

**AIR FRANCE, PETITIONER, VS. HONORABLE COURT OF APPEALS,
JOSE G. GANA (DECEASED), CLARA A. GANA, RAMON GANA, MANUEL
GANA, MARIA TERESA GANA, ROBERTO GANA, JAIME JAVIER GANA,
CLOT...**

G.R. No. 57339. December 29, 1983

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

In this petition for review on certiorari, petitioner AIR FRANCE assails the Decision of then respondent Court of Appeals[1] promulgated on 15 December 1980 in CA-G.R. No. 58164-R, entitled "Jose G. Gana, et al. vs. Sociedad Nacional Air France", which reversed the Trial Court's judgment dismissing the Complaint of private respondents for damages arising from breach of contract of carriage, and awarding instead P90,000.00 as moral damages.

Sometime in February, 1970, the late Jose G. Gana and his family, numbering nine (the GANAS), purchased from AIR FRANCE through Imperial Travels, Incorporated, a duly authorized travel agent, nine (9) "open-dated" air passage tickets for the Manila/Osaka/Tokyo/Manila route. The GANAS paid a total of US\$2,528.85 for their economy and first class fares. Said tickets were bought at the then prevailing exchange rate of P3.90 per US\$1.00. The GANAS also paid travel taxes of P100.00 for each passenger.

On 24 April 1970, AIR FRANCE exchanged or substituted the aforementioned tickets with other tickets for the same route. At this time, the GANAS were booked for the Manila/Osaka segment on AIR FRANCE Flight 184 for 8 May 1970, and for the Tokyo/Manila return trip on AIR FRANCE Flight 187 on 22 May 1970. The aforesaid tickets were valid until 8 May 1971, the date written under the printed words "Non valable apres de" (meaning, "not valid after the").

The GANAS did not depart on 8 May 1970.

Sometime in January, 1971, Jose Gana sought the assistance of Teresita Manucdoc, a Secretary of the Sta. Clara Lumber Company where Jose Gana was the Director and Treasurer, for the extension of the validity of their tickets, which were due to expire on 8 May 1971. Teresita enlisted the help of Lee Ella, Manager of the Philippine Travel Bureau, who used to handle travel arrangements for the personnel of the Sta. Clara Lumber Company. Ella sent the tickets to Cesar Rillo, Office Manager of AIR FRANCE. The tickets were returned to Ella who was informed that extension was not possible unless the fare differentials resulting from the increase in fares triggered by an increase of the exchange rate of the US dollar to the Philippine peso and the increased travel tax were first paid. Ella then returned the tickets to Teresita and informed her of the impossibility of extension.

In the meantime, the GANAS had scheduled their departure on 7 May 1971 or one day before the expiry date. In the morning of the very day of their scheduled departure on the first leg of their trip, Teresita requested travel agent Ella to arrange the revalidation of the tickets. Ella gave the same negative answer and warned her that

although the tickets could be used by the GANAS if they left on 7 May 1971, the tickets would no longer be valid for the rest of their trip because the tickets would then have expired on 8 May 1971. Teresita replied that it will be up to the GANAS to make the arrangements. With that assurance, Ella, on his own, attached to the tickets validating stickers for the Osaka/Tokyo flight, one a JAL sticker and the other an SAS (Scandinavian Airways System) sticker. The SAS sticker indicates thereon that it was "Revalidated by the Philippine Travel Bureau, Branch No. 2" (as shown by a circular rubber stamp) and signed "Ador", and the date is handwritten in the center of the circle. Then appear under printed headings the notations: JL 108 (Flight), 16 May (Date), 1040 (Time), OK (status). Apparently, Ella made no more attempt to contact AIR FRANCE as there was no more time.

Notwithstanding the warnings, the GANAS departed from Manila in the afternoon of 7 May 1971 on board AIR FRANCE Flight 184 for Osaka, Japan. There is no question with respect to this leg of the trip.

However, for the Osaka/Tokyo flight on 17 May 1971, Japan Airlines refused to honor the tickets because of their expiration, and the GANAS had to purchase new tickets. They encountered the same difficulty with respect to their return trip to Manila as AIR FRANCE also refused to honor their tickets. They were able to return only after pre-payment in Manila, through their relatives, of the readjusted rates. They finally flew back to Manila on separate Air France Flights on 19 May 1971 for Jose Gana and 26 May 1971 for the rest of the family.

On 25 August 1971, the GANAS commenced before the then Court of First Instance of Manila, Branch III, Civil Case No. 84111 for damages arising from breach of contract of carriage.

AIR FRANCE traversed the material allegations of the Complaint and alleged that the GANAS brought upon themselves the predicament they found themselves in and assumed the consequential risks; that travel agent Ella's affixing of validating stickers on the tickets without the knowledge and consent of AIR FRANCE, violated airline tariff rules and regulations and was beyond the scope of his authority as a travel agent; and that AIR FRANCE was not guilty of any fraudulent conductor bad faith.

On 29 May 1975, the Trial Court dismissed the Complaint based on Partial and Additional Stipulations of Fact as well as on the documentary and testimonial evidence.

The GANAS appealed to respondent Appellate Court. During the pendency of the appeal, Jose Gana, the principal plaintiff, died.

On 15 December 1980, respondent Appellate Court set aside and reversed the Trial Court's judgment in a Decision, which decreed:

"WHEREFORE, the decision appealed from is set aside. Air France is hereby ordered to pay appellants moral damages in the total sum of NINETY THOUSAND PESOS (P90,000.00) plus costs."

"SO ORDERED."[2]

Reconsideration sought by AIR FRANCE was denied, hence, petitioner's recourse before this instance, to which we gave due course.

The crucial issue is whether or not, under the environmental milieu, the GANAS have made out a case for breach of contract of carriage entitling them to an award of damages.

We are constrained to reverse respondent Appellate Court's affirmative ruling thereon.

Pursuant to tariff rules and regulations of the International Air Transportation Association (IATA), included in paragraphs 9, 10, and 11 of the Stipulations of Fact between the parties in the Trial Court, dated 31 March 1973, an airplane ticket is valid for one year. "The passenger must undertake the final portion of his journey by

departing from the last point at which he has made a voluntary stop before the expiry of this limit (parag. 3.1.2) x x x That is the time allowed a passenger to begin and to complete his trip (parags. 3.2 and 3.3.). x x x A ticket can no longer be used for travel if its validity has expired before the passenger completes his trip (parag. 3.5.1). x x x To complete the trip, the passenger must purchase a new ticket for the remaining portion of the journey" (ibid.)[3]

From the foregoing rules, it is clear that AIR FRANCE cannot be faulted for breach of contract when it dishonored the tickets of the GANAS after 8 May 1971 since those tickets expired on said date; nor when it required the GANAS to buy new tickets or have their tickets re-issued for the Tokyo/Manila segment of their trip. Neither can it be said that, when upon sale of the new tickets, it imposed additional charges representing fare differentials, it was motivated by self-interest or unjust enrichment considering that an increase of fares took effect, as authorized by the Civil Aeronautics Board (CAB) in April 1971. This procedure is well in accord with the IATA tariff rules which provide:

"6 TARIFF RULES

"3 APPLICABLE FARE ON THE DATE OF DEPARTURE

"3.1 General Rule.

"All journeys must be charged for at the fare (or charge) in effect on the date on which transportation commences from the point of origin. Any ticket sold prior to a change of fare or charge (increase or decrease) occurring between the date of commencement of the journey, is subject to the above general rule and must be adjusted accordingly. A new ticket must be issued and the difference is to be collected or refunded as the case may be. No adjustment is necessary if the increase or decrease in fare (or charge) occurs when the journey is already commenced.[4]

The GANAS cannot defend by contending lack of knowledge of those rules since the evidence bears out that Teresita, who handled travel arrangements for the GANAS, was duly informed by travel agent Ella of the advice of Rillo, the Office Manager of Air France, that the tickets in question could not be extended beyond the period of their validity without paying the fare differentials and additional travel taxes brought about by the increased fare rate and travel taxes.

"ATTY. VALTE

"Q What did you tell Mrs. Manucdoc, in turn, after being told this by Mr. Rillo?

"A I told her, because that is the reason why they accepted again the tickets when we returned the tickets again, that they could not be extended. They could be extended by paying the additional fare, additional tax and additional exchange during that time.

"Q You said so to Mrs. Manucdoc?

"A Yes, sir." x x x[5]

The ruling relied on by respondent Appellate Court, therefore, in *KLM vs. Court of Appeals*, 65 SCRA 237(1975), holding that it would be unfair to charge respondents therein with automatic knowledge or notice of conditions in contracts of adhesion, is inapplicable. To all legal intents and purposes, Teresita was the agent of the GANAS and notice to her of the rejection of the request for extension of the validity of the tickets was notice to the GANAS, her principals.

The SAS validating sticker for the Osaka/Tokyo flight affixed by Ella showing reservations for JAL Flight 108 for 16 May 1971, without clearing the same with AIR FRANCE allegedly because of the imminent departure of the GANAS on the same day so that he could not get in touch with Air France[6], was certainly in contravention

of IATA rules although as he had explained, he did so upon Teresita's assurance that for the onward flight from Osaka and return, the GANAS would make other arrangements.

"Q Referring you to page 33 of the transcript of the last session, I had this question which reads as follows: 'But did she say anything to you when you said that the tickets were about to expire?' Your answer was: 'I am the one who asked her. At that time I told her if the tickets being used....I was telling her what about their bookings on the return. What about their travel on the return? She told me it is up for the Ganas to make the arrangement.' May I know from you what did you mean by this testimony of yours?

"A That was on the day when they were asking me on May 7, 1971 when they were checking the tickets. I told Mrs. Manucdoc that I was going to get the tickets. I asked her what about the tickets onward from the return from Tokyo, and her answer was it is up for the Ganas to make the arrangement, because I told her that they could leave on the seventh, but they could take care of that when they arrived in Osaka.

"Q What do you mean?

"A The Ganas will make the arrangement from Osaka, Tokyo and, Manila.

"Q What arrangement?

"A The arrangement for the airline because the tickets would expire on May and they insisted on leaving. I asked Mrs. Manucdoc what about the return onward portion because they would be traveling to Osaka, and her answer was, it is up for the Ganas to make the arrangement.

"Q Exactly what were the words of Mrs. Manucdoc when you told her that? If you can remember, what were her exact words?

"A Her words only, it is up for the Ganas to make the arrangement.

"Q This was in Tagalog or in English?

"A I think it was in English. x x x[7]

The circumstance that AIR FRANCE personnel at the ticket counter in the airport allowed the GANAS to leave is not tantamount to an implied ratification of travel agent Ella's irregular actuations. It should be recalled that the GANAS left Manila the day before the expiry date of their tickets and that "other arrangements" were to be made with respect to the remaining segments. Besides, the validating stickers that Ella affixed on his own merely reflect the status of reservations on the specified flight and could not legally serve to extend the validity of a ticket or revive an expired one.

The conclusion is inevitable that the GANAS brought upon themselves the predicament they were in for having insisted on using tickets that were due to expire in an effort, perhaps, to beat the deadline and in the thought that by commencing the trip the day before the expiry date, they could complete the trip even thereafter. It should be recalled that AIR FRANCE was even unaware of the validating SAS and JAL stickers that Ella had affixed spuriously. Consequently, Japan Air Lines and AIR FRANCE merely acted within their contractual rights when they dishonored the tickets on the remaining segments of the trip and when AIR FRANCE demanded payment of the adjusted fare rates and travel taxes for the Tokyo/Manila flight.

WHEREFORE, the judgment under review is hereby reversed and set aside, and the Amended Complaint filed by private respondents hereby dismissed.

No costs.

SO ORDERED.

Teehankee (Chairman), Plana, Relova, and Gutierrez, Jr., JJ., concur.

[1] Seventh Division composed of J. Guillermo P. Villazor, ponente; concurred in by JJ. Venicio Escolin and Onofre A. Villaluz.

[2] p. 62, Rollo.

[3] "3.1.2 The time allowed a passenger to complete his journey calculated from the date of commencement of the journey, but exclusive of that date. The passenger must undertake the final portion of his journey by departing from the last point at which he has made a voluntary stop before the expiry of this limit, regardless of whether this last segment is covered by a single or several flight coupons.

xxx

"3.2 Time allowed a passenger to begin his trip.

"As a rule, ONE YEAR. It may be modified by periods during which fares or reductions granted are applicable.

"3.3 Time allowed a passenger to complete his trip.

"In principle, ONE YEAR. It may be modified by periods during which fares or reductions granted are applicable.

x x x x x x x x x x

"3.5 Extensions of validity.

"3.5.1 A ticket can no longer be used for travel if its validity has expired before the passenger completes his trip. It can only be refunded in accordance with normal refund regulations. To complete the trip, the passenger must purchase a new ticket for the remaining portion of the journey."

[4] p. 195, Folder of Exhibits.

[5] T.s.n., Deposition of Lee Ella, May 15, 1972, p. 7.

[6] T.s.n., *ibid.*, p. 20.

[7] T.s.n., *ibid.*, pp. 28-29.

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