

SECOND DIVISION

[G.R. No. 120262, July 17, 1997]

PHILIPPINE AIRLINES, INC., PETITIONER, VS. COURT OF APPEALS AND LEOVIGILDO A. PANTEJO, RESPONDENTS.

D E C I S I O N

REGALADO, J.:

In this appeal by *certiorari*, petitioner Philippine Airlines, Inc. (PAL) seeks to set aside the decision of respondent Court of Appeals,^[1] promulgated on December 29, 1994, which affirmed the award for damages made by the trial court in favor of herein private respondent Leovegildo A. Pantejo.

On October 23, 1988, private respondent Pantejo, then City Fiscal of Surigao City, boarded a PAL plane in Manila and disembarked in Cebu City where he was supposed to take his connecting flight to Surigao City. However, due to typhoon Osang, the connecting flight to Surigao City was cancelled.

To accommodate the needs of its stranded passengers, PAL initially gave out cash assistance of P100.00 and, the next day, P200.00, for their expected stay of two days in Cebu. Respondent Pantejo requested instead that he be billeted in a hotel at PAL's expense because he did not have cash with him at that time, but PAL refused. Thus, respondent Pantejo was forced to seek and accept the generosity of a co-passenger, an engineer named Andoni Dumlao, and he shared a room with the latter at Sky View Hotel with the promise to pay his share of the expenses upon reaching Surigao.

On October 25, 1988 when the flight for Surigao was resumed, respondent Pantejo came to know that the hotel expenses of his co-passengers, one Superintendent Ernesto Gonzales and a certain Mrs. Gloria Rocha, an auditor of the Philippine National Bank, were reimbursed by PAL. At this point, respondent Pantejo informed Oscar Jereza, PAL's Manager for Departure Services at Mactan Airport and who was in charge of cancelled flights, that he was going to sue the airline for discriminating against him. It was only then that Jereza offered to pay respondent Pantejo P300.00 which, due to the ordeal and anguish he had undergone, the latter declined.

On March 18, 1991, the Regional Trial Court of Surigao City, Branch 30, rendered judgment in the action for damages filed by respondent Pantejo against herein petitioner, Philippine Airlines, Inc., ordering the latter to pay Pantejo P300.00 for actual damages, P150,000.00 as moral damages, P100,000.00 as exemplary damages, P15,000.00 as attorney's fees, and 6% interest from the time of the filing of the complaint until said amounts shall have been fully paid, plus costs of suit.^[2] On appeal, respondent court affirmed the decision of the court a quo, but with the exclusion of the award of attorney's fees and litigation expenses.

The main issue posed for resolution is whether petitioner airlines acted in bad faith when it failed and refused to provide hotel accommodations for respondent Pantejo or to reimburse him for hotel expenses incurred by reason of the cancellation of its connecting flight to Surigao City due to force majeure.

To begin with, it must be emphasized that a contract to transport passengers is quite different in kind and degree from any other contractual relation, and this is because of the relation which an air carrier sustains with the public. Its business is mainly with the travelling public. It invites people to avail of the comforts and advantages it offers. The contract of air carriage, therefore, generates a relation attended with a public duty. Neglect or malfeasance of the carrier's employees naturally could give ground for an action for damages.^[3]

In ruling for respondent Pantejo, both the trial court and the Court of Appeals found that herein petitioner acted in bad faith in refusing to provide hotel accommodations for respondent Pantejo or to reimburse him for hotel expenses incurred despite and in contrast to the fact that other passengers were so favored.

In declaring that bad faith existed, respondent court took into consideration the following factual circumstances:

1. Contrary to petitioner's claim that cash assistance was given instead because of non-availability of rooms in hotels where petitioner had existing tie-ups, the evidence shows that Sky View Hotel, where respondent Pantejo was billeted, had plenty of rooms available.
2. It is not true that the P300.00 paid to Ernesto Gonzales, a co-passenger of respondent, was a refund for his plane ticket, the truth being that it was a reimbursement for hotel and meal expenses.
3. It is likewise not denied that said Gonzales and herein respondent came to know about the reimbursements only because another passenger, Mrs. Rocha, informed them that she was able to obtain the refund for her own hotel expenses.
4. Petitioner offered to pay P300.00 to private respondent only after he had confronted the airline's manager about the discrimination committed against him, which the latter realized was an actionable wrong.
5. Service Voucher No. 199351, presented by petitioner to prove that it gave cash assistance to its passengers, was based merely on the list of passengers already given cash assistance and was purportedly prepared at around 10:00 A.M. of October 23, 1988. This was two hours before respondent came to know of the cancellation of his flight to Surigao, hence private respondent could not have possibly refused the same.^[4]

It must be stressed that these factual findings, which are supported by substantial evidence, are binding, final and conclusive upon this Court absent any reason, and we find none, why this settled evidential rule should not apply.

Petitioner theorizes that the hotel accommodations or cash assistance given in case a flight is cancelled is in the nature of an amenity and is merely a privilege that may be extended at its own discretion, but never a right that may be demanded by its passengers. Thus, when respondent Pantejo was offered cash assistance and he refused it, petitioner cannot be held liable for whatever befell respondent Pantejo on that fateful day, because it was merely exercising its discretion when it opted to just give cash assistance to its passengers.

Assuming arguendo that the airline passengers have no vested right to these amenities in case a flight is cancelled due to force majeure, what makes petitioner liable for damages in this particular case and under the facts obtaining herein is its blatant refusal to accord the so-called amenities equally to all its stranded passengers who were bound for Surigao City. No compelling or justifying reason was advanced for such discriminatory and prejudicial conduct.

More importantly, it has been sufficiently established that it is petitioner's standard company policy, whenever a flight has been cancelled, to extend to its hapless passengers cash assistance or to provide them accommodations in hotels with which it has existing tie-ups. In fact, petitioner's Mactan Airport Manager for departure services, Oscar Jereza, admitted that PAL has an existing arrangement with hotels to accommodate stranded passengers,^[5] and that the hotel bills of Ernesto Gonzales were reimbursed^[6] obviously pursuant to that policy.

Also, two witnesses presented by respondent, Teresita Azarcon and Nerie Bol, testified that sometime in November, 1988, when their flight from Cebu to Surigao was cancelled, they were billeted at Rajah Hotel for two nights and three days at the expense of PAL.^[7] This was never denied by PAL.

Further, Ernesto Gonzales, the aforementioned co-passenger of respondent on that fateful flight, testified that based on his previous experience hotel accommodations were extended by PAL to its stranded passengers either in Magellan or Rajah Hotels, or even in Cebu Plaza. Thus, we view as impressed with dubiety PAL's present attempt to represent such emergency assistance as being merely *ex gratia* and not *ex debito*.

While petitioner now insists that the passengers were duly informed that they would be reimbursed for their hotel expenses, it miserably and significantly failed to explain why the other passengers were given reimbursements while private respondent was not. Although Gonzales was subsequently given a refund, this was only so because he came to know about it by accident through Mrs. Rocha, as earlier explained.

Petitioner could only offer the strained and flimsy pretext that possibly the passengers were not listening when the announcement was made. This is absurd because when respondent Pantejo came to know that his flight had been cancelled, he immediately proceeded to petitioner's office and requested for hotel accommodations. He was not only refused accommodations, but he was not even informed that he may later on be reimbursed for his hotel expenses. This explains why his co-passenger, Andoni Dumlao, offered to answer for respondent's hotel bill and the latter promised to pay him when they arrive in Surigao. Had both known that they would be reimbursed by the airline, such arrangement would not have