

SECOND DIVISION

[G.R. No. 212038, February 08, 2017]

**SPOUSES JESUS FERNANDO AND ELIZABETH S. FERNANDO,
PETITIONERS, VS. NORTHWEST AIRLINES, INC. RESPONDENT.**

[G.R. No. 212043]

**NORTHWEST AIRLINES, INC. PETITIONER, VS. SPOUSES JESUS
FERNANDO AND ELIZABETH S. FERNANDO, RESPONDENTS.**

D E C I S I O N

PERALTA, J.:

Before us are consolidated petitions for review on *certiorari* under Rule 45 of the Rules of Court assailing the Decision^[1] dated August 30, 2013, and Resolution^[2] dated March 31, 2014 of the Court of Appeals (CA) in CA-G.R. CV No. 93496 which affirmed the Decision^[3] dated September 9, 2008 of the Regional Trial Court (RTC), Branch 97, Quezon City in Civil Case No. Q-N-02-46727 finding Northwest Airlines, Inc. (*Northwest*) liable for breach of contract of carriage.

The spouses Jesus and Elizabeth S. Fernando (*Fernandos*) are frequent flyers of Northwest Airlines, Inc. and are holders of Elite Platinum World Perks Card, the highest category given to frequent flyers of the carrier.^[4] They are known in the musical instruments and sports equipments industry in the Philippines being the owners of JB Music and JB Sports with outlets all over the country. They likewise own the five (5) star Hotel Elizabeth in Baguio City and Cebu City, and the chain of Fersal Hotels and Apartelles in the country.^[5]

The Fernandos initiated the filing of the instant case which arose from two (2) separate incidents: *first*, when Jesus Fernando arrived at Los Angeles (LA) Airport on December 20, 2001; *second*, when the Fernandos were to depart from the LA Airport on January 29, 2002. The factual antecedents are as follows:

Version of Spouses Jesus and Elizabeth S. Fernando:

a.) The arrival at Los Angeles Airport on December 20, 2001

Sometime on December 20, 2001, Jesus Fernando arrived at the LA Airport *via* Northwest Airlines Flight No. NW02 to join his family who flew earlier to the said place for a reunion for the Christmas holidays.^[6]

When Jesus Fernando presented his documents at the immigration counter, he was asked by the Immigration Officer to have his return ticket verified and validated since the date reflected thereon is August 2001. So he approached a Northwest

personnel who was later identified as Linda Puntawongdaycha, but the latter merely glanced at his ticket without checking its status with the computer and peremptorily said that the ticket has been used and could not be considered as valid. He then explained to the personnel that he was about to use the said ticket on August 20 or 21, 2001 on his way back to Manila from LA but he could not book any seat because of some ticket restrictions so he, instead, purchased new business class ticket on the said date.^[7] Hence, the ticket remains unused and perfectly valid.

To avoid further arguments, Jesus Fernando gave the personnel the number of his Elite Platinum World Perks Card for the latter to access the ticket control record with the airline's computer and for her to see that the ticket is still valid. But Linda Puntawongdaycha refused to check the validity of the ticket in the computer but, instead, looked at Jesus Fernando with contempt, then informed the Immigration Officer that the ticket is not valid because it had been used.^[8]

The Immigration Officer brought Jesus Fernando to the interrogation room of the Immigration and Naturalization Services (INS) where he was asked humiliating questions for more than two (2) hours. When he was finally cleared by the Immigration Officer, he was granted only a twelve (12)-day stay in the United States (US), instead of the usual six (6) months.^[9]

When Jesus Fernando was finally able to get out of the airport, to the relief of his family, Elizabeth Fernando proceeded to a Northwest Ticket counter to verify the status of the ticket. The personnel manning the counter courteously assisted her and confirmed that the ticket remained unused and perfectly valid. To avoid any future problems that may be encountered on the validity of the ticket, a new ticket was issued to Jesus Fernando.^[10]

Since Jesus Fernando was granted only a twelve (12)-day stay in the US, his scheduled plans with his family as well as his business commitments were disrupted. He was supposed to stay with his family for the entire duration of the Christmas season because his son and daughter were then studying at Pepperton University in California. But he was forced to fly back to Manila before the twelve (12)-day stay expired and flew back to the US on January 15, 2002. The Fernandos were, likewise, scheduled to attend the Musical Instrument Trade Show in LA on January 17, 2002 and the Sports Equipment Trade Show in Las Vegas on January 21 to 23, 2002 which were both previously scheduled. Hence, Jesus Fernando had to spend additional expenses for plane fares and other related expenses, and missed the chance to be with his family for the whole duration of the Christmas holidays.^[11]

b.) The departure from the Los Angeles Airport on January 29, 2002.

On January 29, 2002, the Fernandos were on their way back to the Philippines. They have confirmed bookings on Northwest Airlines NW Flight No. 001 for Narita, Japan and NW 029 for Manila. They checked in with their luggage at the LA Airport and were given their respective boarding passes for business class seats and claim stubs for six (6) pieces of luggage. With boarding passes, tickets and other proper travel documents, they were allowed entry to the departure area and joined their business associates from Japan and the Philippines who attended the Musical Instrument Trade Show in LA on January 17, 2002 and the Sports Equipment Trade Show in Las Vegas on January 21 to 23, 2002. When it was announced that the plane was ready

for boarding, the Fernandos joined the long queue of business class passengers along with their business associates.^[12]

When the Fernandos reached the gate area where boarding passes need to be presented, Northwest supervisor Linda Tang stopped them and demanded for the presentation of their paper tickets (*coupon type*). They failed to present the same since, according to them, Northwest issued electronic tickets (attached to the boarding passes) which they showed to the supervisor.^[13] In the presence of the other passengers, Linda Tang rudely pulled them out of the queue. Elizabeth Fernando explained to Linda Tang that the matter could be sorted out by simply verifying their electronic tickets in her computer and all she had to do was click and punch in their Elite Platinum World Perks Card number. But Linda Tang arrogantly told them that if they wanted to board the plane, they should produce their credit cards and pay for their new tickets, otherwise Northwest would order their luggage off-loaded from the plane. Exasperated and pressed for time, the Fernandos rushed to the Northwest Airline Ticket counter to clarify the matter. They were assisted by Northwest personnel Jeanne Meyer who retrieved their control number from her computer and was able to ascertain that the Fernandos' electronic tickets were valid and they were confirmed passengers on both NW Flight No. 001 for Narita Japan and NW 029 for Manila on that day. To ensure that the Fernandos would no longer encounter any problem with Linda Tang, Jeanne Meyer printed coupon tickets for them who were then advised to rush back to the boarding gates since the plane was about to depart. But when the Fernandos reached the boarding gate, the plane had already departed. They were able to depart, instead, the day after, or on January 30, 2002, and arrived in the Philippines on January 31, 2002.^[14]

Version of Northwest Airlines, Inc.:

a.) The arrival at the Los Angeles Airport on December 20, 2001.

Northwest claimed that Jesus Fernando travelled from Manila to LA on Northwest Airlines on December 20, 2001. At the LA Airport, it was revealed that Jesus Fernando's return ticket was dated August 20 or 21, 2001 so he encountered a problem in the Immigration Service. About an hour after the aircraft had arrived, Linda Puntawongdaycha, Northwest Customer Service Agent, was called by a US Immigration Officer named "Nicholas" to help verify the ticket of Jesus Fernando. Linda Puntawongdaycha then asked Jesus Fernando to "show" her "all the papers." Jesus Fernando only showed her the passenger receipt of his ticket without any ticket coupon attached to it. The passenger receipt which was labelled "Passenger Receipt" or "Customer Receipt" was dated August 2001. Linda Puntawongdaycha asked Jesus Fernando several times whether he had any other ticket, but Jesus Fernando insisted that the "receipt" was "all he has", and the passenger receipt was his ticket. He failed to show her any other document, and was not able to give any other relevant information about his return ticket. Linda Puntawongdaycha then proceeded to the Interline Department and checked Jesus Fernando's Passenger Name Record (*PNR*) and his itinerary. The itinerary only showed his coming from Manila to Tokyo and Los Angeles; nothing would indicate about his flight back to Manila. She then looked into his record and checked whether he might have had an electronic ticket but she could not find any. For failure to find any other relevant information regarding Fernando's return ticket, she then printed out Jesus Fernando's *PNR* and gave the document to the US Immigration Officer. Linda

Puntawongdaycha insisted that she did her best to help Jesus Fernando get through the US Immigration.^[15]

b.) The departure from the Los Angeles Airport on January 29, 2002.

On January 29, 2002, the Fernandos took Northwest for their flight back to Manila. In the trip, the Fernandos used electronic tickets but the tickets were dated January 26, 2002 and August 21, 2001. They reached the boarding gate few minutes before departure. Northwest personnel Linda Tang was then the one assigned at the departure area. As a standard procedure, Linda Tang scanned the boarding passes and collected tickets while the passengers went through the gate. When the Fernandos presented their boarding passes, Linda Tang asked for their tickets because there were no tickets stapled on their boarding passes. She explained that even though the Fernandos had electronic tickets, they had made "several changes on their ticket over and over". And when they made the booking/reservation at Northwest, they never had any ticket number or information on the reservation.^[16]

When the Fernandos failed to show their tickets, Linda Tang called Yong who was a supervisor at the ticket counter to verify whether the Fernandos had checked in, and whether there were any tickets found at the ticket counter. Upon verification, no ticket was found at the ticket counter, so apparently when the Fernandos checked in, there were no tickets presented. Linda Tang also checked with the computer the reservation of the Fernandos, but again, she failed to see any electronic ticket number of any kind, and/or any ticket record. So as the Fernandos would be able to get on with the flight considering the amount of time left, she told them that they could purchase tickets with their credit cards and deal with the refund later when they are able to locate the tickets and when they reach Manila. Linda Tang believed that she did the best she could under the circumstances.^[17]

However, the Fernandos did not agree with the solution offered by Linda Tang. Instead, they went back to the Northwest ticket counter and were attended to by Jeanne Meyer who was "courteous" and "was very kind enough" to assist them. Jeanne Meyer verified their bookings and "printed paper tickets" for them. Unfortunately, when they went back to the boarding gate, the plane had departed. Northwest offered alternative arrangements for them to be transported to Manila on the same day on another airline, either through Philippine Airlines or Cathay Pacific Airways, but they refused. Northwest also offered them free hotel accommodations but they, again, rejected the offer.^[18] Northwest then made arrangements for the transportation of the Fernandos from the airport to their house in LA, and booked the Fernandos on a Northwest flight that would leave the next day, January 30, 2002. On January 30, 2002, the Fernandos flew to Manila on business class seats.^[19]

On April 30, 2002, a complaint for damages^[20] was instituted by the Fernandos against Northwest before the RTC, Branch 97, Quezon City. During the trial of the case, the Fernandos testified to prove their claim. On the part of Northwest, Linda Tang-Mochizuki and Linda Puntawongdaycha testified through oral depositions taken at the Office of the Consulate General, Los Angeles City. The Northwest Manager for HR-Legal Atty. Cesar Veneracion was also presented and testified on the investigation conducted by Northwest as a result of the letters sent by Elizabeth Fernando and her counsel prior to the filing of the complaint before the RTC.^[21]

On September 9, 2008, the RTC issued a Decision, the dispositive portion of which states, thus:

WHEREFORE, in view of the foregoing, this Court rendered judgment in favor of the plaintiffs and against defendant ordering defendant to pay the plaintiffs, the following:

1. Moral damages in the amount of Two Hundred Thousand Pesos (P200,000.00);
2. Actual or compensatory damages in the amount of Two Thousand US Dollars (\$2,000.00) or its corresponding Peso equivalent at the time the airline ticket was purchased;
3. Attorney's fees in the amount of Fifty Thousand pesos (P50,000.00); and,
4. Cost of suit.

SO ORDERED.^[22]

Both parties filed their respective appeals which were dismissed by the CA in a Decision dated August 30, 2013, and affirmed the RTC Decision.

The Fernandos and Northwest separately filed motions for a reconsideration of the Decision, both of which were denied by the CA on March 31, 2014.

The Fernandos filed a petition for review on *certiorari*^[23] before this court docketed as G.R. No. 212038. Northwest followed suit and its petition^[24] was docketed as G.R. No. 212043. Considering that both petitions involved similar parties, emanated from the same Civil Case No. Q-N-02-46727 and assailed the same CA judgment, they were ordered consolidated in a Resolution^[25] dated June 18, 2014.

In G.R. No. 212038, the Fernandos raised the following issues:

WHETHER OR NOT THE ACTS OF THE PERSONNEL AND THAT OF DEFENDANT NORTHWEST ARE WANTON, MALICIOUS, RECKLESS, DELIBERATE AND OPPRESSIVE IN CHARACTER, AMOUNTING TO FRAUD AND BAD FAITH;

WHETHER OR NOT PETITIONER SPOUSES ARE ENTITLED TO MORAL DAMAGES IN AN AMOUNT MORE THAN THAT AWARDED BY THE TRIAL COURT;

WHETHER OR NOT DEFENDANT NORTHWEST IS LIABLE TO PETITIONER SPOUSES FOR EXEMPLARY DAMAGES; [and]

WHETHER OR NOT THE PETITIONER SPOUSES ARE ENTITLED TO ATTORNEY'S FEES IN AN AMOUNT MORE THAN THAT AWARDED BY THE TRIAL COURT.^[26]