

CHINA AIRLINES, LTD., PETITIONER, VS. INTERMEDIATE APPELLATE COURT AND CLAUDIA B. OSORIO, RESPONDENTS.

G.R. No. 73835. January 17, 1989

Ponente: FERNAN, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-73835/>

FERNAN, C.J.:

This is a petition to review the decision[1] dated January 21, 1986 of the then Intermediate Appellate Court in AC-G.R. No. 00915 entitled, "Claudia B. Osorio v. China Airlines, Ltd.", as well as the resolution of February 28, 1986 denying petitioner's motion for reconsideration of said decision.

It is worthwhile noting at the outset that there exists in this case a conflict in the findings of facts of the trial and appellate courts which made a thorough review of the records of the case imperative. Such exercise disclosed that:

On April 14, 1980, after a four-day delay caused by an engine malfunction, private respondent Claudia B. Osorio boarded in Manila Flight No. CI-812 of petitioner China Airlines, Ltd. for Taipei. Said flight, as originally scheduled, was to bring private respondent and nine (9) other passengers to Taipei in time for petitioner airline's Flight No. CI-002 for Los Angeles (LAX). As this schedule had been rendered impossible by the delay, it was agreed, prior to their departure from Manila that private respondent and the nine (9) other passengers similarly situated would spend the night in Taipei at petitioner's expense and would be brought the following day to San Francisco (SF), U.S.A., where they would be furnished an immediate flight connection to LAX.

This arrangement went well until private respondent and her co-passengers arrived in San Francisco, U.S.A. on April 15, 1980 at around 1:31 p.m., SF local time. No instructions having been received regarding them by petitioner's SF Office due to the delay in the transmission of the telex messages from Manila, private respondent and her co-passengers were asked to deplane and wait while contact with Manila was being made. This, however, could not be done immediately because of the time difference between the two (2) places.

Later, when it appeared that private respondent and her co-passengers might have to spend the night in San Francisco, they asked that they be provided food and overnight accommodations as transit passengers, but were refused by petitioner's passenger service agent, Dennis Cheng. Apparently irked by this refusal, in addition to the information that their luggage were not unloaded, private respondent and some of her fellow passengers angrily left petitioner's SF Office without leaving a contact address. Thus, when word from Manila came at 6:45 p.m. authorizing the issuance of tickets for LAX to private respondent and her companions, the latter could not be informed thereof.

It was only on the following day, April 16, 1980, after spending the night at the YWCA, paying a fee of \$5.00 therefor, that private respondent learned thru her companions Atty. Laud and Mrs. Sim that her ticket for LAX and luggage were ready for pick-up anytime. Notwithstanding, private respondent preferred to pick up her luggage on April 17, 1980 and fly to LAX on said date with a Western Airlines ticket which she purchased for \$56.00. Private respondent spent the night of April 16, 1980 in the house of Mrs. Sim's friend who did not charge anything. Private respondent, however, bought some groceries for her hostess.

On June 30, 1980, private respondent filed before the then Court of First Instance of Manila a complaint for damages arising from breach of contract against petitioner airline. After trial, the court a quo rendered judgment[2] on October 7, 1981, absolving petitioner airline from any liability for damages to private respondent, except for the sum of P1,248.00 representing reimbursement of the \$100.00 spent by private respondent as an involuntarily re-routed passenger in San Francisco, California, U.S.A. and the \$56.00 paid by her for her SFC-LAX Western Airlines ticket.[3]

On appeal, respondent Intermediate Appellate Court reversed the lower court's decision. Finding a palpable breach of contract of carriage to have been committed by petitioner airlines, the respondent court ordered the latter to pay to private respondent, in addition to the actual damages imposed by the trial court, moral and exemplary damages in the amounts of P100,000 and P20,000, respectively, with attorney's fees of P5,000.[4]

Its motion for reconsideration having been denied, petitioner airline brought the instant petition for review, alleging that:

"THE RESPONDENT COURT WRONGLY INCLUDED FROM THE PROVEN FACTS AND, INDEED WENT AGAINST THE EVIDENCE, WHEN IT FOUND THE PETITIONER AS HAVING COMMITTED A PALPABLE BREACH OF THE CONTRACT OF CARRIAGE.

"THE RESPONDENT COURT COMMITTED AN ERROR OF LAW CORRECTIBLE BY REVIEW ON CERTIORARI WHEN IT AWARDED MORAL AND EXEMPLARY DAMAGES IN FAVOR OF THE PRIVATE RESPONDENT."[5]

The issues posed for determination are: did the failure of petitioner airline to arrange for private respondent's immediate flight to Los Angeles constitute a palpable breach of contract of carriage? Was the treatment of private respondent by petitioner's agent in San Francisco characterized by malice or bad faith?

The records manifest that it was upon petitioner's traffic agent Mrs. Diana Lim's assurance of an immediate flight connection from San Francisco that private respondent agreed to be re-routed to San Francisco, thus:

"Q. What was the condition before leaving Manila, how would these passengers be flown to Taipei? Since their destination is Los Angeles?

"A. From Manila to Taipei, they would still take the China Airlines, the flight where they were really booked on. They still stay overnight in Taipei. From Taipei they will connect the next day to San Francisco. Then from San Francisco we promised that we would give them tickets from San Francisco to Los Angeles.

"Q. That same day?

"A. To San Francisco, that would be the next day.

"Q. Then what happened next?

"A. We told them that before they left.

"Q. How about the flights for them from San Francisco to Los Angeles?

"A. It would be immediate connection. As soon as they arrive, they would be given tickets so that they could catch up on the next available flights.

"Q. What airlines?

"A. There was no airlines because they will make the booking.

"Q. Who would make the booking?

"A. Our reservation sir.

"Q. So do you wish to inform this Honorable Court that these ten (10) passengers were informed that they would be flown to Taipei and from Taipei they will be flown to San Francisco and will be furnished transportation from San Francisco to Los Angeles?

"A. Yes, sir.

"Q. All at the expense of China Airlines?

"A. Yes, sir.

"x x x x x x x x

"Q. Did they agree to this condition before departing for Taipei?

"A. For the Sims they had no objection at all. In fact, they wanted to stay longer in San Francisco.

"Q. How about the plaintiff?

"A. For Osorio and Laud, at first they did not agree, until I told them that San Francisco would issue them the new tickets from San Francisco to Los Angeles.

"Q. So that when Laud and Osorio were informed by you that they would be furnished tickets from San Francisco to Los Angeles, did they still continue to object?

"A. No more sir.

"Q. But were you sure that there would be booking for them for immediate connection?

"A. The reservation would do that because from San Francisco to Los Angeles there would be flight every hour. As soon as they arrive and they ... if they would not catch up with the very first flight, they would catch the next one.

"Q. So, accommodation of flight from San Francisco to Los Angeles is no problem?

"A. No problem because there is flight every hour."[6]

Due, however, to the delay in the receipt of the telex messages regarding private respondent's status and the arrangements to be made for her, the promised immediate flight connection was not realized. The testimony of Mrs. Lim on the circumstances surrounding the transmission of the telex messages in question is as follows:

"Q. Would you know Mrs. Lim whether the Manila office had been sending Telexes on April 14, 1980 regarding these passengers?

"A. Yes, sir.

"x x x x x x x x

"Q. Now, are there any other Telexes sent by the Manila office in connection with this case by you personally and by Mr. Austria the Sales Director?

"A. Here sir. (Witness handing to Atty. de Santos two Telexes.)

"x x x x x x x x

"Q. These Telexes Mrs. Lim intended for San Francisco, they were duly received?

"Court:

In other words, they were sent out?

"A. Yes, sir but we have had a lot of experiences wherein the messages would be received late. We sent out the messages immediately but sometimes the Hongkong link will be down so the messages would arrive late. It stuck there sir.

"Q. Did you have any understanding with these passengers including the plaintiff on how they would subsist in San Francisco should there be a delay in the transmission of messages?

"A. No, sir because I did not expect any delay. It was very sudden. I did not expect any delay at all from San Francisco. I knew all the time they would connect immediately.

"Q. What I mean is that should the communication sent out from Manila be not received on time in San Francisco, did you cover that ... or did you take some steps to answer for that contingency?

"A. No, sir, we did not. We never thought of it that way. We always took it for granted that everything would be alright. It has never happened before. In other cases where we had cases like this, they were always on time. We never had this problem where the passengers would be stranded. This is the first time.

"Q. There would be a time lag of around two days. Because one night in Taipei. They left Manila April 14?

"A. They arrived Taipei April 14. They arrived San Francisco April 15.

"Q. So the 24-hour or more time gap would be normally sufficient for all your messages to reach San Francisco?

"A. Yes, sir.

"Q. And never before did you experience such a delay?

"A. Yes, sir."[7]

The respondent court considered petitioner airline as wanting in human care and foresight in providing for the care and safety of its passengers in not having taken other steps to ensure receipt by its San Francisco Office of the instructions about the re-routed passengers, notwithstanding its previous experience with delayed transmission of messages. For respondent court, this omission on the part of petitioner, coupled with what respondent court perceived as rude and arrogant behavior of petitioner's passenger service agent Dennis Cheng, constituted a palpable breach of contract of carriage entitling private respondent to an award of actual, moral and exemplary damages as well as attorney's fees. We are not in complete agreement.

Verily, petitioner airlines committed a breach of contract in failing to secure an immediate flight connection for private respondent. Under Article 1755 of the Civil Code of the Philippines, petitioner, as a common carrier, is duty bound to "carry passengers safely as far as human care and foresight can provide, using the utmost diligence of very cautious persons, with due regard for all the circumstances." The reliance of petitioner on the subject telex communications falls short of the utmost diligence of a very cautious person expected of it, thereby rendering it liable for its failure to abide by the promised immediate connection.[8]

Be that as it may, we, however, find that the breach of contract committed by petitioner was not attended by gross negligence, recklessness or wanton disregard of the rights of private respondent as a passenger. Telex was the established mode of communication between petitioner's Manila and San Francisco offices. Contact by telephone was not a practice due to the time difference between the two places. Thus, while petitioner's Manila office was aware of the possibility of transmission delay, it had to avail itself of this mode of communication. For this course of action, we do not find petitioner to have acted wantonly or recklessly. Considering the gap of more than 24 hours between the time the telex messages were sent out and private respondent's expected arrival at San Francisco, it was not unreasonable for petitioner to expect that this time gap would cover whatever delay might be

encountered at the Hongkong link.[9] Thus, while petitioner may have been remiss in its total reliance upon the telex communications and therefore considered negligent in view of the degree of diligence required of it as a common carrier, such negligence cannot under the obtaining circumstances be said to be so gross as to amount to bad faith.

As regards petitioner's passenger service agent Dennis Cheng's treatment of private respondent, we share the trial court's observation, thus:

"Neither is the court impressed with plaintiff's (private respondent) allegation that she was ill-treated by defendant's (petitioner) personnel at the San Francisco airport area. Her self-serving declaration on this score does not suffice to contradict the straightforward and detailed deposition of Dennis Cheng (see Exhs. 10 to 10-I), let alone the well-known custom and policy of Chinese businessmen and employees of being courteous and attentive to customers. x x x"[10]

The respondent appellate court chose to believe private respondent's allegation of rudeness and arrogance over Dennis Cheng's categorical denial contained in his deposition[11] on the ground that said deposition is hearsay. This is an error on respondent court's part. The deposition was taken in accordance with the Rules of Court and is admissible under the Rules of Evidence. It is a material and vital evidence that the appellate court had overlooked, nay, ignored; a factor which calls for the Court's review powers and which excludes the case from the general rule that findings of facts of the Court of Appeals are binding on this court.

We are convinced that petitioner's personnel were not motivated by illwill or malice in their dealings with private respondent. Their refusal to accede to her demands for a flight connection to Los Angeles and/or food and hotel accommodations was due primarily to lack of information or knowledge upon which to act upon and not from a deliberate intent to ignore or disregard private respondent's rights as a passenger. They cannot be faulted for wanting to verify with Manila private respondent's status before acting upon her request as tickets for Los Angeles cannot be used in going to San Francisco, and possession of a ticket with Los Angeles as destination was not an indication that one was a transit or an involuntarily re-routed passenger.

Contact thru telephone with Manila could not immediately be made because of the time difference and private respondent was accordingly advised that information from Manila could be expected at around 6:30 p.m., the time that the Manila Office would have begun its office hours.[12] This repeated advise, notwithstanding, private respondent left the airport without leaving a contact address. In this sense, it was private respondent herself who rendered it impossible for petitioner airlines to perform its obligation of bringing her to Los Angeles as contracted for.

The breach of contract under consideration having been incurred in good faith, petitioner airlines is liable for damages which are the natural and probable consequences of said breach and which the parties have foreseen at the time the obligation was constituted.[13] These damages consist of the actual damages awarded by the trial court to private respondent.

With respect to moral damages, the rule is that the same are recoverable in a damage suit predicated upon a breach of contract of carriage only where [1] the mishap results in the death of a passenger[14] and [2] it is proved that the carrier was guilty of fraud or bad faith, even if death does not result.[15] As the present case does not fall under either of the cited instances, the award of moral damages should be, as it is hereby, disallowed.

The award of exemplary damages must likewise be deleted, as it has not been shown that petitioner, in committing the breach of contract of carriage, acted in a wanton, fraudulent, reckless, oppressive or malevolent manner.[16]

The award of attorney's fees is justified under Article 2208(2) of the Civil Code which states that the same may be recovered when the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest. The amount of P5,000.00 awarded by respondent court should be increased to P10,000.00 considering that the case has reached this Tribunal.

WHEREFORE, the decision under review is hereby MODIFIED in that the award of moral and exemplary damages to private respondent Claudia B. Osorio is eliminated and the attorney's fees is increased P10,000.00. No pronouncement as to costs.

SO ORDERED.

Gutierrez, Jr., Feliciano, Bidin, and Cortes, JJ., concur.

[1] Penned by then Presiding Justice Ramon G. Gaviola, Jr. and concurred in by Associate Justices Edgardo Caguioa, Ma. Rosario Quetulio-Losa and Leonor Ines Luciano.

[2] Penned by Judge Fidel P. Purisima

[3] p. 41, Rollo

[4] p. 32, Rollo

[5] pp. 10-11, Rollo

[6] tsn, pp. 26-31, 33-37, Feb. 12, 1981

[7] tsn, pp. 43, 52, 56-63, Feb. 12, 1981

[8] Isaac v. A. L. Ammon Transportation Co., Inc., 101 Phil. 1046

[9] See testimony of Mrs. Diana Lim, supra, regarding the sending out of the telex messages

[10] p. 38, Rollo

[11] Exh. 10 - 10-I

[12] Exh. 10-D, O.R., p. 143

[13] Art. 2201, Civil Code; Cariaga v. Laguna Tayabas Bus Co., 110 Phil. 346

[14] Arts. 1764, 2206, Civil Code

[15] Art. 2220, Civil Code

[16] Ortot v. Ybañez, 111 SCRA 79

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.