Examining the Phenomenon of Error Fares and the Related Juridical Shortfalls: A

Preliminary Study Towards Unifying Regulation

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August 2022

A thesis submitted to McGill University in partial fulfillment of the requirements of the degree of

Master of Laws (LL.M.)

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ABSTRACT

Airfare pricing errors pose challenges for both the aviation industry and consumers. When an error fare is inadvertently published, it can quickly mount an enormous loss of revenue for airlines. Simultaneously, consumers who purchase such fares may proceed to make ancillary purchases in reliance of the validity of their tickets. Airlines must then make a decision to either honor the fare (thereby losing the opportunity to sell their inventory at their anticipated price), or cancel the purchased tickets and potentially face litigation by passengers for incurred expenses. This paper sets out to probe the phenomenon of error fares and analyze the subsequent legal interventions that have been advanced in response to them. It first offers a preliminary background of the fare publication process, identifying where mistakes in pricing can be induced in such process. It also presents original research modeling fare examples that underscore a need for consumer protection because of the inherent difficulties in differentiating a mere 'good deal' from an error fare. The paper is centered upon undertaking a contextual analysis of jurisprudence related to error fares from varying jurisdictions in order to trace the evolution of the law and identify shortcomings. As a preliminary finding, the paper proposes that a global unifying framework which can promote and induce greater certainty in dealings between airlines and consumers is warranted given the multiplicity of legal approaches taken across different jurisdictions. A specific template is formulated and suggestions for future research on how to refine and implement such regulation are made to conclude.

RÉSUMÉ

Les erreurs de tarification des tarifs aériens posent des défis à la fois à l'industrie aéronautique et aux consommateurs. Lorsqu'un tarif erroné est publié par inadvertance, il peut rapidement entraîner une énorme perte de revenus pour les compagnies aériennes. Simultanément, les consommateurs qui achètent de tels tarifs peuvent procéder à des achats accessoires en se fiant à la validité de leurs billets. Les compagnies aériennes doivent alors prendre la décision soit d'honorer le tarif (perdant ainsi la possibilité de vendre leur inventaire au prix prévu), soit d'annuler les billets achetés et éventuellement de faire face à des litiges de la part des passagers pour les dépenses encourues. Cet article vise à sonder le phénomène des tarifs erronés et à analyser les interventions juridiques ultérieures qui ont été avancées en réponse à ceux-ci. Il offre d'abord un apercu préliminaire du processus de publication des tarifs, en identifiant où des erreurs de tarification peuvent être induites dans un tel processus. Il présente également des exemples de tarifs erronés, basés sur une recherche original, qui soulignent le besoin de protection des consommateurs en raison des difficultés inhérentes à différencier une simple « bonne affaire » d'un tarif erroné. Le texte proposeune analyse contextuelle de la jurisprudence liée aux tarifs erronés de diverses juridictions afin de suivre l'évolution de la loi et d'identifier les lacunes. Comme conclusion préliminaire, le document propose qu'un cadre mondial unificateur qui peut promouvoir et induire une plus grande certitude dans les relations entre les compagnies aériennes et les consommateurs est justifié compte tenu de la multiplicité des approches juridiques adoptées dans différentes juridictions. Un modèle spécifique est formulé et des suggestions pour de futures recherches sur la façon d'affiner et de mettre en œuvre une telle réglementation sont présentées en conclusion.

ACKNOWLEDGMENTS

I am deeply indebted to my supervisor, Professor Geneviève Saumier, for her unwavering support throughout the writing process. Her constructive feedback has encouraged me to enhance my writing and through her knowledge and expertise, she has provided invaluable direction to my research.

I am also gratefully appreciative of the law faculty, and specifically of the Institute of Air and Space Law, for fostering a unique environment that has afforded me the opportunity to conduct research in an area of law that I am greatly passionate for.

LIST OF ABBREVIATIONS

Industry Abbreviations

ATPCo	Airline Tariff Publishing Company
GDS	Global Distribution System
ICAO	International Civil Aviation Organization
IATA	International Air Transport Association
LCC	Low Cost Carrier
OTA	Online Travel Agency
SOS	Suppression of Sales
202	Suppression of Sales

Jurisdictions

CTA	Canadian Transport Agency
SCC	Supreme Court of Canada
US-DOT	US Department of Transportation

Airports & Carriers

importo ce cui	
AA	American Airlines
ATH	Athens International Airport Eleftherios Venizelos
AUH	Abu Dhabi International Airport
CGK	Jakarta Soekarno-Hatta International Airport
CX	Cathay Pacific Airways
DXB	Dubai International Airport
GIG	Rio de Janeiro/Galeão – Antonio Carlos Jobim International Airport
GRU	São Paulo/Guarulhos – Governor André Franco Montoro International Airport
HAN	Hanoi Nội Bài International Airport
HKG	Hong Kong International Airport
HNL	Honolulu Daniel K. Inouye International Airport
JFK	New York John F. Kennedy International Airport
KUL	Kuala Lumpur International Airport
MAD	Adolfo Suárez Madrid–Barajas Airport
MIA	Miami International Airport
QR	Qatar Airways
SFO	San Francisco International Airport
SIN	Singapore Changi Airport
SOF	Sofia Airport
YVR	Vancouver International Airport
YYZ	Toronto Lester B. Pearson International Airport
о ·	

<u>Currencies</u>

Australian dollar
Azerbaijani New Manat
Brazilian real

CAD	Canadian Dollar
DKK	Danish Krone
EUR	Euro
GBP	Pound Sterling
INR	Indian Rupee
MMK	Myanmar Kyat
USD	United States Dollar

TABLE OF CONTENTS

CHAPTER I: INTRODUCTION	1
CHAPTER II: FARING, INTRODUCTION TO ERROR FARES	5
Private vs Published Fares	5
Publishing and Distribution	6
Defining an Error Fare	8
How Error Fares Arise	9
When an Error Fare is Noticed	16
Notable Contemporary Error Fares	17
Difficulties Identifying Error Fares	20
The Challenges Error Fares Pose	27
CHAPTER III: ADVANCEMENTS IN LAW & JURISPRUDENTIAL APPROACHES	30
Canadian Regulatory Interventions Relating to Error Fares	30
United States Regulatory Interventions Relating to Error Fares	45
Indian Regulatory Interventions Relating to Error Fares	54
British Regulatory Interventions Relating to Error Fares	55
German Regulatory Interventions Relating to Error Fares	57
Brazilian Regulatory Interventions Relating to Error Fares	59
Reflections on Decisions, Difficulties with Allocation of Loss and Blame	61
CHAPTER IV: POSSIBLE DIRECTIONS OF FUTURE STUDY	66
Broader Discourse on Consumer-Airline Relationships	66
Behavioral Economics, Motives of Consumers	68
Consumer Protection Law	68
Regulatory Methods	72
CONCLUSION	75
REFERENCES	77
ANNEXES	85

Annex I	85
Annex II	86
Annex III	91
Annex IV	94
Annex V	96
Annex VI	101
Annex VII	102
Annex VIII	104
Annex IX	106

CHAPTER I: INTRODUCTION

The digitization of airline ticket sales and the resultant ubiquitous presence of online travel agencies (OTAs) and travel providers have democratized the air transport booking process for consumers. Indeed, electronic ticketing capabilities and the litany of fare-finding tools available online give consumers virtually unfettered realtime access to fare inventory and pricing as well as the ability to book travel at their fingertips within moments. While this modern sales outlet has afforded consumers immense convenience, the related automation in the ticketing process is not without flaw; periodically, technical glitches and other mistakes occur that can cause fares to be inaccurately priced and displayed for sale online for purchase. Interchangeably, these are known as 'mistake' or 'error' fares and when published, information about them can be quickly disseminated amongst consumers through dedicated websites,¹ online blogs and forums.² A single error fare can, depending on the scope and form of affected inventory, cause an airline severe financial strain — in one instance, a publishing mistake that was active over a single weekend was alleged to have cost an airline to lose upwards of nearly four million dollars.³ This type of loss to airlines is uniquely attributable to this booking method. Indeed, in such scenarios, the automated ticketing process may cause e-tickets to be issued before an airline has the ability to correct the mistake. As a result, ticketed reservations create a contractual arrangement between passengers and the airline, leading to an expectation of travel for passengers while potentially

¹ See "Scott's Cheap Flights" (last visited 27 June 2022), online: *Scott's Cheap Flights* https://scottscheapflights.com/; "Secret Flying" (last visited 27 June 2022), online: *Secret Flying* https://scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: *Secret Flying* https://scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: *Secret Flying* https://scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: *Secret Flying* https://scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: *Secret Flying* https://scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying https://scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying Scottslipid.com/; "Secret Flying" (last visited 27 June 2022), online: Secret Flying Scottslipid.com/; "Secret Flying Scottslipid.com/; "Scottslipid.com/

² See "Flyertalk" (last visited 27 June 2022), online: *Flyertalk* < https://flyertalk.com/>.

³ Alitalia Linee Aeree Italiane v Airline Tariff, 580 F. Supp. 2d 285 (S.D.N.Y. 2008) [Alitalia]. The alleged loss for Alitalia attributed to a mis-coded discount allocation by the ATPCo publishing house that was live from Friday to Monday was tallied to exceed \$3.7 million.

wreaking financial havoc on airlines who must choose between honoring the fare, thereby selling a portion of their seat inventory at a discounted rate and potential loss, or cancelling tickets at the risk of facing both negative publicity and litigation for ancillary passenger expenses booked and incurred in reliance on the agreement.

At present, when an airline takes notice of an error fare and does not wish to honor it, little guidance exists for parties to fall back on. Contractual disputes with respect to such issues are mostly resolved in an ad-hoc fashion, often informally, with airlines taking factors such as the extent of the discount, magnitude of affected inventory, and class of service offered into consideration in order to make a commercial decision on how to proceed. Understandably, the costs of engaging in litigation through formal legal outlets such as administrative tribunals and courts is a deterrent for most consumers, and consequently, formal legal intervention has been scant. While decisions have emerged to deliver important vindications for the rights of both consumers and airlines alike, litigating such matters has proven to be a source of contention, modeling a dichotomous exercise of tug-and-pull; certain decisions slant in favor of one group while others do the opposite. As a result, decisions are largely irreconcilable, providing little, if any semblance of precedential consistency and lacking insight on a clear path forward for related future grievances.

This paper is intended to serve as an introduction to the dilemma of error fares and lay the foundation for further study. Its primary objective is to offer a topographical assessment of the issue by examining what gives rise to such technical glitches and by probing the contours of the resultant problem. A substantive portion will also be dedicated to a synthesis of the legal responses that have been put forth to date and commentary on their efficacy. Specifically, the paper will first present the dynamics of ticket publishing and distribution, thereby teasing out the logistical elements that may give rise to an error fare being published. To underscore the significance of the problem for airlines, the paper will then document instances of seminal error fare glitches.

A major undertow in the discourse of error fares which is threaded through the mechanics of the consumer decision making process and is reflected in the resultant litigation is the concept of the awareness (or lack thereof) on the part of consumers of whether a fare is a mistake or merely a 'good deal'. By next presenting original research on fares which are not easily classifiable as error fares, the nuances and complexities of ticket pricing will be expounded in order to drive the point that contemporary consumers may not necessarily be aware that they are purchasing an error fare and thus ought to have their interests protected when purchasing such fares. Taking such a position and considering this interest legitimizes an avenue to advocate for more robust regulatory intervention in future research.

Next, the paper will curate, summarize and comment on existing judicial, administrative and departmental decisions from varying jurisdictions relating to error fares. The discourse of consumer awareness is negotiated in related decisions, with varied emphasis on consumer sympathy and disdain for perceived opportunistic behavior. Through a content analysis of such resolutions, this bifurcation will be illustrated to demonstrate the need for greater unity in regulatory intervention in such matters. Each decision will be examined and critiqued for its capacity to accurately capture the relevant interests that are at play and its success in striking a proper balance in this endeavor. It is hoped that this assessment will galvanize regulators and the aviation industry to take notice of juridical differences and leave the door open to harmonize an

EXAMINING THE PHENOMENON OF ERROR FARES

approach that will better address such matters when they inevitably persist in the future. In this regard, suggestion will be made for the adoption of a global regulatory instrument specifically addressing error fares which unifies rules across jurisdictions. As a preliminary finding, in order for such regulation to be beneficial for both airlines and consumers, it would need to contain provisions for airlines to unwind purchased error fare tickets in a fixed period of time while simultaneously providing a mechanism for passengers to be reimbursed for reasonable and non-refundable out-of-pocket expenses they incur in reliance on the ticket if the airline fails to cancel it within the time set by the regulation.

To conclude, the paper will reiterate the significance of such a harmonious response and will suggest possible aspects of future study that can help achieve that objective. The breadth and scope of this field of research transcends the mere technical analysis of error fares and is couched in a much broader discourse of consumer-airline relationships, behavioral economics, consumer protection law, and regulatory methods. As such, and introduction of these thematic elements will be made.

CHAPTER II: FARING, INTRODUCTION TO ERROR FARES

The construction of airfare and its subsequent distribution is a complex and multifaceted endeavor. Throughout this process, numerous opportunities exist for a pricing error to be introduced. Accordingly, this section is dedicated to demystifying and breaking down the reasons for the occurrence of error fares, serving as a foundational synopsis of their mechanics and characteristics. Airfare is comprised of three components: a base fare, taxes, and carrier-imposed fuel surcharges (a fee added by carriers in anticipation of the cost of fuel for the flight). The base fare is the net fare, exclusive of taxes and fuel surcharges.

Private vs Published Fares

To envisage what may give rise to an error fare, it is critical to begin by assessing the landscape of airfare publication and dissemination. Firstly, the distinction should be made between published and private (bulk/consolidator fares). *Published fares* are most common and are those made available to consumers through travel vendors like traditional brick and mortar travel agents, online travel agencies such as Expedia, direct airline sales channels, and other outlets where the price is advertised and visible to the public for purchase. In contrast, *private fares* are discounted fares that are offered by travel consolidators. Such consolidators have contractual agreements to purchase bulk seat inventory from airlines. This arrangement allows for a triple win, allowing intermediary consolidators (who are often also travel agents) to sell these fares with a mark up while simultaneously passing on savings to passengers and affording airlines the ability to maximize their chance to fill seats.⁴ While private fares can be offered significantly below market value, they are not widely advertised nor displayed alongside other

⁴ Shawna Level, "Published vs. private airfare: What's the difference?" (26 February 2019), online: *Centrav Resources* https://resources.centrav.com/private-published-fares-difference/.

fares online and are thus not commonly accessible. They are also not considered error fares and hence, not the focus of this paper.

Publishing and Distribution

The majority of fares offered for sale to consumers globally pass through the Airline Tariff Publishing Company (ATPCo). It is the near exclusive publishing authority for airfares across the globe and acts as a clearing house for fare distribution. Working with 440 airlines, distributing fares through over 200 channels, and storing upwards of 211 million fares in their database, the ATPCo is a key and central operating figure in the airline industry.⁵ ATPCo is owned by a consortium of prominent legacy carriers.⁶ Filing a fare with the ATPCo requires airlines to load their fares (and all associated fare rules and restrictions such as permitted routings, penalties for changes/cancellations, stopover allowance(s), minimum and maximum stays (if any), expiry date of the fare, etc) either directly or by instruction to ATPCo.⁷

Once a fare is filed, it is distributed and accessible through worldwide Global

Distribution Systems (GDSs)⁸ and central airline reservation systems, allowing passengers to

⁶ Ibid.

⁷ Alitalia *supra* note 3.

⁵ "Distribution" (last visited 18 January 2022), online: *ATPCo* <https://www.ATPCo.net/airline-global-distribution-system>.

⁸ Amadeus, Sabre, Galileo, and WorldSpan are the four most prominent and ubiquitous GDS platforms globally. For a discussion of GDS systems, see:

Jasmina Jović, Predrag Radovanović & Cvetko Andreeski. "The Impact of Global Distribution Systems on Travel Agencies' Business Efficiency" (2016) 10:20 HORIZONSA at 190, 191; "Global Distribution System" (9 December 2021), online: *TravelPerk* https://www.travelperk.com/corporate-travel-glossary/global-distribution-system/; "What is a global distribution system (GDS) and is it right for your hotel?" (last visited 30 October 2021), online: *SiteMinder* https://www.siteminder.com/r/global-distribution-system/; Ease also: Barry C Smith, John F Leimkuhler & Ross M Darrow. "Yield Management at American Airlines" (1992) 22:1 Interfaces [*Smith et al. 1992*]. This article models the benefits of GDSs, exploring the enormous utility Sabre's platform has offered American Airlines, not only to distribute inventory broadly to travel vendors, but also for allowing the airline to review and manage reservation activity in order to map, study, and review data points to make business decisions on fare offerings.

book fares via travel outlets, including through the airline's direct phone and web sales channels. GDSs are reservation systems and distribution channels that provide travel intermediaries such as Online Travel Agencies (OTAs) and conventional brick & mortar travel agents as well as others in the industry access to published fare information, alongside realtime inventory and fare availability. In addition, their software permits such travel intermediaries to process payments, create itineraries (PNRs) and related documentation which is stored and accessible through their platforms and across associated airlines' reservation systems. Aside from airlines, major hotel chains and car rental agencies similarly depend on GDSs to manage and keep track of their inventory.

ATPCo's platform automates the publication process and is advertised as a method to "standardiz[e] and streamlin[e]" fares to quickly get them on the market to reach the broadest possible audience.⁹ This automation, including the coding process for airfare components¹⁰ is meant to assist airlines in maintaining accurate fare data by reducing the possibility of human error. In contrast to ATPCo's marketing claim relating to its automated services, the "lack of human intervention or oversight" is blamed by Campbell¹¹ for the scope and magnitude of error fares¹² as he argues that the automated process removes an added element of manual verification. In reality, error fares have arisen both because of automation and human factors related to fare

⁹ "Pricing Data" (last visited 18 January 2022), online: ATPCo < https://www.ATPCo.net/fare-filing>.

¹⁰ The process whereby all the attached fare rules and restrictions are coded in an automated system.

¹¹ Avery Campbell, "Mistake Fares in Canada and the United States" (2015) 40 Ann Air & Sp L at 884 [*Campbell*].
¹² *Ibid*.

loading. Fare loading continues to be a significant source of error fares and will be discussed further below.

Defining an Error Fare

The nuances in fare pricing make defining and classifying a fare as an error fare a very onerous, if not impossible task. Campbell defines an error fare as one that is "unintentional[ly] and erroneous[ly]" published by the publishing entity.¹³ He is quick to note that not all "unusually low" fares are mistake fares (alluding to the popular marketing tactic of advertising \$1 base fares exclusive of the additional tax component), and that usually the "mistake fares of concern are typically limited to fares that are unusually low or allow unusual routings".¹⁴ Indeed, some error fares are easier to identify than others. For instance, a premium cabin offering for a low dollar value amount on a long haul route is more likely to be a mistake fare as premium products like business and first class fares often cost thousand(s) of dollars (but not always). If such a fare is offered for a mere few hundred dollars, it can presumptively be considered an error fare, but historical fare data between the two city pairs, as well as the length of time the fare has been available are some contextual factors that would need to be considered to come to such a conclusion.

¹³ *Ibid* at 885.

¹⁴ With respect to Campbell's point about "unusual routings" as a potential indicator of an error fare, **Annex I** is an example of such fare. Here, the ticketing carrier on a roundtrip, transatlantic economy itinerary from JFK-ATH is Aegean Airlines, a regional European carrier that is not ordinarily in the business of selling transatlantic airfare, unless it is working with an alliance partner, and/or charging a high premium for doing so. Yet, the ticket price is shown to be \$221 USD, with the first segment operated by Air France, and the return transatlantic flight operated by Delta Air Lines. Other than the low price (which for the year 2016 was quite unusual for transatlantic fares), the reason why this is quite obviously an error fare is because Aegean does not usually work with AF and DL; Aegean is a Star Alliance member, while the other two are members of Skyteam. It would be unusual for Aegean to solicit mere interline, non-alliance carriers to transport passengers wishing to travel between New York and Athens.

Economy class error fares on the other hand are much more difficult to discern as the advent of Low Cost Carriers (LCCs) as well as increased industry competition more generally has forced legacy carriers to offer low fares to fill flights, in which the majority of seats offered on any given flight are in the economy cabin. Because fare pricing is so nuanced, consumers may not necessarily know that they are purchasing an error fare.

While it may be reasonably obvious that certain fares are mistakenly priced and unintentionally offered for sale — Campbell cites an example of a first class fare offered by United Air Lines from London to various US destinations for 492 DKK (at the time, approximately \$95 CAD)¹⁵, others are more difficult to discern, like Campbell's other example of a business class fare from various Australian cities to LHR, offered by Singapore Airlines for \$3500 AUD¹⁶.

How Error Fares Arise

There are a wide range of ways an error fare can occur. The four most common scenarios that lead to an error fare are the following:

(i) <u>Fare Loading Error</u>—By far, this is the most common event that gives rise to an error fare. The process of airlines transmitting or 'loading' their fares into ATPCo's system leaves potential for erroneous pricing and/or fare rules to be published. Commonly, typographical errors occur, whereby for instance the base fare may be erroneously inputed as \$150 instead of \$1500.¹⁷

¹⁷ *Ibid* at 887.

¹⁵ See reference to this fare:

[&]quot;Cheap flights first class with United Airlines from many UK cities to the Americas for approximately £50" (11 February 2015), online: *Secret Flying* https://www.secretflying.com/posts/crazy-error-fare-1st-class-london-usa-50>.

¹⁶ Campbell *supra* note 11 at 886.

Additionally, since fare rules and components are coded in order to be published, occasionally, mis-coding occurs, triggering similar errors with respect to the price of a fare or the fare's structure, such as selling class of service, the ability and number of permitted stopovers, routing rules, or other similar items.¹⁸ Airlines can file fares with ATPCo in completed format or they can submit instruction to ATPCo for filing. Thus, when an error fare is published, responsibility for the mistake may not rest solely with the airline.

In Alitalia Linee Aeree Italiane v Airline Tariff, a publishing mistake was attributed to

ATPCo.¹⁹ The case demonstrates both the intricacies of accurate fare filing as well as the

The fare was later adjusted or qualified to restrict transit points only within the eastern hemisphere, with one blogger commenting:

"The fare prohibits transit in western hemisphere so i suspect some OTA is making a msitake here. it does however price find using LHR,CDG,FRA,KUL etc as transit points. (eastern hemisphere)" (*sic*).

And then, some two months later in February 2022, it was observed: "Looks like this fare is well and truly dead, saw this added today:

> .../WITHIN THE EASTERN HEMISPHERE/ **MPM [Maximum Permitted Milage] 1190** MILEAGE SYSTEM APPLIES BETWEEN ORIGIN AND DESTINATION MILEAGE SYSTEM APPLIES ORIGIN TO DESTINATION"

It is obvious that the airline took notice of such mistake and qualified the fare routing rules not only to constrict transit within the eastern hemisphere but also to implement a maximum routing milage allowance per direction, capped at 1190 miles — this would permit someone to transit via Riyadh to reach Jeddah from Abu Dhabi in the event that a nonstop flight was not available for the date/time preferred by the passenger. The milage on such oneway itinerary would amount to 1022 miles, making the transit point permissible but also in line with what the airline originally intended to offer.

Similar itineraries were also available during that time including Cairo to Washington/JFK and to Europe; see also:

"SV Cai to IAD/JFK from \$1321" (4 January 2022), online: *FlyerTalk Forums*<https://www.flyertalk.com/forum/premium-fare-deals/2064213-sv-cai-iad-jfk-1321-a.html>.

¹⁹ Alitalia *supra* note 3.

¹⁸ see eg: "SV: Auh-JFK Return / Business class \$1072" (14 December 2021), online: *FlyerTalk Forums*<https://www.flyertalk.com/forum/premium-fare-deals/2062061-sv-auh-jfk-return-business-class-1072-a.html>.

An example of erroneous fare rules can be seen with a Saudia business class fare published in December 2021 intended to be sold as a roundtrip fare between Abu Dhabi and Jeddah. An inaccurate coding of fare routing rules unintentionally permitted passengers to transit via both Riyadh and New York City to reach Jeddah for a mere \$1000 USD roundtrip. Essentially, the lack of a cap on the maximum permitted milage and a restriction on transit points permitted passengers to book a stopover in New York, effectively building the fare as a roundtrip itinerary from Abu Dhabi to New York with mere connections in Saudi Arabian cities in each direction. [AUH-(RUH)-JFK-(JED)-AUH].

potential magnitude of loss that can take place in a very short timespan if not filed correctly.On Friday, February 6, 2004, Italy's flag carrier Alitalia instructed ATPCo via fax to lower pricing on existing fares on travel originating from the USA to European destinations, but only to do so for the off-peak winter season. A senior analyst at ATPCo adjusted the fares but added a date restriction so as to not have the discount apply outside of the airline's desired 'low season' window. However, in so doing, they mistakenly entered code "41" instead of "40" into the data field which had the effect of applying the date restriction only to trans-Pacific routes. As Alitalia did not fly any trans-Pacific routes, the coding error resulted in all of the airline's routes effectively being offered for sale at the stipulated discount, with no date restriction. By Monday, February 9, 2004, GDS contacted Alitalia, informing the airline of the unusually low prices. Alitalia immediately identified that an error had been made and ATPCo corrected the mistake promptly thereafter. However, in that short span of a single weekend, the airline estimated that the total lost revenue attributable to the mistake amounted to \$3,725,591 USD. While several other airlines have suffered losses due to an ATPCo error, this was the first to give rise to litigation against the publishing company for damages arising out of its mistake. The airline sought damages against ATPCo for breach of fiduciary duty and negligence arising out of a breach of contract, submitting that ATPCo had a history of similar mistakes and could have prevented the error by establishing better review procedures and offering its staff adequate training. The action was ultimately dismissed by the New York court because the damages were found to have arisen only out of a breach of contract; it was stated by the court that New York law requires a breach of duty to be distinct from, or in addition to, the breach of contract. It is unknown what resolution may have been pursued after the court decision, however, the judgment mentions that when ATPCo made an error incorporating or distributing airfares, its usual practice was to refund the increased cost of fixing the error to the airline.

(ii) Currency Errors — Since airlines operate, or at minimum, solicit customers globally. working with foreign currency is an inevitable part of business. The airline industry often relies on third-party entities to provide currency conversion services, and a mistake by a third-party provider may trigger an error fare (the example of the fare from London to the USA for 492 DKK mentioned by Campbell above was attributed to such an inaccurate conversion). Related to currency errors are currency devaluations that occur when political instability rocks national currencies. Campbell provides an example of a fare affected by a currency devaluation; the fare formed the basis for an important tribunal decision by the Canadian Transport Agency relating to error fares and will be referred to again in the latter half of the paper.²⁰ Essentially, the fare concerned a flight from Yangon, Myanmar to eastern Canada offered by Swiss Airlines (and sold by other airlines, including US Airways) in first class. The fare was filed in November 2011 and was held in pending status because the Myanmar government had yet to approve the currency conversion (for reference, at that time, the Myanmar Kyat was pegged and valued at 6.4 MMK=1 USD. On April 2, 2012, the Kyat was staggeringly devalued to 818 MMK=1USD). In September 2012, IATA instructed ATPCo to release fares reflecting the new value of the Kyat, however, ATPCo mistakenly proceeded to release the fare in question which had remained in a pending status, constructed with the old exchange rate. As a result, although the intended cost of the fare was \$14,570 USD, with the devaluation and the lack of update to the exchange rate, its selling price was just \$113 USD. This example however was more of an error attributed to

²⁰ See Campbell *supra* note 11 at 891.

ATPCo's inaction rather than a direct consequence of the Kyat's devaluation as the adjusted exchange rate was in force for many months before the fare was published.

Other currency devaluations however, particularly those that occur rapidly and overnight, can catch airlines off guard because of the potential of an onslaught of bookings being made between the time of the announcement of the devaluation and the time the fares are either pulled or amended to reflect the new exchange rate. One such example can be seen in 2015, when the Azerbaijani New Manat (AZN) currency was rapidly devalued and lost roughly a third of its value overnight. Aeroflot, the Russian national carrier, was one airline that was blindsided by the sudden devaluation which saw fares being booked for less that the market value and less than the equivalent in other currencies. Blogging websites for instance bragged about a roundtrip itinerary from New York to Paris that could be had for 1071 AZN (newly equivalent to \$684 USD). The same itinerary booked in any other currency (and in AZN prior to devaluation) would have been equivalent to \$1025 USD, which is the actual price the carrier intended to offer the fare at.²¹ Other sites posted 'deals' that could be had between Europe and Asia for the equivalent of around \$300 USD arising from the devaluation.²² While this instance of a currency devaluation resulted in prices being discounted only by about 1/3 of their retail value (likely meaning that the airline absorbed the loss rather than dealing with cancellations), a greater devaluation may have led to a more difficult and costly predicament for both the airline and for passengers who seized the opportunity to book the fares. The ability for passengers to book these fares in AZN was due to the airline's site offering a choice of preferred billing currency. While some airlines offer this

²¹ Scott Grimmer "33% off all Aeroflot flights because of currency glitch" (28 December 2015), online: *MileValue*<https://milevalue.com/33-off-all-aeroflot-flights-because-of-currency-glitch-2/>.

²² "ERROR FARE: Huge Aeroflot Currency Glitch" (28 December 2015), online: *Secret Flying* https://www.secretflying.com/posts/error-fare-huge-aeroflot-currency-glitch/>.

as a convenience to consumers (and/or potentially as a way to secure a commission on the foreign exchange transaction), such an option exposes airlines to additional risk when currency devaluations occur. To safeguard against such occurrences, airlines sometimes restrict selling fares to the currency of the departure country, or offer fares on a local version of their site for selected markets where the airline has substantial presence, so as to limit the possibility of ⁴ currency shopping' where there is no nexus between the purchase currency and the origin/ destination.²³ Airlines must still however remain vigilant and prepared in case of currency devaluations where fares are sold locally by travel agencies using the affected currency or where fares are originally structured in such currency. Such scenarios could see inventory sold for less than market value until exchange rates are confirmed and adjusted.

(iii) Fuel Dumping — Fuel dumping is the erasure of the carrier-imposed fuel surcharge from a ticket (recall the components of a fare price). This phenomenon can occur either due to an accidental 'dump' of the charge by the carrier(s) on a ticket, or it can be caused by consumer manipulation. Carrier-induced fuel dumps (also known as "self-dumps") occur because airline reservation systems predate the invention of the fuel surcharge component of tickets — a charge that airlines have added to fares to weather out potential acute spikes in fuel costs that might arise in the time span between the sale date and the flight's departure. As such, glitches and errors can seep through the cracks of these legacy systems, typically occurring when more than

²³ As a result of the first class error fare sold in Danish Kroner (resulting from a conversion calculation error and not a currency devaluation), United Airlines for instance has since integrated corrective action by requiring the cardholder's billing country to match the currency that the fare is quoted in during the checkout process. The airline's website redirects consumers to their local site version if the card's billing country is different than the fare quote currency.

one airline is present on the same reservation.²⁴ The cost of changing the airline reservation systems likely far outweighs the cost of merely 'lumping' the loss in ticket price that such occasional fuel dumps cause. Consequently, such fare deals are occasionally published and end up remaining valid for travel. Consumer-induced fuel dumping (Campbell refers to it as "client manipulation") is a deliberate crafting or selection of an itinerary with an extra travel point added to the beginning, middle, or end of an itinerary that "strikes" the fuel surcharge from the ticket price. Campbell models an example of a fuel dumped ticket, citing a one-way ticket from JFK-DXB for \$808 USD. By adding a segment from GRU-GIG and then the previous JFK-DXB segment, he demonstrates that the price decreases to \$460 USD.²⁵ While this would be an example of fuel dumping, the fare he presents for \$460 USD includes a return to JFK from DXB, which was not present in his first example. Thus, it is unclear if the resultant additional segment in fact eliminated the fuel surcharge, or if the presence of a return segment decreased the ticket price (one-way tickets in certain markets are generally more expensive than fares with return journeys in order to maintain fare rules designed to segregate business travelers from leisure travelers). Therefore, while Campbell's example is potentially insightful, it is not reliable as a fuel dump itinerary.²⁶ Multi-carrier itineraries are especially prone to fuel dumping, especially with the presence of an unrelated short haul segment (the GRU-GIG segment Campbell suggests embodies both qualities — it is both a short flight, and it is unconnected to the remaining two cities on the itinerary). It is worth noting that the presence of the GRU-GIG segment at the

²⁵ Campbell *supra* note 11 at 888.

²⁴ "What causes an Error Fare?" (31 May 2015), online: *Secret Flying* https://www.secretflying.com/posts/what-causes-an-error-fare/ [*What causes an Error Fare*].

²⁶ An example of a fuel dump fare can be seen here:

[&]quot;Fuel Dumping: the basics" (13 April 2016), online: *Secret Flying* < https://www.secretflying.com/posts/fueldumping-basics/>.

beginning of the ticket would require a consumer to go out of their way to fly that segment first in order to take advantage of the fare; most airlines have adopted an IATA recommended practice requiring passengers to make "full and sequential use" of tickets, so that if one segment is missed, the remaining flights in the reservation are all cancelled and forfeited²⁷. This potentially curtails all but the most motivated consumers looking to book fuel dumped fares, unless the unrelated segment is added to the end of the trip.

(iv) <u>OTA Glitch</u> - Online Travel Agencies (OTAs) can sometimes be the cause of an error fare, unintentionally offering the fare for less than what it was published and intended to be sold for. Routinely, *de minimis* variances in pricing between OTAs occur because of differing currency conversion providers (whose foreign exchange commission reflected in the ticket price varies). However, OTA glitches can accidentally present flights for a significantly reduced price without much explanation as to why. A good indication that a fare may be attributed to an OTA glitch is the inability to replicate the fare elsewhere.²⁸

When an Error Fare is Noticed

Airlines have a few methods to pull fares from the market when they notice that an error has been made. APTCO now offers a tool called Suppression of Sales (SOS), which enables airlines to pull an erroneous fare and make corrections to a fare that take effect within one hour.²⁹ This tool is a major advancement that quickly allows airlines to contain the loss. Previously, an

²⁷ IATA, *Recommended Practice 1724 (RP 1724), General Conditions of Carriage (Passenger and Baggage)*, PSC (MV79)1724 at art 3.3.1.

²⁸ What causes an Error Fare *supra* note 24.

²⁹ Trideep Aggarwal, "Why do travel companies need Atpco Fare Filing Solution?"(3 August 2019), online: *Travel Technology Company* https://www.twai.com/Blog/post/fare-filing-solution; Hugo Martín, "Airlines are canceling mistake fares faster but some errors still get through", *Los Angeles Times* (22 May 2019), online: https://www.latimes.com/business/la-fi-airline-error-fares-20190522-story.html>.

airline could only make such correction with ATPCo via its FareManager platform within specified publishing subscription intervals (4x daily for domestic North American fares and 1x daily for international fares).³⁰ Additionally, airlines can also attempt to contact GDSs and major OTAs/travel distributors directly to have fares manually removed. While the SOS system has made this somewhat of a redundant measure³¹, it is still technically a process that can be undertaken to complement the use of the SOS system to contain the damage and halt any interim attempted purchases that may happen until the adjustment takes effect. Another option airlines have is to abruptly suspend the sale of fares on a certain route, zeroing out all inventory on the route and taking it offline until the problem is resolved.³²

Notable Contemporary Error Fares

Certain error fares gain more exposure and notoriety than others, often because they are priced drastically lower than typical offerings between the origin and destination and because of widespread advertisement of the fare on blogs and websites. The wider the exposure, the greater

³⁰Jordan Yerman, "Airlines can remove fare errors faster with Atpco's new feature" (9 May 2019), online: *APEX*<http://dev.apex.aero.kellen.hosting/2019/05/10/airlines-remove-error-fares-faster-atpco-feature> [*Yerman*];

Gary Leff, "Why airline mistake fares have become so rare" (11 May 2019), online: *View from the Wing*<https:// viewfromthewing.com/why-airline-mistake-fares-have-become-so-rare/>.

³¹ See comments noted in Yerman *supra*:

Tom Gregorson, ATPCo's chief strategy officer has said "[Airlines] would panic and they would start calling every single system they could get ahold of, and ask the system to manually try to take [the incorrect fare] out, and you can imagine that that's not a very efficient process!".

³² "Vietnam to US mistake fare discussion - 2019 Cathay New Year's gift" (31 December 2018), online: *FlyerTalk Forums* <<u>https://www.flyertalk.com/forum/cathay-pacific-marco-polo-club/1948418-vietnam-us-mistake-fare-discussion-2019-cathay-new-year-s-gift.html</u>> [*Flyertalk Dec 2018*]

Commentary from the blog shows the swift reaction of the airline to simply stop selling tickets in its premium cabins to the affected North American market:

[&]quot;Nervermind.. A quick look at the other thread confirmed that all NA F/J inventory are zero-ed out right now" [*sic*]; "Confirmed that Cx have removed ALL F and J class inventory including subclass for the whole of 2019 to and from North America."

likelihood of a surge in bookings, leading to intervention by the affected airline(s). Because of their popularity, such mistakes arouse sympathy for affected airlines.

The following examples are of recently offered error fares that were widely discussed and resultantly actioned by airlines. They are fares that are obvious and clearly identifiable as error fares namely because of their unusually low price:

In 2017, Qatar Airways mistakenly offered roundtrip business class fares from Asia to Europe and North America for around \$500-700 USD.³³ Some tickets, primarily those that were placed on hold, were initially cancelled by the airline but then reinstated, signaling a shift in the airline's business decision.³⁴

In another instance, for several hours on New Year's day in 2019, Cathay Pacific first class fares from Vietnam to multiple key US gateways were sold for a fraction of their retail cost.³⁵ The mistake tied up a vast majority of the airline's utmost premium product offering on some of its flagship trans-pacific routes, with inventory affected throughout a good portion of the year; it is certain that the deal occupied many of the seats that otherwise may have been sold if not for full retail price, at minimum for much more than what they did. The fares were priced at a mere \$700 USD for roundtrip itineraries; a far cry from their ordinary retail price tag that

³³ Jacob. "Error fare! business class from Vietnam to many worldwide destinations from \$531!" (31 July 2017), online: *Fly4free* https://www.fly4free.com/flight-deals/asia/error-fare-business-class-from-vietnam-to-many-worldwide-destinations-from-531/; Keishi Nukina, "Why I will credit miles for the \$683.48 QR Error Fare to BA or IB" (7 August 2017), online: *KN Aviation*https://knaviation.net/where-to-credit-qatar-airways-error-fare/ .

³⁴ "Qatar Airways to honour the ex-Vietnam Business Class Error Fare deal" (06 August 2017), online: *Secret Flying* < https://www.secretflying.com/posts/qatar-airways-honour-ex-vietnam-business-class-error-fare-deal/>.

³⁵ Flyertalk Dec 2018 *supra* note 32; Danny Lee, "Cathay Pacific says it will honour first and business-class tickets sold in error in move that could cost it millions", *South China Morning Post* (2 January 2019), online: https://www.scmp.com/news/hong-kong-economy/article/2180367/cathay-pacific-customer-who-bought-first-class.

regularly exceeds \$10,000.³⁶ The very next day, the airline made a public announcement on Twitter declaring that it would honor the fares.³⁷

Most recently, a widespread error made by an OTA caused many Qatar Airways economy class tickets from Argentina to Doha to be sold for the equivalent of around \$1 USD.³⁸ Understandably, given the negligible fare cost, the error could have dealt a significant blow to the airline, especially given that it is one of the few airlines connecting the south American country to many of the furthest destinations in the middle east, Asia, and onwards. Included in the affected inventory were flights on dates coinciding with the FIFA World Cup event due to be hosted by the state of Qatar in 2022. Since the airline is also a major sponsor and a key connecting entity to the football tournament, this was probably an additional factor that motivated the airline to ultimately not honor the fare (perhaps because it believed that it could sell tickets at a premium price to/from its hub in Doha).

³⁷ *Ibid*.

³⁶ "Cathay Pacific to honour \$16,000 fares sold for \$675", *BBC News* (2 January 2019), online: https://www.bbc.com/news/business-46732952> [*BBC 2019*].

See Cathay Pacific's public tweet (embedded) relating to the error fares the very next day after the fares were published:

[&]quot;Happy 2019 all, and to those who bought our good - VERY good surprise 'special' on New Year's Day, yes - we made a mistake but we look forward to welcoming you on board with your ticket issued. Hope this will make your 2019 'special' too!"

³⁸ Civil Aviation Authority of Qatar, News Release, "Argentina-Qatar flight tickets 'accidentally' sold for \$1", *QCAA* (22 May 2022), online: https://www.caa.gov.qa/en-us/News/Pages/Argentina-Qatar-flight-tickets- 'accidentally'-sold-for-\$1.aspx> [*QR Error Fare 2022*]

These three error fare examples are quite reasonably identifiable as error fares. As such, consumers who not only book such error fares but then proceed to gorge and over-consume by making multiple bookings only bolsters the need to establish formal regulations.³⁹

Difficulties Identifying Error Fares

Contrastingly, as fare components are so nuanced, certain fares are not reasonably easy to identify as erroneous. As such, fares that seem genuine and initially fly under the radar but may later be invalidated by an airline pose a real consumer protection issue. Establishing some sort of regulatory framework dedicated to manage dealings between airlines and consumers with respect to error fares is more compelling in such cases. To drive this point further, the following 7 examples are a collection of recently offered fares found online, that were blogged about or discussed on relevant 'deal sites'. These fares are examples that an average consumer would

Chasing mistake fare is one thing, booking sizable number of trips is another. There are many posts about booking 4, 8, 9 trips but the 17 takes the cake.

³⁹ Flyertalk Dec 2018 *supra* note 32.

Commentary like "Crossing fingers for my HAN-HKG-SFO return in F for 2 passengers (February) and one way HAN-HKG-YVR in F for 2 passengers (May)" and "I booked 4 RT in F [.] Thank you CX..." posted to the Flyertalk forum demonstrates the overindulgence of some consumers who book tickets when error fares arise.

Additionally, the frustration of one blogger who takes issue with consumers who aggressively book multiple tickets arising from a mistake fare is shown in the same blog:

The cancellation fee per the fare rule if being enforced, would have deterrent effect to those who go into an orgy on mistake fares.

So in the future there would not be such feeding frenzy on mistake fares.

These greedy people all think they have nothing to lose if the airlines dont honor the tickets, all they lose would be a temporary usage of their credit lines. Some even suggest to book the most expensive Nonrefundable related bookings, so to force CX to pay those expenses according to DOT's rules...I say AF has done it right - change those F tickets to Y at check in, and let those greedy people to deal with the consequences... [emphasis in original].

likely identify as 'good deals', but their status as error fares is not easily discernible, nor even certain:⁴⁰

EXAMPLE 1 (see Annex II)⁴¹

A roundtrip fare from YYZ to GIG in business with AA, priced at about \$1440 CAD.

The fare rules indicated that it must be purchased on or before April 8, 2021. A snapshot of a fare calendar the day after the fare expired shows the same dates that were previously offered now being sold for almost \$500 more, at \$1972 CAD each. The average rate as of October 2021 for similar departure dates in February 2022 between the same two cities in the same cabin are offered at around \$2000 CAD, by both Star Alliance carriers and AA.⁴² Thus, the discounted price of \$1440 offered by AA, while sizable (at ~25% off), is not completely out of the realm of a reasonable discount on the fare. Also, the fact that the fare expired when it was set to, and not pulled earlier, is another indication that this fare is not likely an error fare.

⁴² See pages 4-5 of Annex II.

⁴⁰ Kyle Stewart, "Vigilante Korean Air Lounge Agent Attempts To Downgrade Paid Business Ticket, Degrades Customer" (17 February 2019), online: *Live and Let's Fly* https://liveandletsfly.com/vigilante-korean-air-lounge-agent-attempts-to-downgrade-paid-business-ticket-degrades-customer/>.

Even airline staff sometimes are shocked at how low airfare can be priced at. Stewart describes a scenario that happened when one flyer attempted to enter the airline's business class lounge and the airline agent at the lounge became suspicious of the traveler's ticket, insisting that the price he paid for it was 'too low' for business class:

[&]quot;You bought an economy ticket. This isn't business class. Maybe there was some mistake, but this is not a business class ticket. This isn't enough money."

His article goes on to describe the agent as hyper-zealous, refusing to believe the price the passenger paid for the fare was correct, even after she spoke to the ticketing department of the airline to confirm. The article's relevance here is to demonstrate that notwithstanding a low ticket price, a fare may very well be a legitimate one and not an error fare, even if airline staff may believe it to be unusually low.

⁴¹ For additional reference to the fare, see:

[&]quot;AA: YYZ to GIG from CAD 1,434 (USD 1,138)" (7 April 2021), online: *FlyerTalk Forums* https://www.flyertalk.com/forum/premium-fare-deals/2037429-aa-yyz-gig-cad-1-434-usd-1-138-a.html.

EXAMPLE 2 (see Annex III)⁴³

A oneway fare from AUH to ATH in economy with QR, priced at 450AED (~\$120USD).

This is an interesting fare that would typically be considered unusually low for a premium airline to offer on an intercontinental flight between the Middle East and Europe. Although its low cost may make it seem like an error fare, it was bookable through Qatar's web direct sales channel and was active from early April 2021 for at least one month. The fact that the fare was active for a long period of time coupled with it being bookable directly with the airline mitigates the likelihood that it was an error fare. This is compounded by the fact that although many dates were available for that price, not all dates in July and August were, with the remaining dates instead costing approximately \$400 USD. This signals an intentional and controlled offering of a discount for certain dates, whereas with an error fare, it would be far more likely for all surrounding dates to be affected and erroneously offered at the discounted price. However, perhaps the largest contextual factor that is most compelling to determine that this was not an error fare is the reality that a new LCC, *Wizz Air Abu Dhabi* launched nonstop service from AUH-ATH in January 2021, offering fares for as low as 179AED (~\$47 USD).⁴⁴ Thus, it is reasonable to assume that Qatar strategically lowered its fares on the days that Wizz Air was

For details, see:

⁴³ Fare retrieved from Qatar Airways' site (last visited 20 July 2022), online: *Qatar Airways* https://www.qatarairways.com>.

⁴⁴ Wizz Air Abu Dhabi's inaugural flight was to Athens in January 2021, and since then it has steadily increased frequency to other Greek destinations like Mykonos, Rhodes, and Crete.

Aarti Nagraj, "Low-cost airline Wizz Air Abu Dhabi to begin flights to inaugural destination Athens in Jan", *Gulf Business* (29 December 2020), online: ;Hayley Skirka, "Wizz Air Abu Dhabi adds low-cost flights to Greek holiday hot spots Mykonos, Rhodes and Crete", *The National News* (7 June 2021), online: ;Miles Buckeridge, "Wizz Air Abu Dhabi adds Dhs179 flights to Mykonos, Rhodes and Crete", *Whats On AE* (7 June 2021), online: https://whatson.ae/2021/06/wizz-air-abu-dhabi-cheap-greece-flights/>.

scheduled to fly to Athens, in an effort to compete and divert business away from the LCC. This becomes even more compelling when considering that Qatar was not offering a similarly priced discounted fare for passengers traveling to Athens from neighboring Dubai or Sharjah, as neither city has a LCC competing on such route.

EXAMPLE 3 (see Annex IV)⁴⁵

A roundtrip fare from MAD to MIA in economy with AA, priced at \$310USD.

Transatlantic travel from Europe has become dramatically less expensive than in the past. Low fares and increased competition in this regional market can be attributed to the dramatic rise (and demise) of nearly all LCCs that had entered this market in the past decade (see WOW Air, Primera Air, Norwegian Air Shuttle, Icelandic Air, TAP Air Portugal). The latter two carriers are still in operation. Despite the large exodus of LCCs from this market, their presence disrupted and broke the monopoly legacy carriers once had on this lucrative airway and forced legacy carriers to lower their fares in order to remain competitive.⁴⁶ In order to match the product that the LCCs offered on such routes, basic economy fares were introduced by legacy carriers. Basic economy fares are ultra-restrictive and non-refundable, and are an unbundled product that do not include ancillary perks like complementary advanced seat selection or free checked baggage, with very limited exceptions for status frequent fliers. This advertised fare is a good deal, but is a basic economy ticket. Conventional economy class service with free seat selection and baggage

⁴⁵ Fare retrieved from American Airlines' site (last visited 20 July 2022), online: *American Airlines* https://www.aa.com>.

⁴⁶ Despite low fares, legacy carriers have largely offered attractive deals only on roundtrip transatlantic fares. Oneway fares between this market are disproportionately more expensive than roundtrips. An example of this can be seen on the second page of Annex IV, where a oneway fare from MAD to MIA on the same date and flight as Example 3 is about \$2350 USD. This example is given to further expound the complexities of fare construction, where the trip type (roundtrip vs oneway) can sometimes be a factor in pricing, likely because of the concern of cross ticketing, mentioned previously.

is offered for about \$100 more. Notwithstanding its low price, it is almost certainly not an error fare. Transatlantic fares originating from Europe are generally less expensive than those originating from North America, and similar fares can be found from other European cities.⁴⁷

EXAMPLE 4 (see Annex V)⁴⁸

A roundtrip fare from SOF to HNL in business with AA, priced at \$2020CAD.

This multi-leg, roundtrip fare from eastern Europe to Hawaii is priced very low, at just \$2020 CAD. Although it may very well be an error fare, it is difficult to determine its status. An argument for it being an error fare is the amount of flight segments that are permissible on the routing (the Annexed example has 4 legs on the outbound and 4 on the inbound journeys). Arguably, the greater number of flights, the greater the cost of tied up seat inventory for the airline, especially in a premium cabin. In addition, the current going rate between the two city pairs is nearly double the price.⁴⁹ Still, the fare purchase conditions were very restrictive, being offered only on Tuesday through Thursday departures and on returns from Monday through

⁴⁹ See pages 2-5 of Annex V.

⁴⁷ See recent low fare offerings:

[&]quot;Oslo, Norway to Seattle, USA for only €286 roundtrip (Feb-May dates)" (25 January 2022), online: Secret Flying ">https://www.secretflying.com/posts/oslo-norway-seattle-usa-e354-roundtrip/>.

[&]quot;Paris, France to Toronto, Canada for only €239 roundtrip (Oct-Nov dates)" (28 June 2022), online: *Secret Flying* .

[&]quot;Rome, Italy to Montreal, Canada for only €295 roundtrip (Sep-Oct dates)" (25 January 2022), online: *Secret Flying* .

[&]quot;Spanish cities to Sao Paulo or Rio de Janeiro, Brazil from only €247 roundtrip (Mar-Sep dates)" (28 October 2021), online: *Secret Flying* https://www.secretflying.com/posts/spanish-cities-to-sao-paulo-or-rio-de-janeiro-brazil-from-only-e247-roundtrip.

⁴⁸ For additional reference to the fare, see:

[&]quot;OW/*A/ST: SOF/HEL/RIX-US/Hawaii from \$1200+ rt Business" (27 March 2022), online: *FlyerTalk Forums* https://www.flyertalk.com/forum/premium-fare-deals/2065356-ow-sof-lax-business-j.html [*Flyertalk Mar 2020*]

Wednesday. Additionally, the fare had a 180-day advance purchase requirement.⁵⁰ It remains unclear if this was an error fare, or merely a 'good deal'.

EXAMPLE 5 (see Annex VI)⁵¹

A roundtrip fare from MAD to GIG in business; multiple carriers, priced at $1050-1300\epsilon$.

Multiple carriers are offering similarly priced business class fares between these two cities. Although Aeroméxico is offering the lowest fare (1050€), other alliances (Iberia/OneWorld, and TAP Air Portugal/Star Alliance) are offering similar prices for the same dates, which signals that they have willfully lowered their fares to rival Aeroméxico's offering. It is therefore unlikely that this is an error fare, but merely a great fare find. The disparity in pricing is likely due to Aeroméxico's geographical limitation, offering the lowest fare because it requires one to take a 12.5 hour flight from MAD to MEX and connect to another flight lasting approximately 9.5 hours. Instead, the other two carriers are able to offer much shorter connections through LHR and LIS respectively, cutting down the total flying time to about 14 or so hours.

EXAMPLE 6 (see Annex VII)⁵²

A fare from ATH to Asia in business with Saudia, priced at ~450 \in oneway and ~700 \in roundtrip. Saudia was offering attractive business class fares between Athens and various cities in Asia (CGK, KUL, and SIN), priced at approximately 450 \in oneway and 700 \in roundtrip. Even though the fare may be considered relatively low for an international business class itinerary, it is not

⁵⁰ Refer to Flyertalk Mar 2020 *supra* note 48 for reference to the fare conditions on the fare's forum thread.

⁵¹ Fare retrieved from ITA Matrix' site (last visited 20 July 2022), online: *Matrix Airfare Search* ">https://matrix.itasoftware.com/search>.

⁵² For additional reference to the fare, see:

[&]quot;Saudia | ATH - Various Asia | Business RT from €700" (28 November 2019), online: *FlyerTalk Forums* https://www.flyertalk.com/forum/premium-fare-deals/1997325-saudia-ath-various-asia-business-rt-700-a.html [*Flyertalk Nov 2019*].

patently obvious that this was an error fare — for instance, Saudia had previously offered such fares from Athens.⁵³ Moreover, the original posting of this fare indicated fare rules that required tickets to be issued on/after 27NOV2019 and on/before 12DEC2019. Despite this, the sample itinerary in Annex VII was ticketed in January 2020, and the Flyertalk forum thread mentions that the fare was active until at least early October 2020, nearly a year after it was initially published.⁵⁴ This means that the fare was extended multiple times — something that would not happen with an error fare. Lastly, it is reasonably plausible that Saudia may have offered this fare as a loss-leader in order to disrupt the market and compete with other Gulf carriers that already had an established and dominant presence in Athens.⁵⁵

EXAMPLE 7 (see Annex VIII)⁵⁶

A fare from YYZ to ATH in economy with Egyptair, priced at \$343 CAD roundtrip.

⁵⁴ Flyertalk Nov 2019 *supra* note 52.

Discussion of the fare's ongoing availability can be seen on pages 18 and 19 of the thread.

Aarti Nagraj, "Saudia to resume flights to Athens after over 10 years, to start Marrakesh route", *Gulf Business* (7 March 2019), online: https://gulfbusiness.com/saudia-resume-flights-athens-10-years-start-marrakesh-route/.

⁵⁶ Athens; Istanbul; Beirut; Dubai; Abu Dhabi; Dubai; Tel Aviv; Amman; Rome For reference to the fare see:

⁵³ "SV: ATH/IST - MNL/KUL/CGK 668 EUR o/w, 1180 EUR r/t" (11 July 2019), online: *FlyerTalk Forums* https://www.flyertalk.com/forum/premium-fare-deals/1977734-sv-ath-ist-mnl-kul-cgk-668-eur-o-w-1180-eur-r-t.html [*Flyertalk Jul 2019*].

The same routings were offered by Saudia several months prior to the example fare. Although more expensive (approximately double the fare, at 670€ oneway and 1180€ roundtrip), they are still low prices for a longhaul business class flight and are indicative of an intentional offering by the airline.

⁵⁵ The big 3 Middle Eastern carriers (Emirates, Qatar, and Etihad) had already served Athens before this fare was published. Saudia only recently re-entered the Athens market after a 10 year hiatus (the article below mentions that Saudia was to commence flights to Athens in June 2019, which is approximately a month before the first deal mentioned in footnote 52 was published).

[&]quot;ERROR FARE: Toronto, Canada to Europe or the Middle-East from only \$345 CAD roundtrip" (6 November 2018), online: *Secret Flying* https://www.secretflying.com/posts/error-fare-toronto-canada-to-europe-or-the-middle-east-from-only-345-cad-roundtrip/.

For a brief window of time (>24 hours), this fare was available to book amongst other similarly priced fares to other European and Middle Eastern cities. It is ordinarily atypical to route to Europe from North America via Africa, and thus, the routing is a preliminary indicator that Egyptair did not intentionally offer this fare. This was very likely an error fare; however, because of the class of service offered, the fact that the fare cost was not astronomically less than a typical fare, and the reality that it was offered for less than 24 hours, it is likely that Egyptair made a commercial decision to simply honor it. Campbell would likely describe this error fare as 'not one of usual concern'. This was likely a "fuel dump" fare, discussed above.

The Challenges Error Fares Pose

Error fares pose a vexing problem for both airlines and consumers alike. Besides the obvious financial hemorrhaging for airlines,⁵⁷ a corollary set of issues arises when one is published. Firstly, the consumer interest must be acknowledged. There is minimal discussion of such interest in Campbell's article, however, ancillary bookings for items like hotel and car rental reservations along with tours, excursions and other related activities are often made by consumers after booking airfare, sometimes immediately thereafter. Many such bookings are either non-refundable or require the forfeiture of a deposit in the event of cancellation. A consumer may rest confidently in booking such items believing that he/she possesses a valid ticket for travel and therefore, the decision of an airline to rescind the offer can jeopardize his/her ability to do so.⁵⁸ The longer it takes an airline to make a decision to rescind the airfare and

⁵⁷ Recall Alitalia *supra* note 3; also noted by Campbell *supra* note 11 at 884.

⁵⁸ See QR Error Fare 2022 *supra* note 38. In the Qatar Airways error fare mentioned above, it is noted that one consumer who took advantage of the \$1 fare immediately booked a 33-night stay in Doha and was left reeling after the airline cancelled tickets.

cancel bookings, the more devastating it can be for consumers because as the departure date closes in, it is not uncommon for ticket prices to soar — this is a phenomenon attributed to yield management. This legitimate consumer interest, which is neither trivial nor insubstantial, must be acknowledged especially given the nature of the examples of past fares mentioned above; the fares demonstrate that it is not necessarily easy to discern what may constitute an 'error fare' and their diversity is meant to emphasize the complexities of such analysis. Contextual factors must be critically assessed to come to a conclusion about the status of a fare, but it is not an exact exercise. The conclusion, however informed, is still speculative. It is for this reason that some of the decisions that will be discussed in the next portion of the paper which engage in discourse portraying consumers as opportunistic, bad faith actors for purchasing such fares, is unhelpful — although the status of some fares as error fares is glaringly obvious, for the average consumer who is more likely than not to be uninformed of possible contextual factors, the distinction of an error fare from a mere bargain can be trivial.

The predicament is similarly stark for airlines; the cornerstone of an airline's business operations depends on yield management, setting dynamic pricing with the intent to maximize profit and reduce seat inventory waste.⁵⁹ It is evident that the nature and magnitude of an error fare can throw a wrench in airline yield management systems when inventory is mass-sold at a loss.⁶⁰ Seat capacities on flights affected by such errors suddenly contract, throwing off fare

⁵⁹ See Smith et al. 1992 *supra* note 8.

 $^{^{60}}$ A myriad of factors such as the number of passengers who booked an error fare, the class(es) of travel affected, and date range affected are all critical to assess the impact of a published error fare.

bucket allocations, as well as limiting routing options for connecting passengers.⁶¹ The historical record of fares and calculation of future discount offerings for affected flights is also thrown off balance when error fares occur, making it difficult for an airline to optimize its business operations. Airlines also face negative publicity and potential reputational harm if tickets are cancelled. The resultant outcome is that there is a cost-benefit analysis for airlines; they must gamble whether it is more beneficial to cancel the fares or honor them. As a result, error fares cause uncertainly for both passengers and the industry.

⁶¹ See Flyertalk Dec 2018 *supra* note 32 — The Cathay Pacific error fare expounds this point: a substantial amount of the less expensive first and business class fare inventory was consumed because of the error fare. Resultantly, the leftover inventory was the less competitive, full fare and fully flexible fares.

CHAPTER III: ADVANCEMENTS IN LAW & JURISPRUDENTIAL APPROACHES

In varying capacities, regulatory bodies have grappled with the aftermath of the publication of error fares. This portion of the paper traces the development of regulation relating to error fares, attempting to restate the current state of expected behavior for both airlines and consumers with respect to these matters. At times however, decisions and policies in different jurisdictions (and even within a single jurisdiction) seem to whipsaw, underscoring the need for a unified and consistent approach to deal with such matters. Recalling and keeping in mind the dynamic interests of both airlines and consumers that are at play, each decision will be analyzed for its ability to recognize and address such interests, and the corresponding jurisprudential theories emanating from these decisions will be extracted in order to suggest a more efficient path forward. The trope of the 'opportunistic consumer' versus the 'duped consumer', evident in some fashion in all decisions, will be illustrated as it is an important factor which influences the nature of regulatory attitudes and affects resultant decisions on the allocation of loss.

Canadian Regulatory Interventions Relating to Error Fares

In Canada, the Canadian Transport Agency (CTA) is an administrative tribunal that has jurisdiction over matters relating to federally-regulated transport and derives its jurisdictional authority from the *Canada Transport Act*.⁶² The agency serves as an attractive forum for consumer complaints against airlines as opposed to traditional litigation because of its more informal and accessible process and setting. In the preceding few years, it has issued several decisions relating to error fares which have followed a trajectory of recognizing the right of

⁶² Canada Transportation Act, SC 1996, c 10.

airlines to cancel tickets purchased as mistake fares. Following a set of decisions in 2014⁶³ relating to the first class fares from Myanmar to Eastern Canada that were sold for around \$1000 USD (dubbed the "Mistaken Fares Trilogy"), the tribunal has largely been consistent in recognizing the right of airlines to rely on the common law doctrine of "unilateral mistake" when deciding to rescind tickets purchased in connection to a mistake fare. As an equitable remedy, mistake allows a contract to be voidable or void *ab initio*, but typically requires the moving party to demonstrate that such mistake was "fundamental to the contract" and that the other party knew or ought to have known of the mistake while failing to bring it to the attention of the moving party.⁶⁴ Swan and Adamski⁶⁵ take the position that the equitable remedy embodies and reinforces the notion of bargaining and carrying out a contract in good faith. It follows that bad-faith conduct like fraud or unconscionable behavior of parties would make a compelling

⁶³ COMPLAINT filed by Paul Alberque against US Airways, Inc. carrying on business as US Air, US Airways, US Airways Shuttle, US Airways Express and MidAtlantic Airways (9 May 2014), Decision No. 177-C-A-2014, online: Canadian Transportation Agency https://otc-cta.gc.ca/eng/ruling/177-c-a-2014). [2014 CTA US Airways Decision];

COMPLAINTS filed by 83 complainants against Swiss International Air Lines Ltd. also carrying on business as Swiss (27 May 2014), Decision No. 202-C-A-2014, online: Canadian Transportation Agency https://otc-cta.gc.ca/eng/ruling/202-c-a-2014> [2014 CTA Swiss Decision];

COMPLAINTS filed by five complainants against Iberia, Lineas Aereas De Espana, S.A. (Iberia Air Lines of Spain) and China Southern Airlines Company Limited carrying on business as China Southern Airlines and China Southern (28 July 2014), Decision No. 290-C-A-2014, online: Canadian Transportation Agency https://otc-cta.gc.ca/eng/ruling/290-c-a-2014> [2014 CTA Iberia Decision].

⁶⁴ See Angela Swan & Jakub Adamski. *Canadian Contract Law*, 3d ed (Markham, Ontario: LexisNexis, 2012) [*Swan 2012*] at 391 for an example of unilateral mistake: In *Big Quill Resources Inc. v Potash Corp. of Saskatchewan Inc.*, (2000) 195 Sask.R. 144 (QB), the further requirement of the mistake resulting in either a benefit to the defendant (non-mistake party) or detriment to the moving party was mentioned in this decision. Ordinarily, such requirement would implicitly be met when unilateral mistake is claimed as it would typically be the causal action that motivates the moving party to ask for the contract to be void. The explicit requirement of a benefit or detriment may be to favor giving effect to promises sworn by parties and prevent a party from seeking to unravel an agreement when no net-harm has occurred [*Swan & Adamski*].

⁶⁵ *Ibid.* Swan and Adamski comment on Big Quill: "whatever the formal basis for it, it is a decision enforcing a duty to bargain in good faith".

case for a mistake remedy, and the agency has construed consumer knowledge of a mistake fare and opportunistic purchases as bad faith behaviour.

However, this is a problematic conclusion for several reasons. Firstly, it assumes that consumers have equal bargaining power with airlines and implies that they actually had the opportunity to negotiate the price of their ticket and its terms directly with the airline. Such position unfairly ignores the reality that consumers who purchase error fares have simply agreed to purchase the airline's service at the price advertised and solicited to them. A more balanced analysis would give greater consideration to the affected airline's responsibility in ensuring that safeguards and effective oversight exist to verify that its displayed pricing is accurate and valid.

Additionally, while the requirement of an exercise of good faith is entrenched in Canadian contract law, and has been recognized by the Supreme Court of Canada [SCC] as a cornerstone principle of contract law, the court has narrowed the interpretation and requirement of exercising good faith only to the performance of a contract⁶⁶: in *Bhasin*, the SCC clarified that "[In performance of a contract], contracting part[ies] should have appropriate regard to the legitimate contractual interests of the contracting partner"⁶⁷ and "…parties generally must perform their contractual duties honestly and reasonably and not capriciously or arbitrarily"⁶⁸. It thus does not automatically flow that good faith on the part of consumers would be required when purchasing an error fare, as that action technically does not involve the performance of the contract, but rather, the formation of it. The court in *Bhasin* did however mention that good faith

⁶⁶ See Bhasin v Hrynew, 2014 SCC 71 (CanLII), [2014] 3 SCR 494 [Bhasin].

⁶⁷ *Ibid* at para 65.

⁶⁸ *Ibid* at para 63.

is a general organizing principle of contract law⁶⁹ and as such, "[it] states in general terms a requirement of justice from which more specific legal doctrines may be derived. An organizing principle therefore is not a free-standing rule, but rather a standard that underpins and is manifested in more specific legal doctrines and may be given different weight in different situations"⁷⁰.

Perhaps this more liberal understanding of good faith in contractual dealings motivated the tribunal in the Mistake Fare Trilogy to conclude that there was never a valid contract between the the consumer-complainants and the airline-respondents because the mistake in the ticket price was so "fundamental" that it went the core of the agreement — the ticket price was central and determinative of the complainant-consumers' decision to book the itinerary. Additionally, Swiss argued that at least some of the complainants subjectively knew that the fares were a mistake, submitting evidence of online posts of the deal from social media platforms, forums, and blogs. Such publications encouraged readers to "act quickly to take advantage of the mistake before it was discovered" and "warned against raising suspicion and drawing attention to the mistake".⁷¹ The extremely short timespan of the purchases was deemed by the tribunal as an "aggressive response by savvy air travelers…seeking to take advantage of the mistake". The absence of any complainant raising the mistake to the carrier militated towards the tribunal finding that the complainants intended to benefit from the mistake to the detriment of the airline(s).⁷² For greater certainty, the tribunal articulated that even if the complainant-consumers

⁶⁹ *Ibid* at para 34.

 $^{^{70}}$ *Ibid* at para 64.

⁷¹ 2014 CTA Swiss Decision *supra* note 63 at para 12.

 $^{^{72}}$ Ibid at para 47.

EXAMINING THE PHENOMENON OF ERROR FARES

did not subjectively possess knowledge of this fare being an error fare, a "reasonable person ought to have known that a total cost of approximately US\$1000 for first and business class travel from Yangon to Eastern Canada is not simply a low ticket price, but a mistake".⁷³ On this basis, the tribunal underscored that the principle of *ad idem* (meeting of minds) cannot have been considered fulfilled and hence the contract was void *ab initio*.⁷⁴

As an additional motivating factor, the tribunal noted that Swiss took immediate action to remove the fares, withdrawing them within 12 hours from the time they were advertised for sale.⁷⁵ It also accepted US Airways' contention that it did not intend to sell the tickets for the Swiss fare, nor would it have issued them if given a chance to review the transactions before issuance.⁷⁶ Lastly, Swiss also demonstrated that it had only sold 17 tickets departing from Myanmar during the preceding year, none of which were in first class; yet during the short span of time that the error fare was live, over 85 first class tickets originating from Myanmar had been sold.⁷⁷

In disposing of the complaints, the tribunal also took the time to set out a go-forward expectation for carriers and travel agents to follow when handling an error fare.⁷⁸ They must:

- 1. Notify the passenger:
 - a) no later than 72 hours **after the carrier becomes aware** of the publishing of an erroneous fare, that all **or any portion** of their ticketed itinerary has been cancelled; or,

⁷³ Ibid.

⁷⁴ *Ibid* at para 39 — "The absence of assent prevents the creation of a binding contract".

⁷⁵ *Ibid* at para 13.

⁷⁶ 2014 CTA US Airways Decision *supra* note 63 at para 17.

⁷⁷ 2014 CTA Swiss Decision *supra* note 63 at para 47.

⁷⁸ 2014 CTA US Airways Decision *supra* note 63 at para 51.

- b) at least 24 hours prior to the passenger's scheduled departure from the point of origin issued on the ticket, that all **or any portion** of their ticketed itinerary has been cancelled, if the ticket was purchased less than 72 hours before their scheduled departure from the point of origin; and,
- 2. Provide a refund of the total cost of the ticket.⁷⁹

The expectations set out by the tribunal are unable to provide reasonable protections of the interests of consumers; Campbell concurs:⁸⁰

Firstly, there is no requirement of a necessarily timely notice to passengers that their itinerary has or will be cancelled. The notice period is triggered only when an airline becomes "aware" of the error fare, meaning that a consumer can purchase airfare up to nearly a year prior to departure, and have his/her ticket cancelled much closer to the travel date.⁸¹ It is unclear what proof would be required to be produced to establish when the carrier was "aware" of the error fare.

Secondly, the expectations require airlines to notify that "all <u>or any portion</u>" of an itinerary has been canceled. It is clear that the tribunal did not give sufficient credence to instances where travel that has already commenced, as the allowance of cancellation of "any portion" of an itinerary seems to permit an airline to cancel tickets that have partially been used. Airlines ought to forfeit their right to rescind an agreement with a consumer when travel has already commenced, otherwise, this provision has the capacity to leave consumers stranded. The lack of contemplation of this scenario is further demonstrated by the tribunal's requirement for airlines to "refund of total cost of ticket" when cancelling an itinerary. It would seem

⁷⁹ Ibid. [emphasis added].

⁸⁰ Campbell *supra* note 11 at 893.

⁸¹ Typically airlines publish flight schedules and timetables and release fares for sale up to 330-355 days prior to departure.

unreasonable to expect airlines to refund the entire cost of a ticket when a consumer has already partially taken advantage of a mistake fare — thus, it is evident that the tribunal failed to meaningfully engage with the respective rights that are at play in a scenario where a ticket has partially been flown. In fact, in the 2014 CTA Swiss decision, the tribunal maintained that despite seven of the complainants already being accepted for travel, the airline was not obligated to continue carriage when it stopped them midway through their journey. The tribunal states that "the fact that they were allowed to travel in part does not make the contract of carriage a valid one…Swiss offered, as a gesture of good will, all passengers who were en route, transportation in economy class, however, it was under **no obligation to do so**".⁸² This is a deeply concerning and cavalier position to take because it unfairly shifts the burden of bearing the consequences of the mistake entirely on the consumer.

In the landmark *Moorcock* case from 1889, the English Court of Appeal, in determining the responsibility for the risk of loss between two *commercial* parties, recognized the paramountcy of reading in implied terms of an agreement to fill the gaps between those expressly agreed upon, consistent with the intention of the parties.⁸³ The court in *Moorcock* cautioned that implied terms should only be read in to the extent that they are "necessary and obvious...to give business efficacy" and not merely because they appear "desirable and reasonable". It is arguably an implied term that gives effect to "business efficacy" that once a carrier has accepted a passenger for transport (thus performing obligations and demonstrating conduct consistent with the agreement), it cannot, without consequence, decide to abandon the

⁸² 2014 CTA Swiss Decision *supra* note 63 at para 51 [emphasis added].

⁸³ The Moorcock (1889) 14 PD 64.

passenger at an intermediate point, irrespective of whether the agreement was entered in by mistake. The assessment of whether a term should be implied has also evolved in common law jurisdictions to include the use of the "officious bystander" test. In such analysis, a court would read in a term provided that it was obvious that it ought to have been included, such that as if a metaphorical bystander had overheard the parties negotiating the contract and suggested its inclusion. If the parties were to have steadfastly agreed to its inclusion, then it would be accepted as an implied term.⁸⁴ Arguably if an "officious bystander" overhearing negotiations between an airline and a passenger were to suggest that provisions be made for carriage to be completed or restitution be made in lieu when a passenger has already been accepted for travel, both the airline and passenger would have likely agreed to such term being included.

Swan and Adamski state that both these tests to determine implied terms have been "repeatedly and frequently adopted by Canadian courts", and are thus well settled mechanisms for courts to use to fill in the gaps of an agreement where necessary.⁸⁵

These jurisprudential arguments, along with the reality that passengers are consumers (thus belonging to a class of persons historically having been protected by the law in dealings with commercial parties to factor in the inequality of bargaining power), signal that the burden of rebooking flights should not be shouldered by passengers when they have already been accepted for travel and have partially used a ticket. This proposition would still ring true in instances where a commercial party books travel for its employees; firstly, it should be noted that businesses who have legitimate travel expenses are likely buying tickets to and from a specific

⁸⁴ Shirlaw v Southern Foundries (1926) Ltd [1939] 2 KB 206.

⁸⁵ Swan & Adamski *supra* note 64 at 708.

destination and are not typically looking for error fares. They are thus unlikely to be faced with such a situation. Still, the carrier should be obligated to complete carriage while a passenger is midway through their trip as the individual passenger is still a consumer. This also best reflects the intentions demonstrated by the carrier's conduct when it initially accepted the passenger for travel and allowed them to commence flying with that ticket.

The staunch position demonstrated in the tribunal's decision suggesting that the carrier does not have obligations *vis a vis* a consumer-passenger to complete carriage when having already accepted the passenger for travel therefore is an untenable one to hold. It not merely a desirable 'nicety' to transport the consumer to his/her destination. Instead, recognizing an implied obligation to continue carriage in such a scenario takes into consideration the reality that the mistaken party had acted in a matter consistent with being bound to the agreement and had not moved to secure its rights until midway through performance. Such a party cannot reasonably expect that its right to rescission is preserved *in toto* midway through the completion of duties under its contractual agreement.

This position is supported in a case from Ontario, where the court recognized that even in a case of mistake, a party can be "contributorily negligent" for their conduct, and thus bear some of the risk that arises in the event of a mistake.⁸⁶ In that case, the lottery corporation refused to pay the plaintiff the amount of winnings printed on his ticket, citing that the value of quoted winnings was erroneous. While the amount won was relatively small, the court held it was reasonable for the plaintiff to spend it in advance and rely on its validity without making further inquires with the lottery corporation. However, the court took the time to note that had the

⁸⁶ Budai v Ontario Lottery Corp., 1983 CanLII 3077 (ON SCDC).

winnings been a large sum, the plaintiff "would have been guilty of negligence if he had spent much more than the amount he here squandered, without making certain that he would indeed be paid the amount the computer print-out said he had won". With this in mind, in certain circumstances, it would be reasonable to attribute some liability to an airline who has mistakenly published an error fare, particularly when a passenger has been accepted for transport and has already commenced his/her travels with the airline.

Thirdly, whether well founded or otherwise, Campbell is concerned that an airline can, at whim, declare a fare as a mistake based on a change in market demand for a specific destination as there is no guidance on the parameters that must be met to define the fare as such. Just a year prior to the "Mistake Fare Trilogy" the Canadian Transport Agency shared similar concerns, whereby in a decision⁸⁷, Swiss's passenger tariff was found to lack reasonable consumer protections because Rule 5(F) of the tariff provided that

"Swiss reserves the right to cancel reservations and/or tickets with an erroneously quoted fare by reason of a technical failure prior to said erroneous quote being detected and corrected. Swiss reserves the right to void the purchased ticket and refund the amount paid by the customer and/or offer the customer the ticket at a published fare that should have been available at the time of booking.".

The tribunal articulated that there is no presumption that a tariff is reasonable when it is filed with the agency, given that they are drafted in the interests of the carrier, without input from passengers.⁸⁸ Instead, when a complaint arises, the tribunal assesses the tariff's reasonableness whereby a "balancing test" is undertaken to strike equilibrium between passenger rights and the

⁸⁷ COMPLAINTS by Alexander Brewer, Xian Cong Jow, Nan Liu, Jeffrey Kwok, Gerald Jacobs, Khang Tran, and Richard Wu against Swiss International Air Lines Ltd. also carrying on business as Swiss regarding the cancellation of tickets (18 June 2013), Decision No. 239-C-A-2013, online: Canadian Transportation Agency https://otc-cta.gc.ca/eng/ruling/239-c-a-2013> [2013 CTA Swiss Decision].

⁸⁸ *Ibid* at para 36.

carrier's "statutory, commercial and operational obligations".⁸⁹ On this occasion, the tribunal determined that the capacity for Swiss to revoke tickets that it determines have been "erroneously quoted...by reason of a technical failure" was an unreasonable term for consumers to be held to, because it provides no time period for when Swiss may cancel a ticket, nor does it specify examples or situations that may lead to such error.⁹⁰ Further, the tribunal notes that the Rule does not impose an obligation on Swiss to take reasonable steps to prevent such an erroneous fare, adding that the error fare in this case was discovered over six days after publication, leaving the complainant needing to make alternate travel arrangements less than three weeks before his/her intended departure.⁹¹

The go-forward expectations that were articulated by the tribunal in the "Mistake Fare Trilogy" offend all the provisions that were found unreasonable in the 2013 CTA Swiss Decision decision. Indeed, carriers can now assert the right to revoke tickets in the instance of an error fare so long as notice is given to consumers within 72 hours of the carrier discovering the error. This time limit does not impose any sense of urgency on a carrier to act because it is only triggered when the carrier *actually* discovers the error as opposed to when the error would be *reasonably discoverable*. While carriers may be incentivized to act promptly and stop selling tickets when they discover an error fare, there are instances where carriers may not immediately discover an error. It may take days or week(s) before an error fare is caught and pulled from distribution, especially if it is one that is less obviously identifiable. In the meantime, passengers who

⁸⁹ *Ibid* at para 35.

⁹⁰ *Ibid* at para 40.

⁹¹ *Ibid* at para 40-41.

purchase tickets go on to make ancillary reservations may only be notified that their itinerary has been cancelled at a much later time. It is moreover unclear whether 'discovering the error' refers to discovering the erroneous publication or if the term can be construed to mean discovering a specific ticketed reservation. As such, the temporal deadline to revoke tickets should be based on an objective standard and counted from when the fare was available for purchase. This would satisfy the concern addressed by the tribunal in the 2013 CTA Swiss Decision to ensure passengers are given sufficient notice to make alternate travel arrangements and would also better reflect the reality that the carrier could reasonably have known about the fare as soon as the consumers who booked it did.⁹²

A related decision from 2018 underscores the tribunal's frustration with the carrier's delay in informing passengers that it would cancel inaccurately priced tickets. In the decision, a passenger booked a multi-carrier ticket involving carriage with both Malaysia Airlines and American Airlines from Jakarta to Montreal in first class. The segment with Malaysia Airlines was priced incorrectly, resulting in the total fare pricing out at around \$600. The ticket was purchased in September 2016; in November 2016, Malaysia Airlines deleted the error fare; American Airlines, as the ticketing carrier for the complainant's travel, notified him in February 2017 that his ticket was invalid because of a pricing error. He was informed that his itinerary would be canceled and that he would receive a refund. The tribunal found American Airlines in breach of its Tariff, because it requires the carrier to void tickets and notify passengers that their ticket(s) have been cancelled within 72 hours of becoming aware of publishing an erroneous fare (at para 7). Although the tribunal declared that "it is unknown when American Airlines first

⁹² See APPLICATION by Glen Bedjanian against American Airlines, Inc. (American Airlines) (13 March 2019), Decision No. 21-C-A-2018, online: Canadian Transportation Agency https://otc-cta.gc.ca/eng/ruling/21-c-a-2018>.

became aware of the erroneous fare" (at para 21), it made a reasonable inference that the carrier knew or ought to have known pricing error prior to February 2017, given that Malaysia Airlines had removed the fare a few months prior. Even though American failed to properly apply its Tariff, the tribunal did not order any compensation for the complainant because no proof of expenses relating to the incident were filed by the complainant.

Apart from this 2018 decision, there has been a steady trend in the trajectory of the tribunal's stance towards error fares following the 2013 CTA Swiss decision, with its subsequent decisions adopting a pro-industry attitude. Subsequent decisions often revolve around the actions of the respective consumers and the tribunal does not make a point to require carriers to undertake mitigation efforts to reduce the frequency of error fares. In 2015 for instance, the tribunal for the first time awarded legal costs against a consumer for what it deemed as a bad-faith proceeding.⁹³ The case concerned those fares sold by United Airlines from London to various US destinations in first class for 492 DKK.⁹⁴ In responding to the consumer's complaint, United claimed that to achieve that price (recall, the fare was due to a currency conversion error), the complainant and other consumers had to change their billing address to Denmark in order to take advantage of the fare. United claimed that this action was "abusive, illogical, fictitious and a misrepresentation".⁹⁵ The tribunal accepted that the consumer "purposefully set about to exploit" the erroneous exchange rate; his action of changing the billing location to Denmark was

⁹³ APPLICATION by Nan Liu against United Airlines, Inc. carrying on business as United, United Airlines, Continental, Continental Micronesia and Air Micronesia (21 September 2015), Decision No. 307-C-A-2015, online: Canadian Transportation Agency https://otc-cta.gc.ca/eng/ruling/307-c-a-2015> [2015 CTA United Airlines Decision].

⁹⁴ See footnote 15 for reference to this fare.

⁹⁵ 2015 CTA United Airlines Decision *supra* note 93 at para 18.

construed by the tribunal as misrepresentation and his application seeking to enforce the agreement with the airline was "not only devoid of merit but was based on a deception and was not filed in good faith".⁹⁶ As a result, the tribunal ordered legal costs of \$1000 against the complainant in favor of the airline, noting that it has not typically imposed costs on "good faith applicants" who bring complaints, even if they are unsuccessful in their claim, for fear that it may have a chilling effect on consumers wishing to file an application. While it was deemed warranted to impose costs in this case, the tribunal underscored that proceedings are meant to be accessible.⁹⁷ It is important to once more reiterate that it may not always be obvious whether a consumer in such a situation has acted in bad faith: while tribunals and courts continue to deal with similar cases in the future, considerations of motive and intent of a consumer should be better probed by the tribunal if it is going to rely on bad faith as an argument to deny a consumer's grievance. This complainant in particular (and a substantial number of others who pursue such claims) are often self-represented. As such, especially where the possibility of the imposition of costs exists, the tribunal's responsibility to lead a more inquisitorial role ought to be heightened and a thorough investigation of the facts should be undertaken before a conclusion of bad faith behavior is made.

While the facts as presented in the 2015 CTA United Airlines decision do not make it apparent that there was any competing explanation for this consumer's actions of changing the region/billing setting to Denmark (for instance, the ticket had no connection to Denmark either as the origin nor destination, nor was is apparent that the applicant had any residential ties to

⁹⁶ *Ibid* at para 34.

⁹⁷ *Ibid* at paras 32, 35.

Denmark which may explain him booking the itinerary), there are instances where a passenger may book tickets via an OTA that is based in a different country. With access to online fare booking, it is entirely plausible that a consumer may use a Danish based OTA — the structure of airline ticketing permits consumers to contract with a travel provider of their choice, without geographical restrictions. Additionally, at the time of booking, the physical presence of a consumer in Denmark (or the use of a VPN) may cause the airline's website to direct them to the local country page, where prices and billing settings would be tailored to Danish consumers.

The tribunal's shift in attitude can also be seen with its lack of engagement with the consumer argument for reimbursement of consequential expenses incurred in reliance on an error fare. When parties have raised such arguments, the tribunal decisions merely restate them summarily under the party's position, but fail to address or engage with them further in the reasons for decision. This is evident in two decisions that form part of the Mistake Fare Trilogy; In the 2014 CTA Swiss decision, the tribunal merely restates Swiss' position:

Swiss argues that it is important to consider the nature of the expenses incurred by the complainants. Swiss claims that those who received a refund of the original monies prior to being en route have been made whole and therefore could not reasonably have incurred further expenses.⁹⁸

Similarly, in the 2014 CTA US Airways decision, the tribunal states:

Mr. Alberque requests that should the Agency rule against him, based on the delay between ticketing and cancellation, he should be reimbursed for any non-refundable expenses related to the cancelled ticket.⁹⁹

The implementation of a global unifying framework that lays out expectations for airlines and consumers in the occurrence of error fares can eradicate much of the uncertainty that arises in proceedings. For instance, quibbling over pinpointing when an error fare was or ought to have

⁹⁸ 2014 CTA Swiss decision *supra* note 63 at para 21.

⁹⁹ 2014 CTA US Airways decision *supra* note 63 at para 4.

been first discovered and addressing delays in informing passengers of ticket cancellations are cumbersome evidentiary hurdles that can be mitigated with a regulatory framework — if there is a fixed and consistent deadline set wherein an affected airline can unwind and cancel any tickets issued after an error fare has been published, there would be no need to prove when the airline first discovered the error. The airline would simply be required to cancel tickets within that fixed period to avoid being liable for consequential passenger expenses. Similarly, the respective onerous analysis of bad faith on the part of the consumer would largely be moot — if the airline were permitted to cancel the ticket within that specified time fixed by regulation, any bad faith on the part of the consumer would be irrelevant. In absence of a theoretical 'rescission period' for airlines, consequential out of pocket expenses incurred by passengers in reliance on their tickets are an important component of the litigation surrounding error fares. Despite having the authority to engage in such analysis, the CTA has not done so in its decisions. Conversely, the regulatory body that has jurisdiction to address error fares in the United States has done so. As will be seen in the US decisions below, the compensation for reasonable out of pocket passenger expenses can be carved out and addressed when an airline has improperly cancelled an error fare.

United States Regulatory Interventions Relating to Error Fares

In the U.S. context, the regulatory landscape has been more receptive and alive to the consumer concerns that arise from the publication of error fares. Under the authority of the *Airline Deregulation Act*¹⁰⁰, the US Department of Transportation (US-DOT) has jurisdiction over regulatory matters relating to commercial air carriers and for related consumer protection matters. In various decisions relating to error fares, the US-DOT has diverged from the Canadian

¹⁰⁰ US, Airline Deregulation Act, 1978, 49 USC § 1301.

approach of applying the doctrine of unilateral mistake. Indeed, in earlier complaints, its decisions and statutory interpretations had been very favorable to consumers: its predominant attitude had been to view demands for an additional fare collection by airlines due to a pricing error as an "unfair and deceptive practice", which is a prohibited activity under the U.S. code of regulations (Chapter 14 CFR § 399.88).¹⁰¹ While the US-DOT cannot force airlines to honor error fares, under federal regulations, it can impose civil penalties of \$27,500 per violation of Chapter 14 CFR § 399.88. As such a penalty has never yet been imposed against a carrier, it is unclear whether it would be applied per affected ticket or per occurrence.¹⁰²

The prohibition of such additional fare collection applies after the air transportation has been *purchased* by the consumer and applies to all carriers with scheduled air transportation within, to or from the United States. In a non-binding guidance document, the US-DOT has liberally interpreted this regulation to apply when consumers receive a confirmation of the charge (by way of "confirmation email and/or [if] the purchase appears on their credit card statement or online account summary").¹⁰³ This interpretation however is too broad to capture only actual *purchases* (for instance, the visibility of a charge on a credit card account summary portal can be interpreted to include 'pending' charges, which are simply authorizations that may be attempted when creating a booking, but may wear off if the transaction does not complete or the merchant cancels the sale).

¹⁰¹ US, Enforcement Policy Regarding Mistaken Fares, 8 May 2015, Department of Transportation, Office of the Secretary [*Enforcement Policy US-DOT 2015*].

¹⁰² Campbell *supra* note 11 at 896.

¹⁰³ *Ibid* at 895.

Here, it is important to take a moment to dissect the booking process, because it can affect the inclination of a regulatory body to take enforcement action —receiving a booking confirmation is vastly different from receiving an e-ticket receipt. When creating a booking, credit card details are captured (thus, a 'pending' charge may show on a consumer's credit card summary portal), but the actual charge is settled when an e-ticket is issued. Certain airlines also allow consumers to put a fare on "hold", meaning that within a certain timeframe, the consumer can return to the booking page and complete payment with the fare price guaranteed. The airline reservation system creates a booking reference code displaying the itinerary and passenger information, but an e-ticket is not issued until checkout is complete. Ticketing on the other hand, is the symbolic transactional exercise that gives rise to a legitimate relationship between the airline and consumer (absent concerns of whether *ad idem* has actually been achieved). The e-ticket is the instrument that is attached to the booking and contains related flight coupons that permit transport on each flight listed in the itinerary.¹⁰⁴

While the US-DOT has generally narrowed enforcement action in airline-consumer disputes in this area only to those where an e-ticket has been issued, a notable and pro-consumer exception to this can be seen in decision DOT-OST-2015-0002.¹⁰⁵ American Airlines is one of the few airlines that offer passengers a fare "hold" option to secure a fare price before checking out. In 2015, it published and offered business class fares between Washington and Beijing for around \$600. Given that the price was a mistake, the airline decided to honor only bookings that

¹⁰⁴ *Ibid* at 897.

¹⁰⁵ American Airlines, Inc. Violations of 49 U.S.C. § 41712 and 14 CFR § 259.5(b)(4) (5 November 2015), DOT-OST-2015-0002, online: Department of Transportation https://www.transportation.gov/bts/sites/dot.gov/files/docs/ eo_2015-11-3.pdf> (United States) [DOT-OST-2015-0002].

had been ticketed, but had cancelled bookings that were created using the airline's "hold" feature which were not yet ticketed. Since regulations under Chapter 14 CFR § 259.5(b)(4) require carriers operating to, from or within the US to adopt a provision into their customer service plans to adhere to a "24-hour reservation hold" rule (satisfied either by offering consumers the option to cancel bookings and receive full refunds within 24 hours of booking or providing the option to hold the fare without payment for at least 24 hours),¹⁰⁶ American's action of cancelling unticketed, held reservations involving the error fare itinerary prior to the fare hold expiry was found to be a breach of the regulation and an "unfair and deceptive" practice under 49 U.S.C. \$41712.¹⁰⁷ Despite American claiming that a "proliferation" of social media posts that publicize mistake fares "has resulted in individuals purchasing mistaken fare tickets in bad faith, and not on the honest belief that a good deal was available" as well as arguing that the purpose of the US-DOT regulations and guidance is not to "reward" nor to "facilitate a windfall to consumers who purchase or put on hold a fare they know to have been offered by mistake", the US-DOT ruled that enforcement action was warranted, citing it to be in the public interest.¹⁰⁸ Certainly, absent such "24-hour reservation hold" rule, the ruling would have arguably been on the fringes of an overstep in regulatory authority, as consideration (passenger payment for the ticket) is customarily a core element to establishing the existence of an agreement. However, since the regulation requires airlines to offer such a cooling-off period, the US-DOT's public policy concerns are justified as American's differential treatment un-ticketed reservations could

¹⁰⁸ *Ibid* at 2-3.

¹⁰⁶ Airlines are required to provide either option, but not both. Eligible reservations are those that are made at least one week prior to the departure time.

¹⁰⁷ DOT-OST-2015-0002 supra note 105 at 2. At the time, American Airlines offered the hold feature.

reasonably undermine consumer confidence in the ability to put a fare on hold. Absent the regulation, American would have been in the right to cancel bookings that were not yet ticketed as soon as it became aware of the error fare.

An interesting caveat to the regulation in Chapter 14 CFR § 399.88 that prohibits postpurchase price increases is that it states "a purchase is deemed to have occurred when the full amount agreed upon has been paid by the consumer" — it therefore potentially conflicts with what seems to be the go-forward requirement for airlines who offer a 24-hour booking hold option to satisfy Chapter 14 CFR § 259.5(b)(4). It also leaves open the interpretation of whether the error fare price was actually the "amount agreed upon" by the carrier and passenger, and claims similar to those made in CTA decisions with respect to a lack of *ad idem* can potentially be advanced by carriers as a defense to overcome the post-purchase price increase.

Not dissimilar to the Canadian experience, the US-DOT's later decisions are demonstrative of a more reserved and industry-favorable attitude. In a decision relating to actions brought against United Airlines for those first class tickets priced in Danish Kroner (DKK) from London, the US-DOT took a very hands off approach, electing to use "prosecutorial discretion" to not enforce compliance action against United for not honoring the tickets on two grounds: firstly, the body found that in order to get such prices, consumers "had to manipulate the search process" to display the fare in DKK, and as a result, it concluded that the deal was not intended to be offered to US consumers. Additionally, consumers had to "misrepresen[t]" their billing country preference to Denmark to get such price, and hence, those seeking to enforce the tickets were deemed to have acted in "bad faith".¹⁰⁹ There have been other instances where the tribunal has similarly taken a more reserved approach, refraining from decision-making where it may be contentious to do so. One such instance can be seen where the US-DOT exercised its discretion to decline jurisdiction where purchased tickets had only a mere tangential connection with the United States; the passengers in those actions were solely transiting to a third country via the US What did emerge from the consumer actions against United Airlines however, is a policy directive issued by the US-DOT on May 8, 2015 in response to the complaints. In that directive, the US-DOT clarified its position on how and when it will enforce Chapter 14 CFR § 399.88: So long as a carrier demonstrates that the fare was a mistake/error fare and "reimburses all consumers who purchased a mistaken fare ticket for any reasonable, actual, and verifiable outof-pocket expenses that were made in reliance upon the ticket purchase, in addition to refunding the purchase price of the ticket", the US-DOT will not enforce the requirements of the regulation relating to prohibition of post-purchase price increases. The directive elaborates that expenses "include, **but are not limited to**, non-refundable hotel reservations, destination tour packages or activities, cancellation fees for non-refundable connecting air travel and visa or other international travel fees" (emphasis added).¹¹⁰ While the directive states that the policy is temporary, to remain in effect "only until the Department issues a final rule that specifically addresses mistaken fares", no such final ruling is publicly available, and the state of the law on the matter today remains as outlined in the directive.

¹⁰⁹ US, Office of Aviation Enforcement and Proceedings Determination Regarding United Airlines Mistaken Fare (23 February 2015), online: Department of Transportation https://www.transportation.gov/airconsumer/United-Airlines-Mistaken-Fare-022315>.

¹¹⁰ Enforcement Policy US-DOT 2015 supra note 101.

It is my belief that the directive is a well intended and sensible preliminary solution to finding common ground between the concerns of the aviation industry and those of consumers with respect to error fares. Although it would benefit from minor modifications and enhancements, it is a step in the right direction. Not all commentators agree, however. Campbell, for example, claims that the decision signals a radical departure from the department's typical 'pro-consumer' stance.¹¹¹ He fears that mandating a requirement for airlines to reimburse expenses is tantamount to "forced compensation" which could potentially be a "grave" imposition on airlines given that consumers may deliberately book expensive, non-refundable travel reservations, intending to use them irrespective of whether the error fare ends up being honored. Campbell's concerns extend to the belief that consumers may "feel obligated to invest significant funds into non-refundable reservations in order to persuade airlines and travel agents" to honor (or consider honoring fare) and that this encourages consumers to act in bad faith.¹¹² In

Similar responses were prevalent in dedicated travel blogs and forums; see:

¹¹¹ Campbell *supra* note 11 at 899.

¹¹² *Ibid* at 900; Campbell introduces a slippery-slope argument that is unlikely to materialize; in essence, he fears that the US-DOT's provision of requiring airlines to reimburse non-refundable ancillary reservations will cause consumers to make an onslaught of bookings like hyper-expensive hotels, and excursions that would ultimately incline the affected airline to decide to honor the fare rather than cancel tickets and pay such reimbursement.

Matthew Klint. "DOT Suspends Consumer Protection for Purchased Airline Mistake Fares but Opens New Loophole" (12 May 2015), online: *Live and Lets Fly* https://liveandletsfly.com/dot-suspends-consumer-protection-for-purchased-airline-mistake-fares-but-opens-new-loophole/.

For instance, the blog credits the directive as the "end of error fares", stating that while the directive aims to constrict bad-faith consumer purchases of error fares, its requirements of airlines reimbursing non-refundable expenses made in reliance on the error fare not only leaves such objective unfulfilled, but rather, it encourages more bad-faith behavior for passengers to book non-reservations to pressure airlines to honor the fare:

[&]quot;Knowing that the airline will be forced to "make us whole" we get to work booking the rest of the trip. Positioning flights? Check. Five nights under a non-refundable rate at a nearby resort? Check. Pre-paid rental car? Check. Per DOT, airlines would be on the hook to compensate us for these voluntary expenses if the carrier chooses not to honor the fare. Even if we make the nonrefundable purchases in conjunction with the mistake fare moments after booking and knowing full well United would not offer transatlantic first class for \$96 r/t, it does not matter – we would be owed a cash refund from the airlines. And then what is to stop us from using those non-refundable hotel rooms and car rentals anyway?"

hand he claims that the decision is pro-industry, and thus damaging for consumers, yet on the other, his primary preoccupation is the concern that consumers will act in an opportunistic manner to the detriment of airlines. In any event, his concerns with respect to opportunistic consumer behavior are not necessarily reasoned nor supported. They are theoretical, but not necessarily probable nor likely outcomes. For one, the US-DOT enforcement directive builds in language of only requiring airlines to reimburse "reasonable" expenses incurred by consumers. This would likely limit the ability for passengers to claim for extraordinary activities or hotel charges, thereby striking a balance between the right of the consumer to be compensated for their out-of-pocket expenses in the event of ticket cancelation by the airline, whilst also serving to protect the airline from excessive claims. In the event of disagreement, a consumer could then pursue a claim through the US-DOT. The tribunal could perhaps consider factors like the past travel expenses of the individual traveler and the percentage of discount the error fare offered compared to typical pricing for that itinerary to perhaps make an inference and determination of the consumer's motive and the reasonableness of the expenses being claimed. In addition, while the directive broadened the list of eligible expenses able to be claimed by consumers (particularly with the inclusion of a travel visa as an eligible expense) and has left open the possibility for additional expenses to potentially be claimed, it simultaneously requires consumers to be prepared to substantiate their claims, including providing proof of booking cancellations if requested by the carrier. It is not difficult for carriers to identify and reimburse only non-refundable bookings; requiring proof of cancellation before issuing reimbursement would deter consumers from attempting to seek compensation while intending to avail themselves of the booked arrangements irrespective of whether the fare is honored. With respect

to compensating passengers for consequential and ancillary expenses, Campbell fears that there may be an inconsistent application of the US-DOT guidelines in the absence of a clear mechanism to assess such claimed expenses.¹¹³ In response to this argument, it is likely that airlines have incentive to comply with the guidelines both in order to maintain their public image, but also to avoid administrative penalties and protracted litigation with consumers before the regulator. Still yet, an aggrieved consumer who is not satisfied with an airline's offer is permitted to bring forth a complaint before the US-DOT for adjudication and resolution (as has always been the case).

Although the directive is helpful, similar to the Canadian experience, it lacks an important temporal requirement for airlines to adhere to when canceling fares. Recall that Canadian decisions have not factored in all relevant minimum notice periods for passengers — passengers can book travel well in advance and an airline can cancel tickets at the eleventh hour. This US-DOT directive similarly does not impose any time limit for carriers to cancel tickets, possibly compounding and aggravating the issue of non-refundable reservations made in reliance on a ticket. Campbell too suggests that imposing a deadline for airlines and travel agents to cancel tickets would encourage airlines to dedicate and deploy resources for greater monitoring and oversight of their inventory and transactions, stopping error fares sooner rather than later and mitigating the extent and frequency of error fares. By fixing the time by which the airline must act on revoking the fare and cancelling tickets, it would limit the possibility of non-refundable consequential expenses being made; Campbell suggests that United Airlines (and likely others), have dedicated teams to monitor forums, blogs and websites to quickly react to published error

¹¹³ Campbell *supra* note 11 at 899-900.

fares. Indeed, if information about an error fare can be quickly disseminated to consumers, it is reasonable for carriers to objectively be on notice of the error fare within a short span of time.¹¹⁴ Closing such a chronological gap between the time of booking and cancellation is beneficial to both airlines and consumers, as consumers can rest easy knowing that after such fixed time, the airline cannot simply cancel the fare without consequence. In tandem, a set time would afford airlines the opportunity to control losses and limit their liability to pay passenger expenses only if they do not act to correct the mistake and cancel tickets within such prescribed time.

While far from perfect, the US-DOT resolution is a good starting point for a regulatory framework that could be fine-tuned and widely adopted to provide universally consistent regulations.

Indian Regulatory Interventions Relating to Error Fares

In 2019, an error fare involving Indian consumers was addressed at a district court in New Delhi. Oman Air had offered a fare from Delhi to Tehran for 3,900 INR, when in actuality, it intended to offer it for 39,000 INR. The complainants, sixteen Shia Muslim passengers, had booked the fare to attend a religious pilgrimage and sought to have the tickets reinstated, citing that they purchased the fare in good faith, genuinely believing the offer to be true, especially given that some of the OTAs had marketed the Oman Air fare as a "Republic Day" sale. Once the airline discovered the fare, it notified the passengers that the sale occurred as a result of a "technical glitch" and informed them that their tickets had been cancelled. As a gesture, the airline offered the passengers the ability to be rebooked for a discounted price of 29,000 INR

¹¹⁴ *Ibid* at 901.

EXAMINING THE PHENOMENON OF ERROR FARES

instead.¹¹⁵ The presiding judge decided, on an interim basis, that the tickets were to be reinstated and the passengers be re-accommodated, citing a "prima facie case in favor of the plaintiffs", who would suffer irreparable loss if not permitted to travel. The judge likely sympathized with the fact that the plaintiffs purchased the tickets to attend their religious pilgrimage and did so in part because the OTAs were promoting the fares as part of the Republic Day sale.

The court also however adjourned the matter, informing the plaintiffs that they would be liable to pay the difference in fare if the carrier was able to sufficiently demonstrate that the fare was in fact an error fare. Without an adequate regulatory framework to fall back on, judges tasked with addressing such disputes may improperly allocate the risk of loss. The imposition of paying the fare difference assumes that the consumers are in an equal or similar financial position to the airline, which in principle, is unlikely to be the case. With this in mind, addressing the matter with an interim decision is problematic because if the airline is able to demonstrate that the fare was indeed an error fare, the claimant passengers may not be able to satisfy a judgment imposed against them for the price difference.

British Regulatory Interventions Relating to Error Fares

The gravity of potential liability that can arise for airlines in the absence of a dedicated regulatory framework addressing error fares can be seen in a decision from a British county court. A claimant passenger was awarded approximately 20,000 GBP in damages and costs when Lufthansa cancelled his two first class tickets booked between Prague and Cape Town. A week after purchasing each fare for 35,590 CZK directly from the carrier's website, he was sent a

¹¹⁵ See: Satish Nandgaonkar, "Court Asks Airline to Reissue Tickets, Allows Pax to Travel", *Mumbai Mirror* (09 February 2019), online: https://mumbaimirror.indiatimes.com/mumbai/crime/court-asks-airline-to-reissue-cancelled-tickets-allows-pax-to-travel/articleshow/67914991.cms; "Court Directs OMAN AIR To Reissue Cancelled Tickets To Pilgrims", *Cross Town News* (09 February 2019), online: https://www.crosstownnews.in/post/36416/court-directs-oman-air-to-reissue-cancelled-tickets-to-pilgrims.html.

registered letter by the airline indicating that the fares were erroneous. The airline offered him the possibility to repurchase them for an additional 203,000 CZK each (it claimed that a zero was omitted in the base fare). While the presiding judge was satisfied that the fare was an error, they dismissed the application of unilateral mistake because there was "no evidence" that the plaintiff knew that the price of the tickets was wrong.¹¹⁶ The judge elaborates that despite the plaintiff potentially possessing elevated knowledge as an "extremely frequent flyer", who held top-tier status with the airline, "he is still a consumer" and "not an industry insider and does not have access to information that is known to airline employees".¹¹⁷ The plaintiff was able to adduce examples of fares he had previously paid with the airline, demonstrating that the fare offering was not out of the ordinary of what he had previously paid for other long haul flights in the same cabin with the same airline. In disposing of the matter, the judge accepted such evidence, noting that "very substantial discounts are achievable if one takes the trouble to find them and if one can be flexible about travel dates" and held the airline in breach of contract for cancelling the tickets.¹¹⁸ The claimant was deemed entitled to expectation damages, tantamount to the cost of the alternative first-class ticket he purchased with Emirates, a competitor on the route (approximately 8,000 GBP) as well as legal costs (approximately 11,000 GBP).¹¹⁹ The case exemplifies a sympathetic judge who acknowledges that airline pricing is dynamic rather than linear, and serves as an important vindication for a consumer who has a history of seeing and

¹¹⁶ Mr. First Passenger v Deutsche Lufthansa Aktiengesellschaft T/As Lufthansa German Airlines, 2YN75483 [2013] (Telford County Court, United Kingdom) at para 16 [Mr. First Passenger 2013].

¹¹⁷ *Ibid* at para 20.

¹¹⁸ *Ibid* at para 29.

¹¹⁹ *Ibid* at para 32.

booking fares at a similar price. This recognition provides a footing for consumers to assert claims for losses that arise when an airline cancels a ticket that the consumer believed to be genuine.

However, the imposed costs against the airline in this case simultaneously underscore the risks that arise in individually litigated error-fare cases where no dedicated regulatory regime exists for parties to fall back on. Had such a regime been in place, the airline may have been able to mitigate its liability by either canceling the ticket within a prescribed, acceptable time, or by reimbursing a portion of the ancillary travel costs without having to incur the plaintiff's legal costs. The elevated knowledge of this frequent flyer did not play a role in determining liability, and thus, the industry should be alive to the fact that any argument related to the reasonableness (or lack thereof) of the fare price may be limited in certain jurisdictions. Equally, the case demonstrates that individual passengers who pursue such claims may be faced with relatively extravagant legal costs if the matter is not decided in their favor. A regulatory regime could also act as a guardrail to prevent passengers from going out on a limb to pursue a breach of contract claim against an airline in such scenarios as a multiplicity of outcomes can arise when dealing with a quirky subject like error fares.

German Regulatory Interventions Relating to Error Fares

While not directly on point *vis a vis* consumer-airline relationships, German courts have also grappled with error fares. A Munich court ruled against a consumer travel website who published notice of a Lufthansa error fare. Lufthansa claimed damages of 450,000 EUR, seeking to recover some of the difference between the published error price and actual cost of the fares that were disseminated by the defendant website. The airline claimed that over 600 bookings were made in the short span of time between when the fare was promoted and when the airline discovered it. The transatlantic business class tickets were sold at 687 EUR instead of the actual intended price of 3846 EUR. The airline also requested either the imposition of a fine or jail time for the website's CEO. The court held that the defendant travel site is in a "competitive relationship" with the plaintiff airline, because both parties have the same addressees/customers (airline passengers), even if one only operates as an information portal.¹²⁰ It also held that the defendant's action violated German competition law¹²¹ because it "deliberately exploi[ted] a recognizable error", thus creating a "clear competitive disadvantage" for the plaintiff.¹²² The defendant's dissemination of the error fare was found by the court to have placed Lufthansa at a competitive disadvantage at a greater pace than the airline would have been otherwise as the fare was discovered much more quickly and widely as a result of the defendant's publication. The court deemed the defendant's market power and wide audience to be an aggravating factor when assessing the exploitation of the mistake, describing the conduct as 'parasitic exploitation'.¹²³ It acknowledged that the actions resulted in damage to the airline's reputation (by the negative publicity caused by the cancelation of tickets as well as significant financial harm to the airline (because of the legal uncertainty that arises with cancelled tickets) as well as lost revenue and

¹²¹ *Ibid* at para 33.

The decision references the relevant German unfair completion law:

¹²⁰ Munich Regional Court, Munich, 11 December 2017, LG München I, Endurteil v. 11.12.2017, Decision No. 37 O 14236/17 (Germany), online: https://www.gesetze-bayern.de/Content/Document/Y-300-Z-BECKRS-B-2017-N-146121 [LG München] at para 31.

DE, *Gesetz gegen den unlauteren Wettbewerb*, § 3 Ab s.1, 4 Nr. 4 UWG, online: https://dejure.org/gesetze/UWG/4.html>.

¹²² *Ibid* at para 37.

¹²³ *Ibid* at para 45.

legal fees.¹²⁴ In contrast to the perspective of the British court above, this court made a point to note that consumers "who insist on the fulfillment of the contract with offers that are clearly incorrect and significantly below the usual pricing can also act in an abusive manner", signaling a disdain for consumers purchasing fares they find on similar blogs and websites.¹²⁵ While the judgment is somewhat convoluted, the punishment outlined therein calls for either a 250,000 EUR fine or 6 months imprisonment for the CEO of the defendant company. From a plain reading of the judgment text, it appears that the decision simply imposed legal costs to the defendant while warning that these punishments would be imposed if a similar publication were to be made again in the future.¹²⁶

Brazilian Regulatory Interventions Relating to Error Fares

In a very recent decision, Brazil's justice ministry (Ministério da Justiça e Segurança Pública) levied a fine against the Spanish flag carrier, Iberia, as a result of an error fare that was published in December 2021. The roundtrip economy class fare between Brazil and Paris was erroneously offered at \$118 USD roundtrip, when in reality, it was intended to be sold at \$1,180 USD. The airline cited human error as the reason for the inadvertent publication of the fare and it corrected the fare within three hours. In that short span of time, about 4000 tickets were sold at

¹²⁴ *Ibid* at para 43

¹²⁵ *Ibid* at para 40.

¹²⁶ The judgment is not clear in indicating that the respective punishment would be applied. Instead, it is mentioned at para 15 that:

^{&#}x27;In order to avoid a fine of up to EUR 250,000, which is to be determined for each case of infringement, the defendant shall execute it on their managing directors, forbidden to point out and/or have pointed out to third parties, in a commercial manner, incorrect pricing ("Error Fares") by the Plaintiff if this happens as shown in Appendix AS 1'.

A contextual reading of the mention of the (unavailable) Appendix throughout the judgment suggests that it the Appendix contains a reproduction publication of the error fare on the defendant's site.

the error price.¹²⁷ The airline unilaterally cancelled affected reservations within 72 hours of the fare's publication, which triggered the Brazilian government to undertake an investigation¹²⁸ and ultimately impose a fine against the airline. The fine against the airline totaled 1,300,000 BRL (the equivalent of around \$250,000 USD) and was payable within 30 days. No appeal against the fine was available.¹²⁹ The government's position and rationale for imposing the fine was that the airline's revocation of the tickets violated articles 4 and 20 of the Consumer Protection Code, which requires companies to create "efficient means of controlling the quality and safety of products and services...".¹³⁰ Brazil's justice minister reiterated that Iberia, as a "supplier of products or services is also responsible for the expectations that its advertising arouses" and it "cannot withdraw [the offer] after making public the announcement of a promotional rate". By offering a product for sale, Iberia "assumes responsibility for the business risk". The ministry deemed the airline's cancellation of the tickets to be a "frustration of the buyer's expectation" and thus actionable. It justified the monetary penalty under the nation's consumer protection scheme, introduced to "emphasiz[e] respect for dignity, health, safety and the protection of the economic interest of the citizen".131

¹³¹ *Ibid*.

¹²⁷ Pablo Díaz, "Iberia fined in Brazil for not honoring error fare", *Aviacionline* (5 May 2022), online: https://www.aviacionline.com/2022/05/iberia-fined-in-brazil-for-not-honoring-error-fare/; Ministry of Justice and Public Security of Brazil, News Release, "Ibéria erra em promoção e é multada em R\$ 1,3 milhão pelo Ministério da Justiça", *Governo Federal do Brasil* (20 May 2022), online: https://www.gov.br/mj/pt-br/assuntos/noticias/iberia-erra-em-promocao-e-e-multada-em-r-1-3-milhao-pelo-ministerio-da-justica [*Governo Federal do Brasil May 2022*].

¹²⁸ Ministry of Justice and Public Security of Brazil, News Release, "Ministério da Justiça e Segurança Pública instaura processo administrativo contra empresa aérea", *Governo Federal do Brasil* (9 February 2022), online: .

¹²⁹ Governo Federal do Brasil May 2022 *supra* note 128.

¹³⁰ *Ibid*.

Reflections on Decisions, Difficulties with Allocation of Loss and Blame

The above decisions demonstrate that there is a multiplicity of opinion on the allocation of loss when an airline publishes an error fare. Certain decisions model a victory for consumers at the peril of airlines, and vice versa. Unless and until formal regulation is established which incorporates and fully acknowledges both interests, this exercise of tug-and-pull will continue to play out before national courts, tribunals, and administrative bodies disharmoniously.

Part of the problem is that in tandem with identifying and quantifying the loss that airlines and consumers each face when an error fare arises, there exists contention on where to place the blame. Placing the blame on consumers for taking advantage of the fare may likely be amplified because litigation usually arises as a result of an aggrieved consumer bringing an action against an airline. To defend their position in such proceedings, airlines may introduce evidence demonstrating the virality of the deal and associated online discussion demonstrating that bookings were made over a short period of time and in an opportunistic fashion. This scenario can be seen in the Canadian mistake fare trilogy: blaming a consumer for taking advantage of the fare also aligns with conventional common law doctrine of rescission of a contract based on mistake, relieving an 'innocent' party like the airline who unintentionally published the fare from fulfilling its contractual obligation. A demonstration of bad faith could also militate towards finding against a consumer, which was modeled in the CTA's decision relating to a passenger's claim for damages arising out of the United Airlines fare that was quoted in DKK currency. The consumer's deliberate manipulation of the billing country to secure the erroneous price was an aggravating factor that motivated the tribunal to rule against him and even impose legal costs in the airline's favor.

The decision from Germany delving into the competition issues that can arise from the publication of error fares and the fines that can be imposed on those who encourage consumers to take advantage of error fares similarly intends to protect the interests of airlines whose mistake may be exploited and losses magnified because of widespread circulation and advertisement of an error fare.

Other jurisdictions have been more receptive to consumer concerns that arise in such circumstances; the underlying tone in the Indian decision for instance seems to be a sympathetic one; perhaps the judge was motivated to view the plaintiff's claim through the lens of the equitable remedy of detrimental reliance, wherein the passengers were granted the reinstatement of their tickets to attend their religious pilgrimage because of their reasonable expectation of being transported for the advertised price which was portrayed as being offered as part of a holiday sale.¹³² The British court's resolution is demonstrative of a classic common law resolution of a breach of contract, where the court was motivated to uphold the compensation principle and award expectation damages to the passenger as a non-breaching party. The court's acceptance of evidence of a consumer's history of booking similarly priced fares in the past is an important recognition of the prospect that a consumer may book a fare genuinely believing it to be legitimate, and should thereby be offered protection if an airline fails to live up to its commitment to honor the fare.

The independent action of Brazilian authorities to investigate and sanction an airline who published an error fare and then proceeded to cancel purchased tickets is a significant

¹³² Recall that the decision however, is fraught with shortfalls, namely in the ability for Oman Air to succeed in demonstrating that the fare was erroneous and therefore leave the passengers who were granted an interim resolution liable for the ticket difference.

EXAMINING THE PHENOMENON OF ERROR FARES

undertaking. While the decision can be seen as beneficial for consumer rights protections, imposing a harsh monetary fine against the airline can be severely damaging for the industry as a whole. While practically, the fine amount of around \$250,000 USD is a much lower figure than the theoretical loss of revenue the airline would have incurred if it had honored the fare (a shortfall of \$1062 USD per ticket x 4000 tickets), it was arguably disproportionate given that the airline rescinded the offer within 3 hours and proceeded to cancel and refund affected reservations within 72 hours. The Brazilian ministry's actions may also possibly have a chilling effect on airlines who operate flights to Brazil or who are contemplating entering that market, or to travel agencies based in Brazil. The reach of such authority to impose costs against an airline on such basis and without the opportunity for juridical redress leaves open possibilities for future administrative fines and penalties to be levied if a carrier or a travel agent were to sell an error fare to/from any point in the world to consumers who purchase such tickets in Brazil.

Other jurisdictions have taken a more measured approach, with the US-DOT decisions being a mixed bag, aiming to strike a reasonable balance between the rights of airlines and consumers alike. One one hand, the decisions on the prohibition of post-purchase increase of fares can be seen as an acknowledgment of an inequality of bargaining power or as a rigid adherence to black letter law, holding the airline to honor the contracted price of the fare. On the other hand, the US-DOT also expounds the role of another equitable doctrine, namely that of 'clean hands' — the manipulation of search tools by consumers to achieve and take advantage of an error fare ultimately swayed the department to rule against certain consumers for engaging in such conduct. Its more recent position however, proves more equitable on balance, affording airlines breathing room to escape the commitment of honoring an error, while assuring

63

passengers that reasonable expenses they incur while relying on their ticket purchase will be covered in the event that an airline decides to rescind the offer.

The vast dissonance in the decisions indicates that streamlined and uniform procedures to resolve disputes that arise between airlines and passengers with respect to error fares would be better suited to protect the legitimate consumer and commercial interests that arise in such scenarios. It would afford both affected sides greater certainty and consistency in their dealings, and reduce the costs associated with engaging in litigation. Given the reality that air transport is a global endeavor, and that airlines solicit customers worldwide, it is important for such regulation to be adopted transnationally. In the consumer context, regulation of this nature is also well suited to reduce the extent of informal ordering and private settlement of matters that are generally directed by airlines in a manner most beneficial to them. Passengers and airlines alike will be able to refer to this regulation to resolve their grievances, and in the event that the intervention of a court or tribunal is necessary, the regulation can serve as a useful template upon which the body's decision can be based.

Preliminarily, the following elements seem evidently necessary to be incorporated in any proposed regulation in order to acknowledge both the interests of airlines and consumers: once an error fare is published, airlines should be allowed a short, fixed period of time to pull the fare and refund any purchased tickets without consequence. In the meantime, passengers must be informed through the booking process and through carriers' contracts of carriage that their tickets are subject to such regulation and review period. The limited window of time affords airlines an opportunity to correct a mistake but also reflects the reality that an airline should be on notice of the mistake price fairly quickly, in line with passengers who have discovered the fare and have

seized the opportunity to try and book it. The regulation should also establish clear rules on a compensation scheme for passengers in the event that an airline fails to act to cancel tickets within that prescribed time. Such provision for consequential damages ensures that passengers are not out of pocket for non-cancelable ancillary expenses they may make in reliance of the validity of their ticket. Simultaneously, building in language of carriers being required to only reimburse "reasonable", "verifiable" and "non-cancelable" expenses — (core elements of the US-DOT guidelines that were published in response to the United Airlines error fare mentioned previously), prevents passengers from benefiting from a windfall gain and protects the interests of carriers.

CHAPTER IV: POSSIBLE DIRECTIONS OF FUTURE STUDY

Developing regulation and establishing procedures to address error fares is no doubt a complicated task, with numerous factors needing to be considered. As such, further study on the subject matter is warranted and necessary. This last portion of the paper is dedicated to introducing and suggesting the possible future approaches, themes, theory, and related concepts that can be a useful means to achieving such an objective.

Broader Discourse on Consumer-Airline Relationships

While this paper looked at the publication and distribution of airfares, the foundation and structure of airfare pricing is also critical to establishing a regulatory approach. Airlines have historically implemented pricing discrimination tactics to segregate passengers traveling for business apart from leisure passengers.¹³³ For instance, booking a one-way ticket or last minute ticket may signal business travel, and fares are priced accordingly higher for greater revenue generation. Conversely, booking well in advance is likely to attract lower fares, as this sort of booking pattern has been observed to be consistent with leisure passengers bookings. As well, departing on certain days of the week may influence pricing consistent with what an airline deems as higher demand for business travel (ie departure at the start of the week with a return at the end of the week may be popular days for business travelers, and one is correspondingly likely to pay more to travel on such days). Along with dynamic pricing based on yield and inventory

¹³³ See Gregor Bischoff, Sven Maertens, & Wolfgang Grimme, "Airline Pricing Strategies Versus Consumer Rights" (2011) 50:3 Transportation Journal.

In their article, Bischoff, Maertens, & Grimme center their argument around how airlines structure pricing around perceived booking patterns. They coin this as 'pricing discrimination', based upon whether one has made bookings consistent with business traveler-like behavior or leisure traveler-like.

management,¹³⁴ airlines implement such tactics with an intent to capture as much money as possible for their seat inventory. These strategies that airlines deploy can make fare pricing seem illogical and unfair to consumers. Unraveling the enigmatic structure of fare pricing could bolster an analysis of the underlying consumer rationale for booking error fares and would legitimize any proposal of a regulatory scheme that moves away from the conventional exercise of assigning blame to only one party and instead puts forth mutual protections for airlines and passengers when an error fare occurs.

Airline pricing discrimination tactics and seemingly irrational fare structures also give rise to the phenomenon of hidden city ticketing — a distinct, but related concept to error fares. The practice of hidden city ticketing is generally prohibited by most airlines, yet it has become increasingly popular amongst consumers. It occurs because airlines maintain differential pricing for their flights based on a passenger's origin or destination, meaning people traveling on the same flight will have paid different amounts based on where they are ultimately flying to or from.¹³⁵ While differential pricing in such manner is an important practice for airlines in order to remain competitive in certain markets, passengers sometimes do take advantage of it by booking a connecting itinerary with the intent to not fly all segments. Allowing airlines to retain such practice is being increasingly eroded in the European Union, with litigation successfully challenging terms of certain provisions in airline contracts of carriage that mandate passengers

¹³⁴ Smith et al. 1992 *supra* note 8.

¹³⁵ See Annex IX for an example of differential pricing — A oneway ticket from Los Angeles to Miami is shown for \$177 USD for departure in September 2022. Yet, a passenger that would take the same flight but continue onwards to New York's La Guardia airport would only pay \$131 USD.

Fare retrieved from "Skiplagged" (last visited 29 July 2022), online: Skiplagged https://skiplagged.com>.

make "full and sequential use" of tickets.¹³⁶ An analysis of such cases and their underlying ratios would equally be beneficial to assess how the industry ought to proceed, and relevant conclusions can be complimentarily incorporated into regulation that also addresses error fares. *Behavioral Economics, Motives of Consumers*

In his book *Consumer Law and Policy*, Iain Ramsay sets out a theory that aims to capture and explain the correlation between consumer behavior relative to their subjective perceptions of fairness.¹³⁷ His conclusions about subjectivity and emotions influencing economic decisions are relevant to the airline-consumer relationship context. By viewing the practice of both hidden city ticketing and the purchase of error fares under a behavioral economics lens and transplanting some of the illustrations Ramsay provides, a proposal for a regulatory apparatus specific to airfare can be tailored to best address and dissuade consumer engagement in such practices. Some elements that shed light on why consumers act the way they do in the airline context are: airline marketing tactics can explain why consumers seemingly purchase fares in an opportunistic manner. In addition, consumer bravado and a perception of passivity on the part of airlines in enforcing measures against hidden city ticketing and the purchase of error fares may help explain why such purchases persist and remain a problem. Moreover, consideration of an airline's perceived social likability and reputation for honoring fares may explain why certain fares go viral more than others.

Consumer Protection Law

¹³⁶ Tribunal Supremo de España, Madrid, 13 November 2018, CASACIÓN/3242/2015, Sentencia núm. 631/2018 (Spain).

¹³⁷ Iain Ramsay, Consumer law and policy: Text and materials on regulating consumer markets, 2d ed (Oxford: Hart Pub., 2007).

Because error fares necessarily involve consumers, consumer law theory will certainly be relevant to future study and any proposed regulation must either be framed in terms of, or be infused with, consumer protection law. A central and preliminary challenge in proposing regulation is addressing the underlying motive for its advancement — In his early work, Trebilcock points out the deficiencies and limitations with consumer protection law.¹³⁸ He argues that consumers are unlikely as a group to have an impact on political process or influence over regulatory matters as their interests are too diffuse to meaningfully and collectively push for a specific cause. He argues that 'acquiring information and communicating opinions to government' are necessary to be 'influential' in shaping regulation, but that consumers as a class lack such ability because the costs of doing so are too great and that it is difficult for them to convey their opinion in a harmonious and unified manner. This raises a larger question: if consumers have little influence in shaping regulation, then who is the actual beneficiary of legislation? In his seminal article, Peltzman attempts to answer this point.¹³⁹ Echoing Trebilcock's argument that information and organizational costs are the biggest disadvantage that inhibit consumers from achieving regulation favorable to them, he argues that the distribution of regulatory benefits is instead given to highest bidder — often the industry or commercial interest that lies as the subject of the regulation. Peltzman claims that while sometimes symbolic 'wins' and benefits are given to consumers (by way of unenforceable or attenuated legislation), often the legislation is unfavorable or irrelevant to their interests.

¹³⁸ Michael J. Trebilcock, "Winners and Losers in the Modern Regulatory System: Must the Consumer always Lose" (1975) 13:3 Osgoode Hall LJ. at 621-624 [*Trebilcock 1975*].

¹³⁹ Sam Peltzman, "Toward a More General Theory of Regulation" (1976) 19:2 The Journal of Law & Economics at 212-216.

While the focus in the consumer protection narrative has evolved since these two pieces of scholarship were circulated, the underlying principles of enforceability and embodiment of the interests of relevant parties are important considerations to ponder when proposing legislation. In his later work, Trebilcock's preoccupation shifts to promoting the idea of an "information-based approach" to regulate consumer protection.¹⁴⁰ He argues that a consumer protection problem can arise when the perception of consumer expectations varies from reality, elaborating that this arises in instances where "information costs are relatively high or the value of information is perceived to be relatively low", that is, where consumers "have reason to believe that most goods are what they expect and only the exceptional one is not".¹⁴¹ In the aviation context, this can take the form of consumers believing that they are entitled to airfare at the price it is advertised, even if the price is erroneous, perhaps because of their analogous past experiences in other settings (like making a purchase at a conventional brick-and-mortar store and having the incorrect price be honored) or because of their 'misperceptions' related to the underlying transaction. Given the complexities that have been illustrated by the litigation discussed earlier, Treblilcock's theory supports the position that there may be a critical information failure present in the aviation context with respect to airfare. This bolsters the need for regulation.

In setting out regulation specific to error fares, it would be beneficial to survey and explore the concepts raised by Trebilcock and Peltzman within existing consumer protection legislation, including current air passenger bills of rights, in order to extract strongpoints that can improve protections for the consumer interest and also avoid any pitfalls present in existing

¹⁴⁰ Michael Trebilcock, "Rethinking Consumer Protection Policy" in C. Rickett and T. Telfer, eds, International Perspectives on Consumers' Access to Justice (Cambridge: CUP, 2003).

¹⁴¹ *Ibid* at 70.

legislation. For instance, the *Air Passenger Protection Regulations* which were recently enacted in Canada do not require carriers to pay compensation to passengers for delays and cancelations even if such occurrences were in the control of the carrier, provided they are "required for safety purposes".¹⁴² This provision is potentially subject to misuse by carriers, who may inaccurately classify a delay or cancellation as being required for 'safety purposes' (as an example, a scheduling error that may have 'timed-out' the flight crew and caused a cancellation can potentially be justified as a safety issue), but the actual underlying cause would be the airline's failure to properly roster crew.¹⁴³ This compensation mechanism is in stark contrast to the European Union's regulation (EC Reg 261/2004), which makes provisions to compensate passengers if delays or cancellations are within the carrier's control, irrespective of whether they are required for safety purposes.¹⁴⁴

Future research should also emphasize how erroneous pricing outside of the airfare context is addressed under legislation, as it may prove to be a useful analogy to draw upon when drafting regulation relating to airfare. Rationales echoed in legislation and jurisprudence that convey the underlying reasons for addressing error prices in a specific manner would similarly assist in this exercise. For instance, some scholars and consumer protection advocacy groups put forward the notion that companies ought to be ultimately responsible for ensuring that their

¹⁴² Air Passenger Protection Regulations, SOR /2019-150, s 11.

¹⁴³ Recent media reports confirm that some airlines have been exploiting the regulations to improperly categorize staff shortages caused by the sudden travel rebound in the summer of 2022 as safety-related issues in order to deny passenger compensation.

See: Christopher Reynolds, "Air Canada denies certain compensations claims, calls staff shortages a 'safety-related issue", *CBC News* (7 August 2022), online: https://www.cbc.ca/news/canada/air-canada-denies-compensation-1.6544234>.

¹⁴⁴ EU, Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, and repealing Regulation (EEC) No 295/91, s. 12, 15.

pricing is accurate, and that consumers who purchase erroneously priced items are simply bargaining for the best possible price.¹⁴⁵ In the aviation context, this can be justified by the argument that passengers do not have equal bargaining power with airlines, and also reflects the inherent commercial risks that airlines could be exposed to when engaging in a commercial adventure. Such approach is evident in Québec law on consumer pricing errors, and is widely different from the federal approach seen in the CTA tribunal decisions. An analysis of the Québec Civil Code and Quebec's Consumer Protection Act can offer valuable insight as to how a better balance can be struck between the rights of airlines and consumers in error fare scenarios.

Regulatory Methods

Beyond the reach of consumer protection law, the legitimacy of governmental reach into fare pricing needs to be well justified in order for any proposed regulation specific to error fares to be widely adopted and followed. Future research should thus ponder the extent and type of government intervention and give due regard to the multiplicity of parties involved in the regulatory sphere of aviation and airline operations, ideally incorporating differing perspectives and viewpoints from all vested parties.¹⁴⁶

¹⁴⁵ Option Consommateurs, Research Report, "A bargain or a technical problem? Pricing errors in Canada's e-commerce" (June 2018).

The report makes the argument that consumers should be safe to assume that price verification has happened, particularly where the merchant is a large corporation. There is a tacit expectation that a large corporation ought to have a dedicated team that monitors and ensures pricing accuracy, and that responsibility for mitigation efforts should lie with the supplier rather than the consumer. The report also provides also offers high level analysis of unique consumer protection considerations reflected in the Québec Civil Code, Quebec's Consumer Protection Act and jurisprudence with respect to consumer grievances over pricing inaccuracies.

Quebec's approach to consumer pricing errors varies greatly from the common law approach taken by other Canadian provinces and by federal tribunals like the CTA. This reality raises important constitutional questions surrounding federalism and the separation of powers given that aviation in Canada is federally regulated while contract law is a private law matter dealt with through the application of provincial law. Resultantly, unique considerations will need to be contemplated in future research so that regulation relating to error fares is effective.

¹⁴⁶ Among the different stakeholders with a vested interest in such proposed regulation are: ICAO, IATA, national governments, airlines, passenger advocacy and consumer interest groups.

It would also be beneficial to survey how aviation matters are addressed now, and weigh options given the ultimate objective of infusing greater certainty in airline-passenger transactions. Currently, mixed methods of addressing aviation matters co-exist; for example, informal ordering occurs with respect to error fares and hidden city ticketing, as the majority of error fares that are canceled are dealt with privately between the consumer and airline. As well, the limited recourse available to address hidden city ticketing, where the breach of the conditions of carriage happen only after a passenger misses his/her connection, have lead to airlines taking internal actions to sanction and deter frequent flyers who book hidden city tickets. It would be useful to explore such actions through the theoretical lens of legal pluralism and informal ordering and investigate whether proposed regulation would actually change conduct, or whether such informal methods of dispute resolution will continue to occur.¹⁴⁷

Moreover, air transport regulation through the use of international conventions, including the Warsaw¹⁴⁸, Chicago¹⁴⁹, and Montreal¹⁵⁰ conventions attempt to uniformly regulate certain aviation matters. Future study can assess the utility and appropriateness for error fares and hidden city ticketing to be regulated in a similar manner. While conventions are able to offer unified rules to address issues, there has been academic commentary surrounding the effectiveness of such conventions, including discussion on the multiplicity of interpretations that

¹⁴⁷ A variety of social-legal literature has explored the concepts of legal pluralism and informal ordering; see: Stewart Macaulay, "Non-Contractual Relations in Business: A Preliminary Study" (1963) 28:1 American Sociological Review; Robert H. Mnookin & Lewis Kornhauser, "Bargaining in the Shadow of the Law: The Case of Divorce" (1979) 88:5 The Yale Law Journal.

¹⁴⁸ ICAO, Convention for the Unification of Certain Rules for International Carriage By Air (Warsaw Convention), 12 October 1929.

¹⁴⁹ ICAO, Convention on International Civil Aviation (Chicago Convention), 07 December 1944, Doc 7300/9.

¹⁵⁰ ICAO, Convention for the Unification of Certain Rules for International Carriage By Air (Montreal Convention), 28 May 1999.

naturally occur as the conventions are applied by courts, the limited adoption of certain conventions or certain provisions of conventions, as well as the challenges of setting exclusivity over matters addressed by a convention. It would be critical to lay these issues out if proposed regulation were to follow the convention model. Particularly, ironing out and demarcating the scope of exclusivity should be considered as obstacles surrounding the multiplicity of legal forums, as well as other factors relating to conflict of laws.

CONCLUSION

Error fares generally arise out of errors relating to publishing, and a myriad of factors can be responsible for the mistaken price. Error fares are likely to persist and can potentially cause vast amounts of damage in a short span of time, leaving devastating results for both airlines and consumers. While some error fares are obvious, often they are difficult to discern and consumers may purchase them without knowing that they are purchasing a non genuine fare. In such instances, consumers may make ancillary purchases in reliance of the ticket while an airline may decide to cancel the ticket. Airlines also face a dilemma — if they honors a fare, their seat inventory may be tied up and they may face shortfalls on revenue; mistakes that have been live for a short period have been documented to cause severe financial loss to airlines. If an airline does not honor the fare, it may be sued by passengers for damages, including for ancillary reservations, or even sanctioned by a regulator.

The current approaches that have been taken to address error fares are totally out of synch with one another — different jurisdictions address them in their own idiosyncratic ways, either adopting a pro-consumer or pro-airline stance, with minimal consistency. This leaves little room for precedent to be established; a more unified approach would be beneficial to both the airline industry and to passengers, as it would infuse certainty when an error fare arises in the future. Passengers are deserving of protection and airlines should be able to rescind the offer in a short period of time without an enormous potential liability attached to their action.

While a unified approach can be justified, proposing such legislation is a complex endeavour. It requires further and broader research in order to advance recommendations on regulating the matter. Accordingly, a consideration of existing consumer protection laws, related faring and pricing issues, regulatory methods and the role of stakeholders in crafting and

participating in regulation is recommended in order to achieve such an objective.

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From: support1@exploretrip.com Subject: E-Ticket Confirmation for PNR Date: April 9, 2016 at 9:08 PM

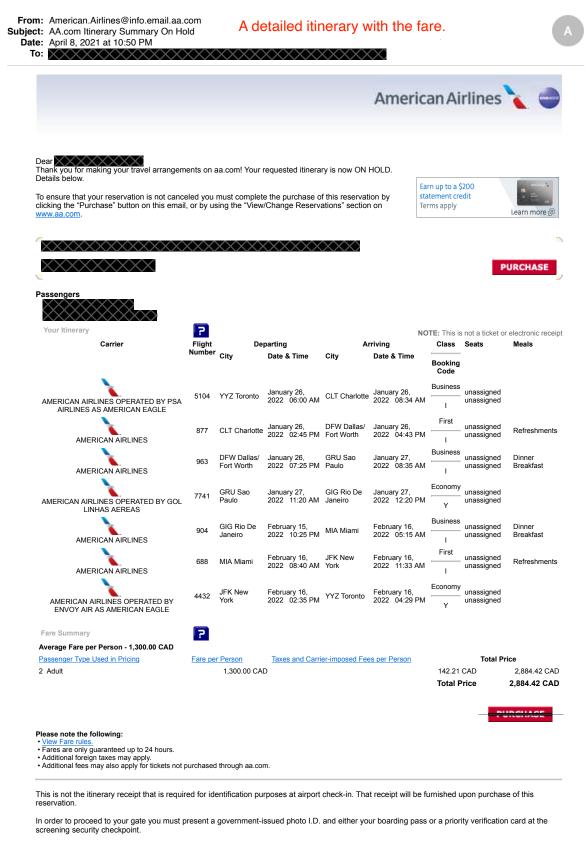
Explore Trip

Thank you for booking your trip with Explore Trip.

Itinerary	
Passenger Information	Total Number of Passenge
Name :	Meal Code :
E-ticket # : 390-	Passenger Type: Adult
Onward Booking Flight Information	Departure Date : May-07-
Flights : Delta Air Lines, DL - 1015 (Operated by Air France)	Stops :1 Duration :7:15 Hrs
From : New York Jfk,US	Departure : May-07-2016 7:20 PM
To: Paris De Gaulle,FR	Arrival : May-08-2016 8:35 AM
PNR # : GO	
Flights : Silverjet Airways, A3 - 611	Stops :0 Duration :3:15 Hrs
From : Paris De Gaulle,FR	Departure : May-08-2016 12:15 PM
To: Athens,GR	Arrival : May-08-2016 4:30 PM
PNR # : 4H	
Return Booking Flight Information	Departure Date : Aug-10-
Flights : Silverjet Airways, A3 - 864	Stops :0 Duration :2:40 Hrs
From : Athens,GR	Departure : Aug-10-2016 9:00 AM
To: Prague,CZ	Arrival : Aug-10-2016 10:40 AM
PNR # : 4	
Flights : Delta Air Lines, DL - 211	Stops :0 Duration :8:59 Hrs
From : Prague,CZ	Departure : Aug-10-2016 12:40 PM
To: New York Jfk,US	Arrival: Aug-10-2016 3:39 PM
PNR # : GC	
Fare Details	USD
	Base Fare : 77.00
	Taxes : 144.66
	* Total Amount: 221.66
Customer Contact Details	
Customer Care Details	
Phone Number: 1-866-855-3984	
E-mail : support@exploretrip.com	

For Airline Baggage Info click here

Thank you for choosing Explore Trip. **Warm Regards**,



For international travel, please ensure that you have the proper documentation. All necessary travel documents for the countries being visited must be presented at airport check-in. Additional information can be found at International Travel.

If you are not a resident of the U.S., U.K., Canada or select countries in Latin America and the Caribbean, tickets must be purchased at an American



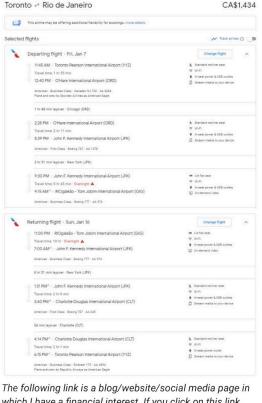
flyertalk.com

\equiv AA: YYZ to GIG from CAD 1,434... **Q**

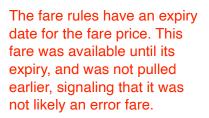
jfkeze , Apr 7, 21 5:35 am

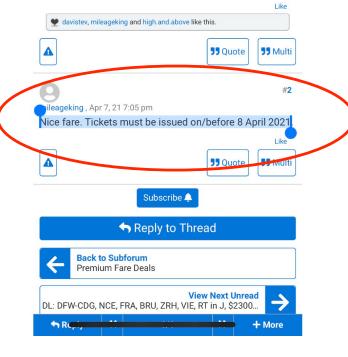
Pretty good sale for travel between Toronto and Rio de Janeiro with American Airlines in 2022. In this Covid-19 environment it's up to your risk tolerance level whether you wish to fly.

Book Flights Here! Toronto + Rio de Janeiro

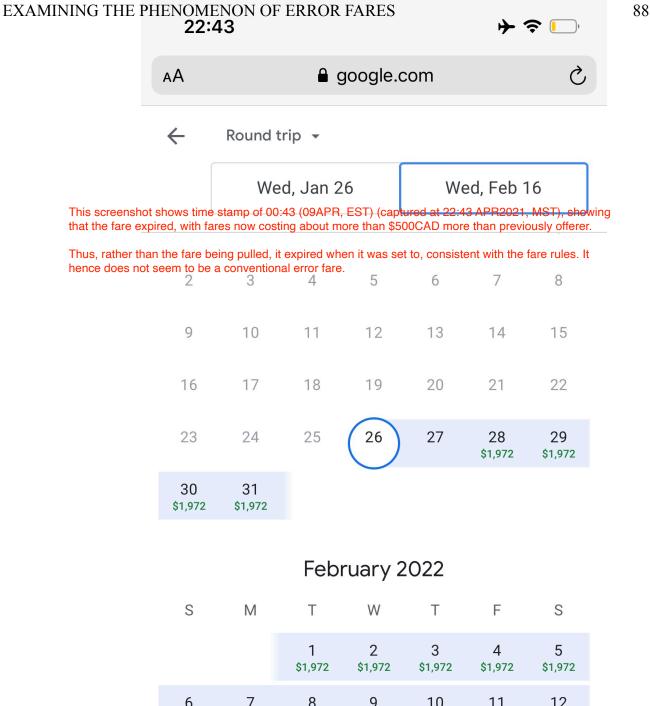


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Showing prices in CAD for trips departing on Reset Done

This screenshot shows current fare prices for travel in February 2022 between the two city pairs in business class (current as of October 2021).

Note, the previously offered discounted price of ~\$1440 CAD is not substantial enough as compared to the current prices to be an obvious error fare.

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This screenshot shows current fare prices in detail for travel in February 2022 between the two city pairs in business class (current as of October 2021).

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CA\$2,0)14	United + others	2:30 pm 9:55 pm	9:35 am Feb 3 4:24 pm Feb 11	17h 5m 20h 29m	YYZ to GIG GIG to YYZ	IAH) 		
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ANNEX III

A detailed itinerary with the fare Generated On Sat, 10 Apr 2021 23:37 GMT



This ticket was purchased on qatarairways.com. If you did not pay for this ticket directly through qatarairways.com or received this ticket from a travel agent, please contact the nearest Qatar Airways office immediately.

· PAX /C1-2 NON END/CHNG PENALTIES AS PER RULE

AED 450.00

Note:Qatar Airways may request additional payment verification for itineraries paid for with credit cards.

CREDITCARD

Purchase conditions:

Total

Payment

Check-in and Boarding
Arrive at least three and a half hours before your flight. There may be delays at the airport due to extra check-in procedures. Ensure you have plenty of time to check-in safely and
make your way to your gate.
Exception: when travelling from LHR, LGW, CDG, IST, TUN and India arrive at least 04 hours before your flight to complete check-in procedures.

- Exception: when travelling from LHR, LGW, CDG, IST, TUN and India arrive at least 04 hours before your flight to complete check-in procedures.

 For more information on baggage rules and restrictions on Qatar Airways flights, please click here.
 Baggage allowance may differ for flights operated by another carrier. Please click here for more details.
 Should you wish to change your booking, and the originally purchased fare or booking class is not available for your new flights, difference of fare will be collected on top of the change fee if the rule permits changes.
 If you have a stopover in Doha, please click here for more information.
 An additional administrative/service fee for rebooking/cancellation may apply.
 When a ticket is booked with a combination of fares, the most restrictive cancellation rule will apply.
 Fares are not guaranteed until full payment is received and tickets are issued.
 Vour septicable, locg of this booking confirmation while you travel as it may be required for immigration purposes.
 Remember to check your immigration and health requirements before you travel and ensure you carry the required travel documents.
 If you are holding a non-Qatar Airways ticket for a connection afterwards, you will need to hold immigration approval to land at the final city in your itinerary that

Notice

To make a change to your booking, you can use the 'Manage Booking' option on qatarairways.com or contact the nearest Qatar Airways office. Please refer to qatarairways.com/contact for details.
 You can check Qatar Airways flight's status at fs.qatarairways.com/fitstatus
 For feedback and complaints please visit qatarairways.com/fill-us

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Infant bassinet information: The following conditions will apply to customers travelling on Qatar Airways operated flights who have requested for a bassinet seat for the infant;

- The maximum body weight of an infant should not exceed 11kgs (24lbs);
 The infant must be less than 2 years old, and;
 The infant must fit within the confines of the baby bassinet.

NEXT STEPS

Manage your booking qatarairways.com/managemybooking

Check-in Online qatarairways.com/checkinonline

dates only, signaling that this is a a managed and intentional discount, and thus \equiv Google not likely an error fare. Ĝ → One way - _ _ Economy -Travel Mon, Jul 5 O Dubai · Abu Dhabi One way 👻 Reset < > 6 Explore Stops 🔻 One July August Things to do S Μ Т W F S S Μ Т W Т F S 🖍 Track prices 🛈 🔵 2 3 1 2 3 4 5 6 7 1 \$398 \$398 \$398 \$120 \$123 \$120 \$123 \$123 \$120 \$123 X Flights 4 6 7 8 9 10 8 9 10 11 12 13 14 \$398 \$123 \$120 \$123 \$398 \$398 \$123 \$120 \$123 \$120 \$123 \$398 \$398 \$398 (j) COVID-19 trend < 11 12 13 14 15 16 17 15 17 18 19 20 21 16 \$275 \$123 \$120 \$123 \$398 \$120 \$123 \$398 \$123 \$120 \$123 \$398 \$398 \$398 Hotels 18 19 20 21 22 23 24 22 23 24 25 26 27 28 \$123 \$123 \$123 \$398 \$398 \$120 \$123 \$123 \$120 \$123 \$398 \$120 \$398 \$120 Best flights ① 偷 Total price includes taxes + fees for 1 adult. 27 29 30 25 26 28 29 30 31 31 Vacation \$120 \$123 \$120 \$123 \$123 \$120 \$123 \$398 \$123 \$120 rentals 5:20 PM - 12:20 PM+1 Æ Qatar Airways Done Other flights 5:30 AM - 12:20 PM 7 hr 50 min \$442 1 stop \sim Æ Qatar Airways DXB-ATH 1 hr 55 min DOH 11:00 PM - 12:20 PM+1 14 hr 20 min \$442 1 stop 🛕 Æ \sim DXB-ATH 8 hr 25 min DOH Qatar Airways 1:15 AM - 12:50 PM 12 hr 35 min \$1,155 1 stop \sim 1 hr 5 min LHR British Airways DXB-ATH Ŀ 12:10 PM - 12:50 PM+1 25 hr 40 min 1 stop 🛕 \$1,155 \sim British Airways DXB-ATH 14 hr 10 min LHR

The Google Flight fare calendar shows availability for the low fare for certain

Ш Т

Despite being situated only a short distance from AUH, fares offered by QR from DXB to ATH are significantly more expensive than those offered from AUH. As mentioned in the paper, this = Google is likely a strategic move by QR to compete with the new LCC on the AUH-ATH route.

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TRAVEL INFORMATION

PLAN TRAVEL

Your trip summary - Choose flights - American Airlines

ANNEX IV

LOG IN

Search AA.com®

Basic Economy

Basic Economy

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English 👻

AADVANTAGE

American Airlines 🔪

Choose flights

« New search

More flexibility for your travel We're waiving change fees for more flexibility on certain tickets and travel dates. Flexible travel updates @

Face coverings and COVID-19 testing requirements

A face covering is required by federal law when indoors at the sirport and on board American Airlines flights. In addition, passengers flying to the U.S. from another country, including U.S. citizens, must show proof of a negative COVID-19 test taken within 3 days of departure, or documentation of recovery. These rules do not apply to children under 2. Passengers who may be exempt from wearing a face covering due to a disability must contact us before travel.
Read about travel requirements @

Depart Madrid, Spain to Miami, FL

Return Miami, FL to Madrid, Spain

5:10 PM 9h 45m Nonstop

6:40 AM 17h 40m 1stop

Tuesday, February 15, 2022

Wednesday, June 15, 2022

MIA - JFK = AA 315 = 738-Boeing 737

JFK - MAD = AA 94 = 772-Boeing 777

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Details Change

1.25 pm

AA 69 = 772-Boeing 777

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Details Change

7:00 am

Your trip summary

Basic Economy

Round trip (Non-refundable)

\$310 per person

Price and tax information 🖉

- Most restrictions × No changes allowed ¹
- Pay to choose any seat on American flights (or we'll assign seats at no charge during check-in)²
- × Pay to check bags ³
- Board in last group ³
 No Elite Qualifying Credits (EQMs, EQSs or
- EQDs)

Includes taxes and carrier imposed fees. Bag and optional fees la

Move to Main Cabin

Round trip (Non-refundable) Good value with benefits

+\$ 116 per person Total \$ 425.37 (all passengers)

Move

No change fees (difference in ticket price may apply) Choose your seat at no charge on American flights (fee may apply for preferred or Main Cabin Extra seats) 1 free checked bag¹

General boarding¹
 Elite Qualifying Credits (EQMs, EQSs or EQDs)
 ¹If yours an Advantage⁺ elite status member; your elite bag benefit and
 boarding group apply if higher based on status. (Benefits may not apply on
 partner aritines.)



Upgrade to Main Plus

Round trip (Non-refundable) More seat and bag benefits

available

+\$ 291 per person Total \$ 600.37 (all passengers)



1 additional free checked bag¹

Preferred boarding (Group 5) ¹ Elite Qualifying Credits (EQMs, EQSs or EQDs)

No change fees (difference in ticket price may apply) Complimentary access to Main Cabin Extra and preferred seats if

¹ If you're an AAdvantage* elite status member or AAdvantage* credit cardholder, your bag benefit and boarding group applies if higher based on status. (Benefits may not apply on partner airlines.)

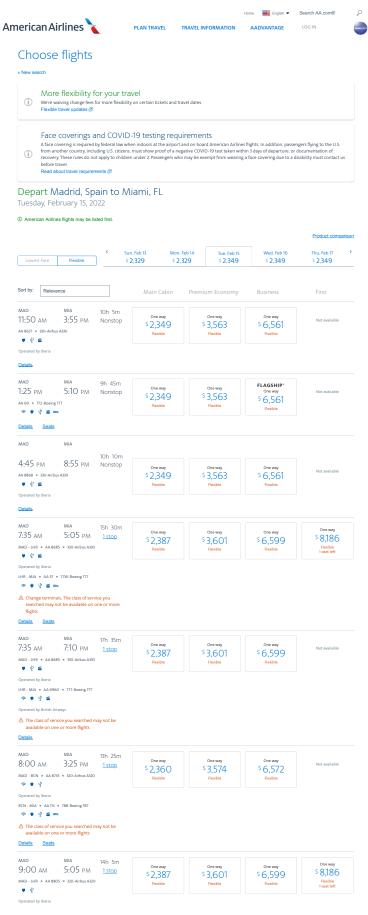




Limited-time: Earn up to a \$250 statement credit Plus, 40,000 bonus miles with this credit card offer. Terms apply. Learn more @

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Continue as guest



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AMERICAN AIRLINES OPERATED BY BRITISH AIRWAYS	6930	LHR London	February 26, 2021 08:20 AM	JFK New York	February 26, 2021 11:20 A	Business M I	unassigned	Meal
AMERICAN AIRLINES	341	JFK New York	February 26, 2021 02:30 PM	LAX Los Angeles	February 26, 2021 05:44 P	I	6A	Lunch
AMERICAN AIRLINES	2205	LAX Los Angeles	February 26, 2021 08:05 PM	HNL Honolulu	February 27, 2021 12:26 A	First M I	1A	Dinner
	675	HNL Honolulu	March 1, 2021 11:55 PM	PHX Phoenix	March 2, 2021 08:50 AM	First I	1A	Refreshm Breakfast Snack
	2273	PHX Phoenix	March 2, 2021 09:40 AM	PHL Philadelphia	March 2, 2021 04:23 PM	First I	1A	Breakfast
AMERICAN AIRLINES OPERATED BY BRITISH AIRWAYS	6911	PHL Philadelphia	March 2, 2021 07:30 PM	LHR London	March 3, 2021 07:35 AM	Business I	unassigned	Meal
AMERICAN AIRLINES OPERATED BY BRITISH AIRWAYS	6380	LHR London	March 3, 2021 12:45 PM	SOF Sofia	March 3, 2021 05:50 PM	Business I	unassigned	Meal
Fare Summary	Γ	2						
Average Fare per Person - 1,308.00 CA Passenger Type Used in Pricing		are per Person	Taxes and Carr	ier-imposed Fees	per Person		Total Pri	ce
1 Adult		1,308.00 C				712.00 C. Total Pri	AD	2,020.00

 Please note the following:

 • <u>View Fare rules</u>.

 • Fares are only guaranteed up to 24 hours.

 • Additional foreign taxes may apply.

 • Additional fees may also apply for tickets not purchased through aa.com.

This is not the itinerary receipt that is required for identification purposes at airport check-in. That receipt will be furnished upon purchase of this reservation.

In order to proceed to your gate you must present a government-issued photo I.D. and either your boarding pass or a priority verification card at the screening security checkpoint.

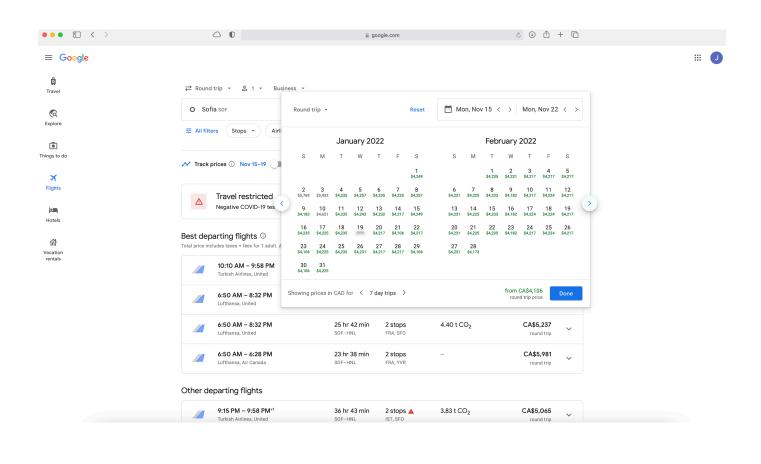
For international travel, please ensure that you have the proper documentation. All necessary travel documents for the countries being visited must be presented at airport check-in. Additional information can be found at International Travel.

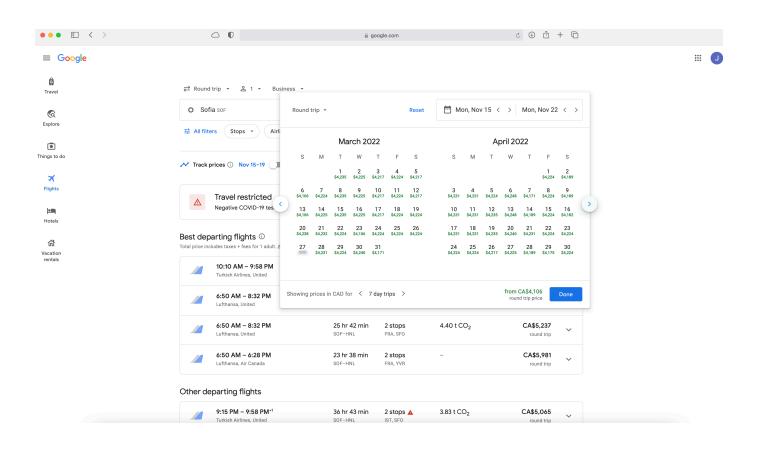
If you are not a resident of the U.S., U.K., Canada or select countries in Latin America and the Caribbean, tickets must be purchased at an American Airlines ticketing location/airport, or by calling an <u>American Airlines International Reservations office</u>. Flights booked on carriers other than American Airlines or American Eagle® are on a request basis only.

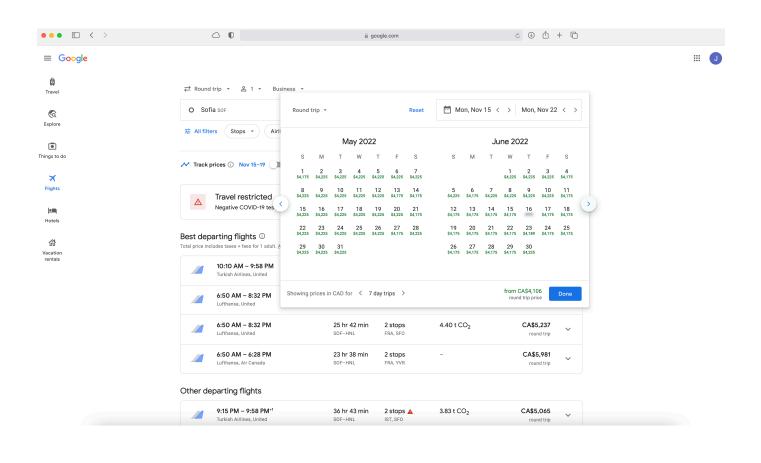


This page and the following 3 show the current going rate of business class fares between the two city pairs, which are demonstrably more expensive than the itinerary quoted on page one of this Annex (nearly double the cost).

		iii goo	gle.com		ڭ 🕑 ن		
ogle							
	O Sofia SOF Round	d trip 👻	Reset	🛗 Mon, Nov 15 <	> Mon, Nov 22	. < .>	
	표 All filters Stops • Airl	November		De	ecember		
	S Track prices () Nov 15–19	м т w т		S M T	WTF	S	
		1 2 3 4 \$4,855 \$4,857 \$4,857 \$4,8			1 2 3 \$4,241 \$4,217 \$4,276	4 \$4,242	
	Travel restricted 7	8 9 10 1 ⁻ 2 \$4,106 \$4,233 \$4,249 \$4,2		5 6 7 \$4,251 \$4,182 \$4,251	8 9 10 \$4,630 \$4,616 \$5,400	11 \$4,263	
	Negative COVID-19 tes 14	15 16 17 18	8 19 20	12 13 14	15 16 17	18	
	\$4,10			\$4,251 \$4,264 \$4,251 19 20 21	\$4,263 \$4,217 \$4,249 22 23 24	\$4,591	
	Best departing flights () \$4,24	0 \$4,242 \$4,235 \$4,106 \$4,1	06 \$4,106 \$4,106	\$4,249 \$4,263 \$4,235	\$4,241 \$4,235 \$4,235	\$4,241	
	Total price includes taxes + fees for 1 adult. A 28 \$4,10	29 30 6 \$4,106 \$4,106		26 27 28 \$4,241 \$4,225 \$4,242	29 30 31 \$4,257 \$4,235 \$4,592		
	10:10 AM – 9:58 PM Turkish Airlines, United						
	6:50 AM – 8:32 PM Showing	g prices in CAD for	y trips >		from CA\$4,106 round trip price	Done	
	6:50 AM – 8:32 PM Lufthansa, United	25 hr 42 min SOF-HNL	2 stops FRA, SFO	4.40 t CO ₂	CA\$5,237 round trip	~	
	6:50 AM - 6:28 PM Lufthansa, Air Canada	23 hr 38 min SOF-HNL	2 stops FRA, YVR	-	CA\$5,981 round trip	~	
	Other departing flights						
	9:15 PM – 9:58 PM ⁺¹ Turkish Airlines, United	36 hr 43 min SOF-HNL	2 stops A	3.83 t CO ₂	CA\$5,065	~	







EXAMINING THE PHENOMENON OF ERROR FARES Matrix - ITA Software by Google ANNEX VI

Help Send Feedback

Matrix Airfare Search

Choose your flights

(ita)

×)							Modify search	Flights	
Aeron	nexico II	Iberia Tap Air Portugal							
All flights		🥖 🏴							
Nonstops -		From 1,474							
1 stop	om F	From From 1,175 €1,304							
2 stops -		From €1,409							
light: Madrid	d to Sa	ao Paulo, Feb 16 -	- Feb 28			► Complet	e trips 🕨 Indivi	idual flights	► Time ba
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	1	Madrid (MAD) to Mexico Aeromexico 2	Dep: 10:55 ar	n Arr: 4:20 pi		Boeing 787	Business (I)		
		Mexico City (MEX) to Sa		Wed, Feb 16					
	- 3 4	Aeromexico 14		Arr: 8:00 ar Thu, Feb 17	m 9h 50m	Boeing 787	Business (I)		
	-	Sao Paulo (GRU) to M Sao Paulo (GRU) to Mex					•	0	
	₹Ľ	Aeromexico 15	Dep: 9:55 am Layover in ME	Arr: 4:25 pi	m 9h 30m 2h 50m	Boeing 787	Business (I)		
		Mexico City (MEX) to Ma Aeromexico 1		n, Feb 28	m 10h 45m	Boeing 787	Business (I)		
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				Mar 1					
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			9:55 am	3:30 pm Mar 1		GRU to MAD	MEX		
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	4	London (LHR) to Sao Pa Iberia 7421		, Feb 16		Airbus A350	Business (I)		
		OPERATED BY BRITISH AIRWAYS	Dep. 9.10 pm	Thu, Feb 17		All bus A550	Dusiness (1)		
	_	Sao Paulo (GRU) to M Sao Paulo (GRU) to Lone							
		Iberia 7420		Arr: 6:35 a	m 11h 35m	Airbus A350	Business (I)		
		OPERATED BY BRITISH			1h 0m				
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	1	AIRWAYS London (LHR) to Madrid Iberia 7460	Layover in LHF (MAD) — Tue, Ma	R Tue, Mar 1		Airbus A320neo	Business (J)		
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https://matrix.itasoftware.com/#view-flights:research=MADGRU-GRUMAD

EXAMINING THE PHENOMENON OF ERROR FARES ANNEX VII

BudgetAir.com



Travix Nederland B.V.
Piet Heinkade 55
1019 GM Amsterdam
The Netherlands



Date of cost overview: February 09 2020 Payment overview number:

Price details	
Flight ticket Adult x2 (incl. taxes CAD 463.18)	1412.00 CAD
Basic service	0.00 CAD
The following products will be charged directly by the charging companies in the following currencies:	
Charged approximately by SAUDIA	1412.00 CAD (1062.88 USD)
Charged approximately by Travix Nederland B.V.	0.00 CAE
Payment American Express	
Total	1412.00 C\$ (CAD

Flight tickets are exempt from tax, therefore you won't find any VAT details on this payment overview.

Travix Nederland B.V.

BudgetAir.com E-ticket

Booking number

E-ticket number:

The e-ticket number is valid for all flights

Departure	Arrival	Online check-in number
15:15 Friday July 10 2020	18:40 Friday July 10 2020	SAUDIA
Athens (ATH) Elefth. Venizelos Intl.	Jeddah (JED)	Flight time: 3 hour(s) 25 minute(s) Flight number: SV192 Class: Business
Transfer to another aircraft. So	witching time 4 hour(s) 45 minute(s)	
Luggage: 2 piece(s) (max. 23 kg per piece) per passen	ger	
Departure	Arrival	Online check-in number
23:25 Friday July 10 2020	15:30 Saturday July 11 2020	SAUDIA
Jeddah	Singapore	Flight time: 11 hour(s) 5 minute(s)
(JED)	(SIN) Changi Intl. Apt.	Flight number: SV836 Class: Business
Luggage: 2 piece(s) (max. 23 kg per piece) per passeng	jer	Technical stop at Kuala Lumpur, Malaysia for 1 hour(s) 20 minute(s) between Jeddah and Singapore. Please check if you also need a visa
		for the technical stop.
		Arrival: 13:15

EXAMINING THE PHENOMENON OF ERROR FARES ANNEX VIII

BudgetAir.com



Travix Nederland B.V.	
Piet Heinkade 55	
1019 GM Amsterdam	
The Netherlands	

Payment overview

Date of cost overview: November 06 2018 Payment overview number:

Price details	
Flight ticket Adult x2 (incl. taxes CAD 290.72)	686.00 CAD
Basic service	0.00 CAD
Payment American Express	
Total	686.00 C\$ (CAD)

Flight tickets are exempt from tax, therefore you won't find any VAT details on this payment overview.

Travix Nederland B.V.

ng@egyptair.com	Toronto,	11 Apr.	0
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Flight Selection			
Toronto to Athens			
Flight 1	Thursday, April		
confirmed	Departure: Arrival:	12:45 Toronto, Canada - Lester B. Pearson International, terminal 1 05:05 +1 day(s) Cairo, Egypt - Cairo International, terminal 3	
	Airline	Egyptair MS 996 Aircraft: Boeing 777-300	
	Fare type:	Economy Restricted	
Change of plane require	.d. Time between fligt	hs : 355.	
Flight 2	Friday, April 12	2, 2019	
confirmed	Departure: Arrival:	09:00 Cairo, Egypt - Cairo International, terminal 3 12:00 Athens, Greece - Athens International E. Venizelos	
		Egyptair MS 747 Aircraft: Boeing 737-800 Economy Restricted	
	Pare type:	Ecolomy resultied	
Athens to Toronto			
Flight 1 confirmed	Wednesday, Ap Departure:		
	Arrival:	19:30 Athens, Greece - Athens International E. Venizelos 20:30 Cairo, Egypt - Cairo International, terminal 3 Egyptair MS 750 Aircraft: Embraer 170	
		Economy Restricted	
Change of plane require	xd. Time between fig	hts : 5:15.	
Flight 2	Thursday, April	il 25, 2019	
confirmed	Departure: Arrival:	01:45 Cairo, Egypt - Cairo International, terminal 3 07:25 Toronto, Canada - Lester B. Pearson International, terminal 1	
	Airline	Egyptair MS 995 Aircraft: Boeing 777-300	
	Fare type:	Economy Restricted	
Flight payment			
		es and surcharges for all travellers	
Payment	527.72 USD	1	
Taxes are included Specific rules and	ider paying for the bo the right to deny pass eal options are offere		sy the cardholder at
Services			
	ealexander Tsilfidis		
Traveller 1: Theodor	airo	Seat 53A	
Traveller 1: Theodor Toronto - Athens Flight 1: Toronto - Ca		Seat 33C	
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2+ TAKE OFF 12:00am 11:59pm	Sh 6:30am 2:38pm • LAX MIA DEA	\$213
LANDING 12:00am 11:59pm	5h non stop 9:52pm	\$233
FLIGHT DURATION	5h 12:48am 8:54am MiA	\$288
2h 55m 5h 57m	5h 6:30am 2:38pm	\$288
AIRLINES Select All	5h non stop 1:00pm ———————————————————————————————————	\$288
 Alaska Airlines American Airlines Delta Air Lines 	5h non stop 8:25am 4:42pm LAX MIA	\$508
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