs. Intermediate Appellate Court, Rene V. Pangan, Sotang Bastos Productions, and Archer Productions

****Facts:****

Rene V. Pangan, president and general manager of Sotang Bastos and Archer Productions, arranged to supply films for exhibition in the U.S.A. and Guam. In preparation, he acquired promotional materials and other items totaling P17,300.00. Pangan purchased a Pan Am flight ticket for Manila to Guam. Despite checking in two luggages containing the said materials and paying an additional fee for a first-class seat due to overbooking, his luggage failed to arrive in Guam, leading to the cancellation of the film exhibitions. Pangan's subsequent written claim and legal protestations to Pan Am regarding the missing luggage and poor treatment resulted in assurances of investigation from Pan Am, but with no resolution. Consequently, Pangan filed a complaint, and the Court of First Instance awarded P91,123.34 in damages and attorney's fees to the plaintiffs, a decision affirmed by the Intermediate Appellate Court. Pan Am appealed to the Supreme Court, challenging the damages awarded beyond the limit specified in the Warsaw Convention and the contract of carriage.

****Issues:****

1. Whether the Warsaw Convention and the contract of carriage limit Pan Am's liability for the lost baggage.
2. Whether Pan Am can be held liable for the alleged lost profits as a result of the lost baggage.

****Court's Decision:****

The Supreme Court granted the petition, setting aside the decision of the Intermediate Appellate Court. The Court reaffirmed the applicability of the Warsaw Convention, which limits an air carrier's liability for lost baggage, holding Pan Am liable only up to \$600.00, as stipulated in the ticket conditions. The Court also ruled that Pan Am could not be held liable for the cancellation of the film contracts and the consequent lost profits, as the airline was not privy to the terms of those contracts and had not been informed of the need for the materials to arrive by a specific date.

****Doctrine:****

The case reaffirmed the doctrine that an international air carrier's liability for lost baggage is limited by the terms of the Warsaw Convention and the contract of carriage unless a passenger declares a higher value and pays additional charges.

****Class Notes:****

1. ****Warsaw Convention:**** Governs and limits the liability of carriers in international carriage for death, personal injury, or loss of/damage to baggage.
2. ****Contract of Carriage:**** Passengers are bound by the conditions stipulated in their ticket, including liability limitations, even without their explicit consent, typical of contracts of adhesion.
3. ****Liability for Lost Baggage:**** Limited to the amount explicitly stated in the ticket unless a higher value is declared and additional charges are paid.
4. ****Claim for Damages:**** Carriers cannot be held liable for special or consequential damages, such as lost profits, unless the carrier was made aware of the potential for such damages at the time of the contract.

****Historical Background:****

The case underscores the complexities involving contracts of carriage and the legal framework governing international air travel, particularly the implications of the Warsaw Convention on liability issues. It demonstrates the challenges passengers face in claiming damages beyond those stipulated by international treaties and the importance of disclosing valuable items and paying supplemental fees when necessary to ensure adequate compensation in case of loss.