

****Title:****

Spouses Yu Eng Cho and Francisco Tao Yu vs. Pan American World Airways, Inc., Tourist World Services, Inc., Julieta Canilao, and Claudia Tagunicar, G.R. No. 385 Phil. 453 (1995)

****Facts:****

1. ****Initial Booking (July 10, 1976):**** The petitioners, Yu Eng Cho and Francisco Tao Yu, purchased plane tickets from Claudia Tagunicar, who presented herself as an agent of Tourist World Services, Inc. (TWSI) for a trip to Hong Kong, Tokyo, and San Francisco.
2. ****RQ Status:**** The Tokyo-San Francisco leg was on “RQ” (request) status when the tickets were issued.
3. ****Confirmation Issues (Pre-Departure):**** Tagunicar assured the petitioners the tickets were fully confirmed after their follow-up inquiries, attaching confirmation stickers.
4. ****Verification by Petitioners’ Son (Adrian Yu):**** Adrian Yu independently verified the bookings were confirmed with Pan Am.
5. ****Problem at Tokyo (July 28, 1978):**** Upon reaching Tokyo and reconfirming their flight to San Francisco with Pan Am, the petitioners discovered their names were not in the passenger manifest.
6. ****Diversion to Taipei:**** Due to no available alternative flights within 72 hours to the United States, the petitioners were advised to fly to Taipei, which ultimately led them to return to Manila on August 3, 1978.
7. ****Financial Losses:**** The failed trip resulted in the cancellation of a business deal in the United States, causing the petitioners to lose expected profits of P300,000 to P400,000.
8. ****Court Procedures:**** Petitioners filed a complaint for damages against Pan Am, TWSI, Canilao, and Tagunicar. The Regional Trial Court of Manila held Pan Am, TWSI, and Tagunicar jointly and severally liable, except for Canilao.
9. ****Appeal and CA Decision:**** Both Pan Am and Tagunicar appealed. The Court of Appeals exonerated Pan Am and TWSI, holding only Tagunicar liable and adjusting the damages awarded.

****Issues:****

1. ****Agency Relationship:**** Whether an agency relationship existed between Pan Am, TWSI, and Tagunicar.
2. ****Ticket Confirmation:**** Whether the petitioners’ tickets were confirmed.
3. ****Damages:**** Whether the awards for actual, moral, and exemplary damages were justified and properly calculated.

****Court’s Decision:****

1. **Agency Relationship:**

- **No Agency Proven:** The Supreme Court found that the petitioners failed to prove an agency relationship between Pan Am, TWSI, and Tagunicar with sufficient evidence. Affidavits and business transactions alone did not satisfy the legal requirements to establish an agency.

2. **Ticket Confirmation:**

- **RQ Status:** The tickets were found to be on "RQ" status at all relevant times, and no confirmation was provided by Pan Am or TWSI.

- **Misrepresentation by Tagunicar:** Although Tagunicar applied confirmation stickers, these were unauthorized and intended for airline use only.

3. **Damages:**

- **Actual Damages Denied:** Lack of sufficient evidence for the claimed actual damages led to their denial.

- **Moral, Exemplary Damages, and Attorney's Fees:** The award for moral damages was reduced to P50,000, exemplary damages to P25,000, and attorney's fees to P10,000, holding only Tagunicar liable due to her bad faith.

Doctrine:

1. **Elements of Agency:**

- **Consent, Representation, and Authority:** Proof of actual authority beyond mere transactions.

- **Burden of Proof:** Those asserting an agency must provide compelling evidence of authorization and scope.

2. **Good Faith Presumption:** Liability presumes good faith unless convincing evidence demonstrates bad faith or ill motive.

Class Notes:

- **Elements of Agency:** Consent, authority, third-party representation, and actions within the authorized scope (Art. 1868, Civil Code).

- **Burden of Proof in Agency:** Party asserting agency must provide clear evidence.

- **Good Faith Presumption:** Legal presumption favors good faith in actions, placing the burden of proof on claims of bad faith or misconduct.

- **Contracts of Carriage:** Confirmation stickers should reflect proper validation, confirmed status ('OK'), and inclusion in the passenger manifest.

Historical Background:

- **Context:** The case dates back to a period when international travel logistics heavily

depended on manual ticketing and personal interventions by travel agents. The impact of strikes (e.g., Northwest Airlines) complicated travel arrangements, leading to disputes over ticket confirmations and associated liabilities.