

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 5361

Introduced by Makabayan Representatives REP. NERI COLMENARES, REP.
CARLOS ISAGANI T. ZARATE, REP. LUZVIMINDA C. ILAGAN, REP.
EMMERENCIANA A. DE JESUS, REP. ANTONIO L. TINIO,
REP. FERNANDO HICAP and REP. JAMES MARK TERRY RIDON

**AN ACT PROVIDING FOR THE “MAGNA CARTA OF AIRLINE PASSENGERS
RIGHTS”, IMPOSING OBLIGATIONS ON AIR CARRIERS, PROVIDING FOR
PENAL SANCTIONS, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Air travel has become an indispensable mode of conveying passengers and goods in the Philippines. As a common carrier, an air carrier assumes the express obligation to transport passengers to their destination safely and observe extraordinary diligence in the conduct of their business. Providing safe, efficient and convenient service to its customers is therefore a strictly construed obligation of an air carrier.

Despite increasing profits from a growing air industry business, however, air carriers have wantonly disregarded passengers rights confident that Filipino airline passengers do not generally demand for remedies against abuse due to the expensive and tedious legal processes that normally favor the rich and the powerful and not the victims. It is a widely known fact that, among other problems, long queues in check-in counters, delayed flights, or even sudden cancellations of flights, to name a few, continue to be prevalent in all airports in the country. This problem has been plaguing airline passengers for years.

The Philippine Government issued DOTC-DTI Joint Administrative Order 01-2012, providing for the “Bill of Rights of Air Passengers and Airline Obligations” supposedly to address these problems. However, airline passengers continue to experience the same long queues, delays, cancellation, diversion of flights and other unnecessary inconvenience. The problems again came to the fore in the last quarter of 2014 and culminated during the 2014 holiday season despite the JAO 01-2012 which means that the said Order has failed to protect the rights of airline passengers and is bereft of insufficient penalties to sanction air carriers.

Worse, legal recourse for passengers against air carriers have proved difficult and costly which practically rendered ineffective their rights under the Warsaw Convention, the Montreal Convention and other international law norms that provide remedies for violation of air passengers rights. This only emboldened air carriers in disregarding passengers rights in their drive for super profits. The government and its regulatory bodies have remained helpless and ineffective in providing relief for victims of airline abuse.

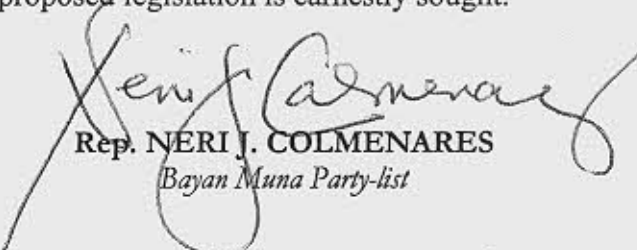
Republic Act 776 and its amendatory laws, PD 1462, Civil Aeronautics Board (CAB) regulations and other laws no longer suffices to protect air passengers rights. Any legislation providing for piecemeal response will not provide lasting solutions. A more comprehensive legislation on passengers rights to ensure protection of passengers rights has become an imperative.

There is a need for a law that will provide for the rights of airline passengers and impose obligations on air carriers to ensure safe, convenient and affordable travel for the people. Said law should penalize air carriers for violation of air passengers' rights in order to put a stop to this persistent and recurring problem. There is a need for a law that will provide victims speedy legal remedy and discourage air carriers from disregarding their passengers' rights.

Airline passengers who receive compensation and benefits under this proposed law may, at their option, avail of additional compensation or benefits under international law through the regular courts. The purpose of this special law is provide a less expensive and faster remedy to victims and at the same time serve as a warning to air carriers to respect the rights of their passengers.

This Bill asks Congress to enact a law that will provide for the Magna Carta of Airline Passengers Rights and for stiffer penal sanctions against air carriers with the aim of helping provide for a long terms solution to the problems plaguing airline passengers for a long time. Thus, the approval of this proposed legislation is earnestly sought.

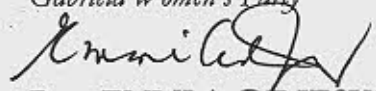
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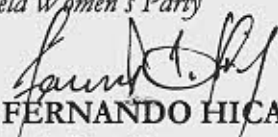
Rep. NERI J. COLMENARES
Bayan Muna Party-list



Rep. LUZVIMINDA C. ILAGAN
Gabriela Women's Party



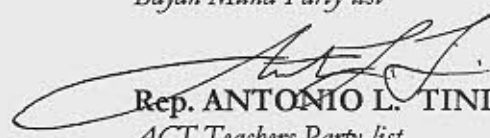
Rep. EMMI A. DE JESUS
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Rep. ANTONIO L. TINIO
ACT Teachers Party-list



Rep. TERRY RIDON
Kabataan Party-list

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**CHAPTER I
GENERAL PROVISIONS**

Section 1. Short Title. – This Act shall be known and cited as the "MAGNA CARTA OF AIRLINE PASSENGERS RIGHTS".

Sec. 2. Declaration of Policy. – It is the policy of the State to:

- a) Promote the welfare of airline passengers in the midst of the expanding commercial airline industry, to the end that air carriers fulfill their obligation to respect the rights of air passengers, protect them against vexatious policies and acts that compromise the passengers safety, convenience and welfare.
- b) Promote justice in the airline industry in such a way that air passengers will get what they pay for, without compromising air passenger safety, and
- c) Ensure that appropriate penalties, and speedier legal remedies, are in place to discourage transgression of passenger rights.

Sec. 3. Definition of Terms. – For purposes of this Act:

- a. “Air Carrier” refers to a Philippine-based carrier operating scheduled or non-scheduled domestic and/or international flights to or from or serving a point within the Philippines, or a foreign carrier operating scheduled or non-scheduled international flights from the Philippines. Air carriers are also generally referred to as airlines.
- b. “Baggage” is any personal property carried by the passenger, either by check-in or hand-carry. “Off-loaded Baggage” refers to baggage which has been checked in but has either not been put in or been subsequently removed from the cargo hold of the carrier.
- c. “Cancellation” is the act of calling off a flight. This shall include the following instances:
 - i. Cancellation by the air carrier before the estimated time of departure (ETD) with or without its fault;
 - ii. Cancellation by the air carrier after an unduly long delay;
 - iii. Cancellation by the passenger holding a regular fare/ticket, or a situation deemed cancelled as contemplated in Section 12.2 of the DOTC-DTI Joint Administrative Order 01-2012;
- d. “Check-in deadline” refers to the point in time before the published ETD on or before which a passenger must present himself/herself to the air carrier at the latter’s check-in counter.
- e. “Check-in period” is the time when the air carrier’s check-in counters are open for accepting and processing passengers checking in for their flights.
- f. “Confirmed Reserved Seat” means a seat on a specific date and on a specific flight and class of service of a carrier, which has been requested by a passenger, and which the carrier or its agent has verified, by appropriate notation on the ticket, as being reserved for the accommodation of the passenger.
- g. “Convention” refers to the applicable international agreement, convention, or treaty on carriage of goods or persons by air signed and/or ratified by the Philippines.
- h. “Delay” is the result of the deferment of a flight to a later time. “Terminal Delay” is a delay that occurs while passengers are still inside the terminal waiting for boarding, while “Tarmac Delay” is a delay that occurs while passengers are already on board the aircraft.
- i. “Denied Check-in” takes place when a passenger, who has presented himself/herself for check-in at the appointed area and at the appointed time, is denied or not processed for boarding a particular flight. “Denied Boarding” takes place when a passenger, who holds a confirmed reserved seat, and who has presented himself/herself for carriage at the proper time and place and fully complied with the carrier’s check-in and reconfirmation procedures,

and who is acceptable for carriage under the carrier's tariff, was not allowed to board the aircraft.

j. "Fare" is payment in consideration for the carriage of a passenger. "Regular Fare" is any fare that is offered on a regular basis and does not qualify as promotional fare. "Promotional Fare", which is generally lower than a regular fare, is applied for before, and approved as such by, the CAB.

k. "No-show" is the failure of the passenger to appear at the check-in counter within the check-in deadline or to show up at the boarding gate at the time indicated on the boarding pass.

l. "Overbooking" is the practice by air carriers of selling confirmed reserved space beyond the actual seat capacity of the aircraft.

m. "Passenger" shall refer herein to a person actually travelling by air. A person who is named in the flight ticket shall be considered a passenger for the purpose of these rules.

n. "Person with disability" or "PWD" includes those who have long-term physical, mental, intellectual or sensory impairments, which, in interaction with various barriers, may hinder their full and effective participation in society on an equal basis with others.

o. "Sales Promotion" means techniques intended for broad consumer participation which contain promises of gain, such as prizes, in cash or in kind, as reward for the purchase of a product, security, service or winning in a contest, game, tournament, and other similar competitions which involve determination of winner/s and which utilize mass media and/or widespread media of information. It also means techniques purely intended to increase the sales, patronage and/or goodwill of a product.

p. "Senior citizen" refers to any resident citizen of the Philippines at least sixty (60) years old. Passengers may be asked to present identification documents, in line with Republic Act No. 9994, otherwise known as the Expanded Senior Citizens Act of 2010, and its Implementing Rules and Regulations, in order to avail of benefits and privileges reserved for senior citizens.

Sec. 4. Scope. – This Act shall apply from the moment the contract of air carriage is perfected up to the time when the passenger leaves the premises of the airport of destination, regardless of the air carrier, or the race, age, sex, religion, nationality, citizenship, social status, disability status, or any other personal status of the passenger, or the latter's destination, whether domestic or international.

Whenever applicable, this Act shall be applied to public officers and employees responsible for the regulation of the Philippine aviation industry. For this purpose, the term "air carrier" shall include the said public officers and employees.

Sec. 5. Applicability of International Law on Air Carriage. – Every treaty or international agreement shall, unless it is expressly declared by any of them that it shall operate notwithstanding this statute, be so construed and applied as not to abrogate, abridge or infringe or to authorize the abrogation, abridgment or infringement of any of the rights or freedoms herein recognized and declared.

CHAPTER II CONTRACT OF AIR CARRIAGE

Sec. 6. Contract of Air Carriage. – By the contract of air carriage, an air carrier obliges itself to transport the person of the passenger and/or his baggage, if any, from one place to another, through airspace, without any damage or injury upon the latter's person, or loss, damage or unreasonable deterioration of his baggage, if any, and when the passenger obliges himself to pay a just and reasonable air fare.

Sec. 7. Perfection. – The contract of air carriage is perfected from the moment the air carrier and the passenger gives their respective consent to the said agreement.

There is consent when the air carrier issues a confirmation of airline ticket in favor of the passenger, who accepts and holds it in his possession, with the corresponding payment of the fare by said passenger.

Sec. 8. Airline Ticket. – The airline ticket shall mean the document that sets forth in writing the contract of air carriage. It shall contain all the stipulations agreed upon by the air carrier and the passenger. It shall be understood to include the provisions of this Act and all other laws, treaties, or international agreements concerning air carriage.

In addition to existing laws, the airline ticket shall expressly contain the full list of the rights of air passengers as provided in Section 12 of this Act.

Sec. 9. Diligence Required. – Air carriers, due to the nature of their business being imbued with public policy and interest, are obliged to observe extraordinary diligence in the performance of their obligations under the contract of air carriage. Air passengers are required to observe ordinary diligence while the contract of air carriage is effective.

Sec. 10. Presumption of Negligence. – In case of damage or injury to the person of the air passenger, or loss, damage, or unreasonable deterioration of his baggage, if any, the air carrier shall be presumed negligent, unless it proves that it exerted extraordinary diligence to avert the same.

Diligence observed in the selection and supervision of employees shall not be a defense to rebut this presumption.

Sec. 11. Construction. – In case of doubt, the contract of air carriage shall be construed in favor of the passenger and against the air carrier.

CHAPTER III RIGHTS OF THE AIR PASSENGERS

Sec. 12. Rights of Airline Passengers. – All airline passengers, whether domestic or international, regardless of race, age, sex, religion, nationality, citizenship, social status, disability status, or any other personal status, shall have the following rights which air carriers, regardless of its nationality, are obliged to respect:

- a) Right to Full Information;
- b) Right to Fair and Reasonable Air Fare;
- c) Right to Receive the Full Value of the Service Purchased;
- d) Right Against Discrimination;
- e) Right Against Unjust Vexation;
- f) Right to be Respected
- g) Right to Compensation;
- h) Right to Redress of Grievances.

CHAPTER IV RIGHT TO FULL INFORMATION

Sec. 13. Right to Full Information. – Air passengers shall have the right to information on all matters pertaining to the contract of air carriage. It shall include the right to be informed of the remedies available to the air passenger in case of grievance against the air carrier.

The information to be disclosed shall be true, full, fair, clear, and accurate. The air carrier shall make sure that the information is understood by the air passenger.

In addition to Section 8 of this Act, the air carrier shall explain to the air passenger his rights in a language or dialect known and understood to the latter.

The services that will be given by the air carrier shall be itemized in the airline ticket.

Sec. 14. Advertisements. – The relevant provisions of Republic Act 7392, also known as the Consumer Act of the Philippines, shall be applicable to advertisements made by air carrier, in conjunction with Section 13 of this Act.

CHAPTER V RIGHT TO FAIR AND REASONABLE AIR FARE AND RIGHT TO RECEIVE THE FULL VALUE OF THE SERVICE PURCHASED

Sec. 15. Right to Fair and Reasonable Air Fare. – Air passengers shall have the right to a fair and reasonable air fare which is based on the service that the air carrier will provide to the former. The air fare must include the fees for the carriage of the baggage of the air passenger, whether or not hand-carried, and any other ancillary services given by the air carrier.

Sec. 16. Right to Receive the Full Value of the Service Purchased. – Air passengers shall have the right to receive the full value of the services that they purchased. Air carriers shall not deny nor diminish any service that the air passenger has paid for. However, air carriers may upgrade the services in favor of the air passenger free of charge, subject to the consent of the air passenger.

This right includes the convenience on the part of the air passenger during flight.

No air passenger shall be denied to board a flight except for causes authorized by law or if his presence in the aircraft will prejudice the safety of other air passengers and crew. In case an air passenger is validly denied boarding, he shall only be entitled to the full refund of his air fare. In such a case, the contract of air carriage shall be deemed rescinded.

Sec. 17. Mandatory Air Fare Discounts. – Qualified senior citizens, PWDs, and students are entitled to a twenty percent (20%) discount on all air fares.

To avail of such discount, the persons concerned are required to show competent proof that they are senior citizens, PWD's, or students. Competent proof includes, but not limited to, government issued identification cards.

In addition to the preceding paragraph, students are required to be enrolled, at the time of the purchase of the airline ticket, in Preschool, Elementary, Secondary and Collegiate schools including academic, vocational and technical schools duly recognized by the Government, except those of dancing and driving schools, short term courses of seminar type, and post graduate studies (those taking up medicine, law, masteral, doctoral degrees and the like).

Qualified senior citizens and students are likewise exempt from Value-added Tax.

In case the air carrier gives promotional air fare, the air fare that is more beneficial to the air passenger shall be given.

Sec. 18. Tax Deduction. – For purposes of income taxation, the discount mandated under Section 17 of this Act shall be allowed as a deduction on the gross income of the air carrier.

CHAPTER VI

RIGHT AGAINST DISCRIMINATION AND THE RIGHT TO BE RESPECTED

Sec. 19. Right to be Respected. – Air passengers shall have the right to be respected at all times by the air carrier. Regardless of the demeanor of the air passenger, airline employees shall always show respect to the former.

Sec. 20. Right Against Discrimination. – Air passengers shall have the right against discrimination due to their race, age, sex, religion, nationality, citizenship, social status, disability status, or any other personal status.

In case of violation hereof, the employee concerned and the air carrier shall be solidarily liable to the air passenger concerned.

CHAPTER VII RIGHT AGAINST UNJUST VEXATION

Sec. 21. Right Against Unjust Vexation. – Air passengers shall have the right against vexations caused by air carriers due to their unjust policies, their unruly employees, or its inexcusable negligence while the contract of air carriage is effective.

There is no unjust vexation if it is primarily caused by the air passenger concerned.

Sec.22. Fortuitous Event. – In case the vexation caused to the air passenger is due to force majeure, the air carrier shall endeavor to alleviate the said vexation; otherwise, it shall be guilty of violating the right against unjust vexation.

SUBCHAPTER 1: DEPARTURE

Sec. 23. Required Time of Airport Presence. – Air passengers shall be required to be present at the airport of departure at least three (3) hours for international flights, and one (1) hour for domestic flights, before the Expected Time of Departure (ETD)

Sec. 24. Number of Check-in Counters. – The number of check-in counter of an air carrier shall be proportionate to the volume of passengers who are checking-in for a particular flight. In no case shall the queue exceed twenty (20) persons per check-in counter.

A special check-in priority counter shall be provided for senior citizens, pregnant women and PWDs.

Sec. 25. Time for Checking-in. – Check-in counters are required to be open four (4) hours for international flights, and two (2) hours for domestic flights, before the ETD. It shall close forty-five (45) minutes before the ETD, unless all passengers in a particular flight already checked-in. Air passengers who are already in the queue before the closing time shall be allowed to check-in.

Upon closing of the check-in counters forty-five (45) minutes before the ETD and before the commencement of the boarding time of thirty (30) minutes before ETD, the air carrier shall now process the checking in of those passengers transferred from another flight of the same air carrier, or from another air carrier, in both cases due to delayed or cancelled flights, then the chance passengers.

Sec. 26. Boarding Time. – Boarding time shall commence thirty (30) minutes before the ETD. It shall be closed five (5) minutes before the ETD.

Sec. 27. Departure. – An aircraft is considered to have departed if the aircraft commences take-off procedures in the runway.

SUBSECTION 2: DELAY

Sec. 28. Terminal Delay. – In case there is terminal delay of three (3) hours or less after the ETD, whether or not the cause of the delay is due to the fault of the air carrier, the air passengers are entitled to the following during such delay:

- a) Free meals and refreshments;
- b) Free phone calls, text messaging, emails, or any other means of communications; and,
- c) Free internet access.

In addition to the foregoing, air passengers shall have the options provided for under the next section of this Act, except option (b) thereof.

Sec. 29. Delay deemed as cancellation. - In case the terminal delay lasts for more than three (3) hours, the air passenger shall have the right to consider the flight cancelled. If the air passenger considers the flight cancelled, he shall have any of the following options:

- a) Rebook the flight, the departure time of such being the most convenient for the air passenger concerned and without additional costs;
- b) Cancel the contract of air carriage and get the full refund of the air fare within twenty-four (24) hours from the time this choice is made; *provided*, that if the refund is not given within the aforesaid period, the air carrier shall refund the air fare double its value; *provide, further*, that when the refund was not made within three (3) days from the time the choice is made, the air carrier shall make a refund triple the value of the air fare, and so on until the full refund is finally made; and,
- c) Endorsement to another air carrier without additional expenses within twenty-four (24) hours from the scheduled overbooked flight.

These options are alternative; the choice of one option shall be considered a waiver of the others.

Sec. 30. Tarmac Delay. – In case there is tarmac delay of at least two (2) hours after the ETD, whether or not the cause of the delay is due to the fault of the air carrier, the air passengers are entitled to free food and refreshments.

Sec. 31. Arrival Delay. – In case there is a delay in the aircraft's arrival at the airport of destination for at least one (1) hour, the air carrier shall give the air passengers affected free food and beverages.

If the said delay is due to the air carrier's negligence, it shall be liable to pay damages to the air passenger amounting to ten thousand (P10,000.00) pesos or the actual damages suffered, whichever is higher.

SUBSECTION 3: CANCELLATION BY THE PASSENGER AND NO SHOWS

Sec. 32. Cancellation by the passenger. – If the passenger cancels the confirmed flight more than twenty-four (24) before the ETD, he shall be reimbursed 75% of the cost of the ticket less

charges for ancillary services, and the remaining 25% would be retained as the cancellation fee. There shall be full reimbursement of such charges for ancillary services not availed of, including but not limited to baggage fees and terminal fees.

If the passenger cancels the confirmed flight twenty-four (24) hours or less before the ETD, or does not show up altogether, the ticket shall be considered flown; There shall be full reimbursement of the charges for ancillary services not availed of, including but not limited to baggage fees and terminal fees.

Sec. 33. Overbooking. – Overbooking shall not be allowed for all air carriers.

Sec. 34. Filling up of empty seats. – Vacant seats due to cancellations by the passenger and no shows shall be offered by the air carrier, first to the passengers of delayed or cancelled flights of the same air carrier or of another carrier, through endorsement between the two air carriers. If there are still empty seats remaining, it shall then be offered to the chance passengers.

SUBSECTION 4: CANCELLATION BY THE AIR CARRIER

Sec. 35. Flight Cancellations Attributable to the Air carrier. – In case a flight is cancelled more than twenty-four (24) hours before the ETD, and the cause is attributable to the air carrier, the air passenger shall have the following rights:

- a) To be notified beforehand of the fact of cancellation; and,
- b) To exercise the options as provided for under Section 29 of this Act.

In case the cancellation is made twenty-four (24) hours or less from the ETD, the air passenger shall have the following rights:

- a) To be notified beforehand of the fact of cancellation through the fastest means possible;
- b) Free food and drinks;
- c) Free hotel accommodations;
- d) To be reimbursed of the expenses incurred by the air passenger other than the air fare;
- e) To be compensated for the vexation caused to the air passenger; and,
- f) To exercise the options as provided for under Section 29 of this Act.

Sec. 36. Flight Cancellations due to Force Majeure. – In case the flight is cancelled due to force majeure, the air passengers shall have the options as provided for under Section 29 of this Act.

SUBSECTION 5: DEVIATION

Sec. 37. Airport Deviation. – In case the airport of departure is changed within twenty-four (24) hours from ETD, Section 28 of this Act shall apply. The transportation cost for ferrying the air passenger from the old airport of departure to the new airport shall be shouldered by the air carrier.

Sec. 38. Flight Deviation. – In case a flight is deviated to a new airport of destination, the air carrier shall shoulder the cost of transporting its air passengers to the original airport of destination. Passengers shall be entitled to free meals and beverages.

Sec. 39. Damages. – If the deviation under the two next preceding sections are caused by the fault or negligence of the air carrier, each air passengers are entitled to damages amounting to ten thousand (P10,000.00) pesos, exclusive of the other entitlements mentioned in the two preceeding sections.

CHAPTER VIII RIGHT TO COMPENSATION

Sec. 40. Right to Compensation. – Air passengers shall have the right to be compensated in case there is damage or injury to his person or his baggage, if any. Compensation shall include the damage caused by any violation of the rights of the air passenger as provided for by this Act or any other laws or treaties concerning air transportation.

This right shall include the right to be compensated promptly and expeditiously.

Payment may be made through cash, money transfer, or check. It shall be made upon demand of the air passenger and within two (2) days from the termination of grievance machinery procedure under Section 54 of this Act. It shall be made at the air carrier's counters at the airport or at the main office or branch of the air carrier, at the discretion of the air passenger.

If not paid within the prescribed period, the compensation granted in this chapter shall earn an interest of 12% per annum until full payment reckoned from the time of the expiration of the said period, unless the non-payment is prevented by a legal cause.

Sec. 41. Applicability of the Right. – Compensation under this Chapter shall only be awarded if the damage or injury is caused by the negligence of the air carrier, or in case of force majeure, it failed to prevent or minimize the damage or injury that the fortuitous event caused

Sec. 42. Compensation for Death. – If an air passenger dies, the heirs are entitled to actual damages amounting to two million (P 3,000,000.00) pesos and all medical and/or funeral expenses incurred.

Sec. 43. Compensation for Physical Injuries. – The air passenger is entitled to the following actual damages based on the physical injuries caused:

- a) In every body part of the human body mutilated, the actual damages shall have a range of four hundred thousand (P400,000.00) pesos to one million (P1,000,000.00) pesos, depending on the severity of the mutilation;
- b) In case of serious physical injuries, the air passenger is entitled to two hundred thousand (P200,000.00) pesos; and,

- c) In case of less serious physical injuries, the air passenger is entitled to seventy-five thousand (P75,000.00) pesos.

The amounts of damages herein are exclusive of medical expenses incurred by the air passenger.

Sec. 44. Compensation for Lost Baggage. – In case the baggage, or any part thereof, of the air passenger is lost, the airline company shall compensate the air passenger by paying the value of the lost baggage at least triple its value and an additional damages of at least Twenty Thousand Pesos (P20,000.00) .

Sec. 45. Compensation for Damaged Baggage. – In case the baggage, or any part thereof, is damaged, the air carrier shall be liable to pay the air passenger damages amounting to double the value of the damaged caused.

Sec. 46. Compensation for Delayed Baggage. – In case the delivery of the baggage to the air passenger is delayed, air passengers shall be entitled to the following amounts of damages:

- a) Ten thousand (P10,000.00) for every twenty-four (24) hours of delay counted from the time of arrival; and,
- b) Full refund of the baggage fees.

The air carrier shall shoulder the expenses of delivery of the delayed baggage to the air passenger.

Sec. 47. Presumption of Loss. – A baggage is presumed lost if it is undelivered to the air passenger after seven (7) days from the time of arrival. In such a case, Sections 44 and 46 shall apply.

Sec. 48. Compensation for Violation of Airline Passenger Rights. – In case the air carrier violates the rights of air passengers, the former shall pay the latter damages amounting to at least fifty thousand (P50,000.00) pesos, exclusive of the other damages or injury the air passenger has suffered.

Sec. 49. Applicability of the Civil Code. – The provisions of Republic Act 386 as amended, otherwise known as the Civil Code of the Philippines, concerning Damages, shall be suppletorily applied to this Chapter.

CHAPTER IX RIGHT TO REDRESS OF GRIEVANCES

Sec. 50. Right to Redress of Grievances. – Air passengers shall have the right to redress their grievances to the air carrier. However, they shall address their grievances first to the concerned air carrier for possible amicable settlement of their case. If there is no amicable settlement reached, the government, through the Aviation Arbiters may take cognizance of the case.

SUBCHAPTER 1: AVIATION ARBITRATION

Sec. 51. Aviation Arbiters. – There is hereby created the Office of the Aviation Arbiters which shall be under the Legal Division of the Civil Aeronautics Board (CAB). They shall be appointed by the Secretary of Transportation and Communications upon the recommendation of the CAB. There shall be one (1) Aviation Arbiter per province, and ten (10) Arbiters in the CAB Main Office.

They shall have the rank equivalent to a Regional Trial Court (RTC) judge, and they shall have the salaries and emoluments equivalent to the said office.

Sec. 52. Jurisdiction. – the Aviation Arbiters shall have exclusive and original jurisdiction to adjudicate cases involving the rights of air passengers granted under this Act or other laws, treaties, or international agreements concerning air transportation, where the total amount of the claim, inclusive of compensatory and other forms of damages, regardless of other forms of relief sought, such as injunction or restraining order, of the passenger, is P2 million or less; Where the claim exceeds this amount, the grievance shall be by ordinary civil action in the court of proper jurisdiction.

They shall also have the power to issue summons, subpoena, swear witnesses, and all the powers and functions necessary for them to perform their quasi-judicial functions.

Nothing in this provision bars the passenger from filing a complaint with the courts of competent jurisdiction subject to the relevant provisions of the Rules of Court. Any other party wishing to complain or grieve, including the airline carriers and the CAB, shall do so only and exclusively and at no other, regardless of the nature and amount of the claim or counterclaim, with the Office of Aviation Arbiters.

Sec. 53. Qualifications. – Aviation Arbiters shall have the following qualifications:

- a) Citizen and resident of the Philippines;
- b) Member of the Philippine Bar; and
- c) Must have been in the practice of law in the aviation industry for at least five (5) years prior to the date of recommendation.

SUBCHAPTER 2: AVIATION ARBITRATION PROCEDURE

Sec. 54. Grievance Machinery. – The airline grievance machinery shall endeavor to settle the case amicably, with due regard to the rights of air passengers. For this purpose, the provisions of Republic Act 386 as amended, otherwise known as the Civil Code of the Philippines, concerning compromise, shall be applied.

If there is failure to compromise between the passenger and the air carrier, the CAB Personnel assigned at a specific airport shall endorse an arbitration to the proper Aviation Arbiter, which shall be the arbiter in the province where the complaining party resides, or to the arbiter assigned in the CAB Main Office, at the option of the complaining party.

Sec. 55. Arbitration. – The technical rules of procedure shall not apply in arbitration, as the proceedings would be summary in nature, non-adversarial and with no postponements from the airline carrier or the CAB unless the passenger is paid by the CAB or the airline carrier upfront costs at no less than P20,000.00 per day of resetting

Unless himself the Passenger who seeks to complain or grieve, no lawyer shall be allowed to appear on behalf of a client before the Aviation Arbiter. Corporations appearing at this proceeding shall be represented by non-lawyers with full authority to settle the claim on behalf of their principals and to bind them on any other matter.

Costs and litigation expenses shall be paid to the Passenger by the airline carrier unless the complaint or grievance is manifestly unreasonable and done in bad faith.

Sec. 56. Appeal. – All Decisions of the Aviation Arbiter pertaining to the claim of the Passenger shall be final and executory at the option of the complaining Passenger. Any judicial review of this form or part of the Decision shall be made by the aggrieved party other than the passenger before the Court of Appeals. The Court of Appeals shall not issue an injunction or restraining order to prevent the immediate execution of the Decision but shall instead issue a writ of execution if one has not yet been issued to enforce it.

In the event that the passenger wishes to question the Decision on her claim, the passenger has the right to appeal it to the CAB which shall dispose of the appeal in no more than 60 days from the time the appeal is submitted for Decision. The Decision of the CAB is appealable on judicial review to the Court of Appeals.

CHAPTER X PENAL PROVISIONS

Sec. 57. Persons Liable. – In case the culprit is an air carrier, the penalty of imprisonment shall be imposed to the officers and/or employees of the air carrier who violated the provisions of this Act. If the penalty is fine, it shall be imposed on the air carrier itself.

In case the culprit is a natural person alone, the penalties of imprisonment and/or fine shall be imposed on the person guilty of violation of this Act. In case he is incapable of paying the fine, the subsidiary imprisonment under the Revised Penal Code shall apply.

Sec. 58. Violation of Right. – It shall be unlawful for the air carrier or its officers and employees to violate the rights of air passengers as provided in this Act. Any violation thereof shall be punished by six (6) months and one (1) day to one (1) year of imprisonment and/or a fine not exceeding five million (P5,000,000.00), at the discretion of the court.

Sec. 59. Failure to Pay Compensation. – An air carrier which refuses to pay the compensation under Chapter VIII of this Act shall be punished by a fine not exceeding three million (P3,000,000.00) pesos, the exact amount is at the discretion of the court.

Sec. 60. Revocation of Franchise or License. – In case the air carrier violates the provisions of this Act for the third time, its franchise or license to operate in the Philippines as an air carrier shall be suspended in addition to the proper penalties imposable upon conviction. After serving suspension and thereafter the air carrier violated once more the provisions of this Act, its license to operate shall be automatically revoked.

CHAPTER XI FINAL PROVISIONS

Sec. 61. Implementing Rules and Regulations. – The Department of Transportation and Communication and the Department of Trade and Industry shall have the power to issue implementing rules and regulations in order to effectively enforce this Act within sixty (60) days from the effectivity of this Act.

Sec. 62. Separability Clause. – If any provision of this Act is declared invalid, the remainder of this Act or any provisions not affected thereby shall remain in force and in effect.

Sec. 63. Repealing Clause. – All Acts or parts of Acts, executive orders and their implementing rules inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Sec. 64. Effectivity. – This Act shall take effect upon its approval.

Approved,