

NORTHWEST AIRLINES, INC., PETITIONER, VS. SPOUSES EDWARD J. HESHAN AND NELIA L. HESHAN AND DARA GANESSA L. HESHAN, REPRESENTED BY HER PARENTS EDWARD AND NELIA HESHAN, RESPONDENTS.

G.R. No. 179117. February 03, 2010

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

In July 1998, Edward Heshan (Edward) purchased three (3) roundtrip tickets from Northwest Airlines, Inc. (petitioner) for him, his wife Nelia Heshan (Nelia) and daughter Dara Ganessa Heshan (Dara) for their trip from Manila to St. Louis, Missouri, USA and back to attend an ice skating competition where then seven yearold Dara was to participate.[1]

When Dara's participation in the ice skating event ended on August 7, 1998, the Heshans proceeded to the airport to take the connecting flight from St. Louis to Memphis on their way to Los Angeles. At the airport, the Heshans first checked-in their luggage at the airport's "curbside check-in" near the entrance.[2] Since they arrived three hours early for their 6:05 p.m. flight (Flight No. 972M), the Heshans whiled away the time at a nearby coffee shop. At 5:15 p.m. when the check-in counter opened, Edward took to the line where he was second in the queue. When his turn came and presented the tickets to petitioner's customer service agent Ken Carns (Carns) to get the boarding passes, he was asked to step aside and wait to be called again.[3]

After all the other departing passengers were given their boarding passes, the Heshans were told to board the plane without any boarding pass given to them and to just occupy open seats therein. Inside the plane, the Heshans noticed that only one vacant passenger seat was available, which was offered to Dara, while Edward and Nelia were directed to occupy two "folding seats" located at the rear portion of the plane. To respondents, the two folding seats were crew seats intended for the stewardesses.[4]

Upset that there were not enough passenger seats for them, the Heshans complained to the cabin crew about the matter but were told that if they did not like to occupy the seats, they were free to disembark from the plane. And disembark they did, complaining thereafter to Carns about their situation. Petitioner's plane then departed for Memphis without respondents onboard.[5]

The Heshans were later endorsed to and carried by Trans World Airways to Los Angeles. Respondents arrived in Los Angeles at 10:30 p.m. of the same day but had to wait for three hours at the airport to retrieve their luggage from petitioner's Flight No. 972M.[6] Respondents stayed for five days more in the U.S. before going back home to Manila.[7]

On September 24, 1998, respondents sent a letter to petitioner to demand indemnification for the breach of contract of carriage.[8] Via letter of December 4, 1998, petitioner replied that respondents were prohibited to board Flight No. 972M for "verbally abus[ing] [the] flight crew."[9]

As their demand remained unheeded, respondents filed a complaint for breach of contract with damages at the Regional Trial Court (RTC) of Quezon City.[10]

From the depositions of petitioner's employees Carns, Mylan Brown (Brown) and Melissa Seipel (Seipel), the following version is gathered:

The Heshans did not have reservations for particular seats on the flight. When they requested that they be seated together, Carns denied the request and explained that other passengers had pre-selected seats and that the computerized seating system did not reflect that the request could be accommodated at the time. Carns nonetheless assured the Heshans that they would be able to board the plane and be seated accordingly, as he in fact instructed them ten minutes before the plane's departure, to board the plane even without boarding passes and to occupy "open seats" therein.[11]

By Seipel's claim, as the Heshans were upset upon learning that they were not seated together on the plane, she told them that she would request other passengers to switch places to accommodate their demand; that she never had a chance to try to carry out their demand, however, as she first had to find space for their bags in the overhead compartment; and that the Heshans cursed her which compelled her to seek assistance from Brown in dealing with them.[12]

Brown averred that she went to the back portion of the plane to help out but she was brushed aside by Nelia who was cursing them as she stormed out of the plane followed by Edward and Dara.[13]

Petitioner denied that the Heshans (hereafter respondents) were told to occupy "folding seats" or crew seats since "[Federal Aviation Authority] regulations say no passengers are to sit there." [14] As for respondents not having been given boarding passes, petitioner asserted that that does not in itself mean that the flight was overbooked, for

[t]his is done on last minute boarding when flights are full and in order to get passengers on their way and to get the plane out on time. This is acceptable procedure.[15]

Branch 96 of the RTC, by Decision[16] of August 20, 2002, rendered judgment in favor of respondents, disposing as follows:

WHEREFORE, judgment is rendered ordering [petitioner] Northwest Airlines, Inc. to pay [respondents] Edward J. Heshan, Nelia L. Heshan and Dara Ganessa L. Heshan the following:

- P3,000,000.00, as moral damages;
- P500,000.00, as exemplary damages;
- A sum equivalent of 20% of the foregoing amounts, as attorney's fees; and,
- Costs of suit.

SO ORDERED.[17]

In finding for respondents, the trial court noted:

[T]hat the [respondents] held confirmed reservations for the St Louis-Memphis leg of their return trip to the Philippines is not disputed. As such, they were entitled as of right under their contract to be accommodated in the flight, regardless of whether they had selected their seats in advance or not. They had arrived at the airport early to make sure of their seating together, and, in fact, Edward was second in the queue for boarding passes. Yet, Edward was unceremoniously sidelined and curtly told to wait without any explanations why. His concerned seeking for explanations was repeatedly rebuffed by the airline employees. When, at last, they were told to board the aircraft although they had not yet been issued boarding passes, which they thought to be

highly unusual, they soon discovered, to their dismay, that the plane was fully booked, with only one seat left for the 3 of them. Edward and Nelia rejected the offer [to take] the crew seats. [Respondents] were thus forced to disembark. (*italics in the original; emphasis and underscoring supplied*)

On appeal, the Court of Appeals, by Decision[18] of June 22, 2007, sustained the trial court's findings but reduced the award of moral and exemplary damages to P2 million and P300,000, respectively.[19] In affirming the findings of the trial court, the appellate court held:

... [I]t is clear that the only instances [sic] when the [petitioner] and its agents allow its passengers to board the plane without any boarding pass is when the flights are full and the plane is running late. Taking into account the fact that the [respondents] arrived at the airport early, checked-in their baggage before hand and were in fact at the gates of the boarding area on time, thus, it could not be said that they can fall under the exceptional circumstance [sic]. It bears stressing at this juncture that it becomes a highly irregular situation that despite the fact that the [respondents] showed up on time at the boarding area[,] they were made to go in last and sans any boarding passes. Thus, We hold that it can be logically inferred that the reason why no boarding passes were immediately issued to the [respondents] is because Flight 972 from St. Louis to Memphis is full and the [respondents] were "bumped off" from their flight. (*emphasis, italics and underscoring supplied*)

Reconsideration having been denied by the appellate court,[20] petitioner filed the present petition for review upon the issues of whether the appellate court

I

... ERRED IN RULING THAT RESPONDENTS WERE ENTITLED TO MORAL DAMAGES...

II

... ERRED IN RULING THAT RESPONDENTS WERE ENTITLED TO EXEMPLARY DAMAGES...

III

... ERRED IN RULING THAT RESPONDENTS WERE ENTITLED TO ATTORNEY'S FEES...

IV

... ASSUMING ARGUENDO THAT RESPONDENTS WERE ENTITLED TO AN AWARD OF DAMAGES, [ERRED IN AWARDING EXCESSIVE DAMAGES TO RESPONDENTS] .

V

... ERRED IN NOT FINDING FOR [IT] ON ITS COUNTERCLAIM.[21]

To petitioner, the present petition offers compelling reasons to again review the congruent factual findings of the lower courts which, to it, are contrary to the evidence on record; that the lower courts disregarded vital testimonies of its witnesses; that the appellate court premised its decision on a misapprehension of facts and failed to consider certain relevant facts which, if properly taken into account, will justify a different conclusion; that the appellate court made several inferences which were manifestly mistaken and absurd; and that the appellate court exercised grave abuse of discretion in the appreciation of facts.[22]

Petitioner maintains that it did not violate the contract of carriage since respondents were eventually transported from Memphis to Los Angeles, albeit via another airline, and that respondents made no claim of having sustained injury during the carriage.[23]

Petitioner goes on to posit that if indeed crew seats were offered to respondents, its crew would have had nowhere to sit and the plane would not have been able to depart,[24] and that in reality, respondents voluntarily

disembarked from the aircraft because they were not willing to wait to be seated together.[25]

At all events, petitioner finds the amount of damages imposed by the appellate court "excessive and unprecedented" and needing substantial reduction.[26]

In their Comment, respondents counter that since the petition is predicated on questions of facts and the appellate court affirmed the trial court's factual findings, these are entitled to great weight and respect.[27]

Respondents thus maintain that petitioner was guilty of breach of contract. They cite *Singapore Airlines v. Fernandez*,[28] which ruled:

[W]hen an airline issues a ticket to a passenger, confirmed for a particular flight on a certain date, a contract of carriage arises. The passenger then has every right to expect that he be transported on that flight and on that date. If he does not, then the carrier opens itself to a suit for a breach of contract of carriage.

The petition fails.

As has repeatedly been underscored, in petitions for review on certiorari, the general rule is that only questions of law may be raised by the parties and passed upon by the Court.[29] Factual findings of the appellate court are generally binding on the Court, especially when in complete accord with the findings of the trial court, as in the present case, save for some recognized exceptions.[30]

The issues raised by petitioner are predicated on the appreciation of factual issues. In weighing the evidence of the parties, the trial court found respondents' more credible.

An examination of the evidence presented by petitioner shows that it consisted only of depositions of its witnesses. It had in its possession and disposition pertinent documents such as the flight manifest and the plane's actual seating capacity and layout which could have clearly refuted respondents' claims that there were not enough passenger seats available for them. It inexplicably failed to offer even a single piece of documentary evidence. The Court thus believes that if at least the cited documentary evidence had been produced, it would have been adverse to petitioner's case.[31]

More. Petitioner failed to satisfactorily explain why it did not issue boarding passes to respondents who were confirmed passengers, even after they had checked-in their luggage three hours earlier. That respondents did not reserve seats prior to checking-in did not excuse the non-issuance of boarding passes.

From Carns' following testimony, viz:

Q. Now you mentioned open seats, Mr. Carns, can you tell us what the phrase or term open seats mean?

A. Well, about 10 minutes before boarding time when we cancel those who do not take reserve seats, we know how many passengers are on the plane and we just tell the other passengers to take whatever seat is available at that time,[32]

it is gathered that respondents were made to wait for last-minute cancellations before they were accommodated onto the plane. This, coupled with petitioner's failure to issue respondents their boarding passes and the eleventh-hour directive for them to embark, reinforces the impression that the flight was overbooked.

Petitioner's assertion that respondents disembarked from the plane when their request to be seated together was ignored does not impress. The observation of the appellate court, viz:

x x x x [T]he fact that the Appellees still boarded the plane ten (10) minutes prior to the departure time, despite knowing that they would be seated apart, is a clear manifestation of the Appellees' willingness to abandon their request and just board the plane in order to catch their flight. But as it turns out, there were not enough seats for

the three of them as aptly found by the Court a quo, to which We subscribed [sic]. x x x x,[33]

merits the Court's concurrence.

Nonetheless, the petition is in part meritorious. There is a need to substantially reduce the moral damages awarded by the appellate court. While courts are given discretion to determine the amount of damages to be awarded, it is limited by the principle that the amount awarded should not be palpably and scandalously excessive.[34]

Moral damages are neither intended to impose a penalty to the wrongdoer, nor to enrich the claimant. Taking into consideration the facts and circumstances attendant to the case, an award to respondents of P500,000, instead of P2,000,000, as moral damages is to the Court reasonable.[35]

WHEREFORE, the assailed Decision and Resolution of the Court of Appeals are AFFIRMED with MODIFICATION. The award of moral damages is reduced to P500,000. In all other respects, the Decision is AFFIRMED.

Costs against petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Nachura[*], Leonardo-De Castro, and Villarama, Jr., concur.

[*] Additional member per raffle dated January 25, 2010, in lieu of Justice Lucas P. Bersamin.

[1] Transcript of Stenographic Notes (TSN), January 20, 2000, p. 11.

[2] Records, p. 74.

[3] TSN, January 20, 2000, pp. 12-16.

[4] Id. at 17-20.

[5] Id. at 20-21.

[6] Id. at 22-26.

[7] TSN, June 9, 2000, p. 31.

[8] Records, pp. 77-78; Exhibit "H."

[9] TSN, January 20, 2000, pp. 29-30.

[10] Records, pp. 1-6.

[11] Id. at 108-110.

[12] Id. at 115-117.

[13] Id. at 122.

[14] Id. at 117, 123.

[15] Id. at 110, 115 and 121; Depositions of Ken Carns, Melissa Seipel and Mylan Brown.

[16] Id. at 252-260. Penned by then Presiding Judge Lucas P. Bersamin (now an Associate Justice of the Court).

[17] Id. at 260.

[18] CA rollo, pp. 174-196. Penned by Associate Justice Myrna Dimaranan Vidal with Associate Justices Jose L. Sabio Jr. and Jose C. Reyes Jr. concurring.

[19] Id. at 196.

[20] Rollo, p. 90.

[21] Id. at 16-18.

[22] Id. at 297-298.

[23] Id. at 19.

[24] Id. at 22.

[25] Id. at 28.

[26] Id. at 51-54.

[27] Id. at 275-276.

[28] 463 Phil. 145 (2003).

[29] Section 1 of Rule 45 of the Rules of Civil Procedure.

[30] These are: (1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of facts are conflicting; (6) when in making its findings, the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to that of the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are disputed by the respondent; (10) when the findings are premised on the supposed absence of evidence and contradicted by the evidence on record; and (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.

[31] Section 3 (e) of Rule 131 of the Revised Rules on Evidence; *Worcester v. Ocampo*, 22 Phil. 42 (1912).

[32] Records, pp. 109-110.

[33] Rollo, p. 79.

[34] *Saguid v. Security Finance, Inc.*, G.R. No. 159467, December 9, 2005, 477 SCRA 255, 275-276.

[35] Vide: *Lufthansa German Airlines v. Court of Appeals*, G.R. No. 83612, November 24, 1994, 238 SCRA 290; *Alitalia Airways v. Court of Appeals*, G.R. No. 77011, July 24, 1990, 187 SCRA 763, 771-772; *Japan Airlines v. Simangan*, G.R. No. 170141, April 22, 2008, 552 SCRA 341; *Northwest Airlines, Inc. v. Chiong*, G.R. No. 155550, January 31, 2008, 543 SCRA 308. In these cases, the Court awarded moral damages ranging from P200,000 to P500,000.

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