

THIRD DIVISION

[G.R. No. 152122, July 30, 2003]

**CHINA AIRLINES, PETITIONER, VS. DANIEL CHIOK,
RESPONDENT.**

D E C I S I O N

PANGANIBAN, J.:

A common carrier has a peculiar relationship with and an exacting responsibility to its passengers. For reasons of public interest and policy, the ticket-issuing airline acts as principal in a contract of carriage and is thus liable for the acts and the omissions of any errant carrier to which it may have endorsed any sector of the entire, continuous trip.

The Case

Before the Court is a Petition for Review on Certiorari^[1] under Rule 45 of the Rules of Court, seeking to reverse the August 7, 2001 Decision^[2] and the February 7, 2002 Resolution^[3] of the Court of Appeals (CA) in CA-GR CV No. 45832. The challenged Decision disposed as follows:

"WHEREFORE, premises considered, the assailed Decision dated July 5, 1991 of Branch 31, Regional Trial Court, National Capital Judicial Region, Manila, in Civil Case No. 82-13690, is hereby MODIFIED by deleting that portion regarding defendants-appellants' liabilities for the payment of the actual damages amounting to HK\$14,128.80 and US\$2,000.00 while all other respects are AFFIRMED. Costs against defendants-appellants."^[4]

The assailed Resolution denied Petitioner's Motion for Partial Reconsideration.

The Facts

The facts are narrated by the CA^[5] as follows:

"On September 18, 1981, Daniel Chiok (hereafter referred to as Chiok) purchased from China Airlines, Ltd. (CAL for brevity) airline passenger ticket number 297:4402:004:278:5 for air transportation covering Manila-Taipei-Hongkong-Manila. Said ticket was exclusively endorseable to Philippine Airlines, Ltd. (PAL for brevity).

"Subsequently, on November 21, 1981, Chiok took his trip from Manila to Taipei using [the] CAL ticket. Before he left for said trip, the trips covered by the ticket were pre-scheduled and confirmed by the former. When he arrived in Taipei, he went to the CAL office and confirmed his Hongkong to Manila trip on board PAL Flight No. PR 311. The CAL office attached a

yellow sticker appropriately indicating that his flight status was OK.

"When Chiok reached Hongkong, he went to the PAL office and sought to reconfirm his flight back to Manila. The PAL office confirmed his return trip on board Flight No. PR 311 and attached its own sticker. On November 24, 1981, Chiok proceeded to Hongkong International Airport for his return trip to Manila. However, upon reaching the PAL counter, Chiok saw a poster stating that PAL Flight No. PR 311 was cancelled because of a typhoon in Manila. He was then informed that all the confirmed ticket holders of PAL Flight No. PR 311 were automatically booked for its next flight, which was to leave the next day. He then informed PAL personnel that, being the founding director of the Philippine Polysterene Paper Corporation, he ha[d] to reach Manila on November 25, 1981 because of a business option which he ha[d] to execute on said date.

"On November 25, 1981, Chiok went to the airport. Cathay Pacific stewardess Lok Chan (hereafter referred to as Lok) ha[d] taken and received Chiok's plane ticket and his luggage. Lok called the attention of Carmen Chan (hereafter referred to as Carmen), PAL's terminal supervisor, and informed the latter that Chiok's name was not in the computer list of passengers. Subsequently, Carmen informed Chiok that his name did not appear in PAL's computer list of passengers and therefore could not be permitted to board PAL Flight No. PR 307.

"Meanwhile, Chiok requested Carmen to put into writing the alleged reason why he was not allowed to take his flight. The latter then wrote the following, to wit: *'PAL STAFF CARMEN CHAN CHKD WITH R/C KENNY AT 1005H NO SUCH NAME IN COMPUTER FOR 311/24 NOV AND 307/25 NOV.'* The latter sought to recover his luggage but found only 2 which were placed at the end of the passengers line. Realizing that his new Samsonite luggage was missing, which contained cosmetics worth HK\$14,128.80, he complained to Carmen.

"Thereafter, Chiok proceeded to PAL's Hongkong office and confronted PAL's reservation officer, Carie Chao (hereafter referred to as Chao), who previously confirmed his flight back to Manila. Chao told Chiok that his name was on the list and pointed to the latter his computer number listed on the PAL confirmation sticker attached to his plane ticket, which number was *'R/MN62'*.

"Chiok then decided to use another CAL ticket with No. 297:4402:004:370:5 and asked Chao if this ticket could be used to book him for the said flight. The latter, once again, booked and confirmed the former's trip, this time on board PAL Flight No. PR 311 scheduled to depart that evening. Later, Chiok went to the PAL check-in counter and it was Carmen who attended to him. As this juncture, Chiok had already placed his travel documents, including his clutch bag, on top of the PAL check-in counter.

"Thereafter, Carmen directed PAL personnel to transfer counters. In the ensuing commotion, Chiok lost his clutch bag containing the following, to

wit: (a) \$2,000.00; (b) HK\$2,000.00; (c) Taipei \$8,000.00; (d) P2,000.00; (e) a three-piece set of gold (18 carats) cross pens valued at P3,500; (f) a Cartier watch worth about P7,500.00; (g) a tie clip with a garnet birthstone and diamond worth P1,800.00; and (h) a [pair of] Christian Dior reading glasses. Subsequently, he was placed on stand-by and at around 7:30 p.m., PAL personnel informed him that he could now check-in.

"Consequently, Chiok as plaintiff, filed a **Complaint** on November 9, 1982 for damages, against PAL and CAL, as defendants, docketed as Civil Case No. 82-13690, with Branch 31, Regional Trial Court, National Capital Judicial Region, Manila.

"He alleged therein that despite several confirmations of his flight, defendant PAL refused to accommodate him in Flight No. 307, for which reason he lost the business option aforementioned. He also alleged that PAL's personnel, specifically Carmen, ridiculed and humiliated him in the presence of so many people. Further, he alleged that defendants are solidarily liable for the damages he suffered, since one is the agent of the other."^[6]

The Regional Trial Court (RTC) of Manila held CAL and PAL jointly and severally liable to respondent. It did not, however, rule on their respective cross-claims. It disposed as follows:

"WHEREFORE, judgment is hereby rendered in favor of plaintiff and against the defendants to jointly and severally pay:

1. Actual damages in the amount of HK\$14,128.80 or its equivalent in Philippine Currency at the time of the loss of the luggage consisting of cosmetic products;
2. US\$2,000.00 or its equivalent at the time of the loss of the clutch bag containing the money;
3. P200,000.00 by way of moral damages;
4. P50,000.00 by way of exemplary damages or corrective damages;
5. Attorney[']s fees equivalent to 10% of the amounts due and demandable and awarded in favor of the plaintiff; and
6. The costs of this proceedings."^[7]

The two carriers appealed the RTC Decision to the CA.

Ruling of the Court of Appeals

Affirming the RTC, the Court of Appeals debunked petitioner's claim that it had merely acted as an issuing agent for the ticket covering the Hong Kong-Manila leg of respondent's journey. In support of its Decision, the CA quoted a purported ruling of this Court in *KLM Royal Dutch Airlines v. Court of Appeals*^[8] as follows:

"Article 30 of the Warsaw providing that in case of transportation to be performed by various successive carriers, the passenger can take action only against the carrier who performed the transportation during which the accident or the delay occurred presupposes the occurrence of either an accident or delay in the course of the air trip, and does not apply if the damage is caused by the willful misconduct on the part of the carrier's employee or agent acting within the scope of his employment.

"It would be unfair and inequitable to charge a passenger with automatic knowledge or notice of a condition which purportedly would excuse the carrier from liability, where the notice is written at the back of the ticket in letters so small that one has to use a magnifying glass to read the words. To preclude any doubt that the contract was fairly and freely agreed upon when the passenger accepted the passage ticket, the carrier who issued the ticket must inform the passenger of the conditions prescribed in the ticket or, in the very least, ascertain that the passenger read them before he accepted the passage ticket. Absent any showing that the carrier's officials or employees discharged this responsibility to the passenger, the latter cannot be bound by the conditions by which the carrier assumed the role of a mere ticket-issuing agent for other airlines and limited its liability only to untoward occurrences in its own lines.

"Where the passage tickets provide that the carriage to be performed thereunder by several successive carriers 'is to be regarded as a single operation,' the carrier which issued the tickets for the entire trip in effect guaranteed to the passenger that the latter shall have sure space in the various carriers which would ferry him through the various segments of the trip, and the ticket-issuing carrier assumes full responsibility for the entire trip and shall be held accountable for the breach of that guaranty whether the breach occurred in its own lines or in those of the other carriers."^[9]

On PAL's appeal, the appellate court held that the carrier had reneged on its obligation to transport respondent when, in spite of the confirmations he had secured for Flight PR 311, his name did not appear in the computerized list of passengers. Ruling that the airline's negligence was the proximate cause of his excoriating experience, the appellate court sustained the award of moral and exemplary damages.

The CA, however, deleted the RTC's award of actual damages amounting to HK\$14,128.80 and US\$2,000.00, because the lost piece of luggage and clutch bag had not actually been "checked in" or delivered to PAL for transportation to Manila.

On August 28, 2001, petitioner filed a Motion for Partial Reconsideration, contending that the appellate court had erroneously relied on a mere syllabus of *KLM v. CA*, not on the actual ruling therein. Moreover, it argued that respondent was fully aware that the booking for the PAL sector had been made only upon his request; and that only PAL, not CAL, was liable for the actual carriage of that segment. Petitioner likewise prayed for a ruling on its cross-claim against PAL, inasmuch as the latter's employees had acted negligently, as found by the trial court.

Denying the Motion, the appellate court ruled that petitioner had failed to raise any

new matter or issue that would warrant a modification or a reversal of the Decision. As to the alleged misquotation, the CA held that while the portion it had cited appeared to be different from the wording of the actual ruling, the variance was "more apparent than real since the difference [was] only in form and not in substance."^[10]

CAL and PAL filed separate Petitions to assail the CA Decision. In its October 3, 2001 Resolution, this Court denied PAL's appeal, docketed as GR No. 149544, for failure to serve the CA a copy of the Petition as required by Section 3, Rule 45, in relation to Section 5(d) of Rule 56 and paragraph 2 of Revised Circular No. 1-88 of this Court. PAL's Motion for Reconsideration was denied with finality on January 21, 2002.

Only the appeal of CAL^[11] remains in this Court.

Issues

In its Memorandum, petitioner raises the following issues for the Court's consideration:

"1. The Court of Appeals committed judicial misconduct in finding liability against the petitioner on the basis of a misquotation from *KLM Royal Dutch Airlines vs. Court of Appeals, et al.*, 65 SCRA 237 and in magnifying its misconduct by denying the petitioner's Motion for Reconsideration on a mere syllabus, unofficial at that.

"2. The Court of Appeals committed an error of law when it did not apply applicable precedents on the case before it.

"3. The Court of Appeals committed a non sequitur when it did not rule on the cross-claim of the petitioner."^[12]

The Court's Ruling

The Petition is not meritorious.

First Issue:

Alleged Judicial Misconduct

Petitioner charges the CA with judicial misconduct for quoting from and basing its ruling against the two airlines on an unofficial syllabus of this Court's ruling in *KLM v. CA*. Moreover, such misconduct was allegedly aggravated when the CA, in an attempt to justify its action, held that the difference between the actual ruling and the syllabus was "more apparent than real."^[13]

We agree with petitioner that the CA committed a lapse when it relied merely on the unofficial syllabus of our ruling in *KLM v. CA*. Indeed, lawyers and litigants are mandated to quote decisions of this Court accurately.^[14] By the same token, judges should do no less by strictly abiding by this rule when they quote cases that support their judgments and decisions. Canon 3 of the Code of Judicial Conduct enjoins them to perform official duties diligently by being faithful to the law and maintaining