

Republic of the Philippines

Supreme Court

Manila

SECOND DIVISION

INTERORIENT MARITIME

G.R. No. 181112

ENTERPRISES, INC.,

**INTERORIENT ENTERPRISES, INC., and
LIBERIA AND DOROTHEA**

Present:

SHIPPING CO., LTD.,

CARPIO, *J.*

Petitioners,

Chairperson,

NACHURA,

PERALTA,

- versus -

ABAD, and

MENDOZA, *JJ.*

Promulgated:

LEONORA S. REMO,

Respondent.

June 29, 2010

X-----X

DECISION

NACHURA, J.:

Before this Court is Petition for Review on *Certiorari*¹[1] under Rule 45 of the Rules of Civil Procedure, seeking the reversal of the Court of Appeals (CA) Decision²[2] dated September 26, 2007, which reversed and set aside the resolution³[3] of the National Labor Relations Commission (NLRC) dated June 23, 2006.

1[1] *Rollo*, pp. 3-30.

2[2] Docketed as CA-G.R. SP No. 97336, penned by Associate Justice Vicente S.E. Veloso, with Associate Justices Juan Q. Enriquez, Jr. and Marlene Gonzales-Sison, concurring; *id.* at 33-44.

3[3] *Rollo*, pp. 62-70.

This case stems from the claim for death benefits filed by respondent Leonora S. Remo (respondent), surviving spouse of Lutero Remo (Lutero), against petitioners Interorient Maritime Enterprises, Inc. (Interorient), Interorient Enterprises, Inc., and Liberia and Dorothea Shipping Co., Ltd. (petitioners).

Culled from the records, the facts are as follows:

Lutero was deployed by Interorient on November 10, 1998 to serve as Cook-Steward on board the foreign principal's vessel, "*M/T Captain Mitsos L*" (the vessel), under a Philippine Overseas Employment Administration (POEA) Standard Employment Contract (SEC) with a duration of 12 months and a monthly salary of US\$400.00.⁴[4]

Respondent alleged that Lutero was repeatedly contracted and deployed by Interorient for employment on board various vessels of its principals from September 1994 to April 1999;⁵[5] that prior to his last employment contract on October 29, 1998, he underwent a pre-employment medical examination (PEME) and was declared fit to work; that on his fifth month of employment, while on board the vessel, Lutero experienced severe abdominal and chest pains, fainting spells and difficulty in breathing; that he was brought to a hospital in Dubai where he was confined for one (1) week until his repatriation on April 19, 1999; that he

4[4] CA *rollo*, p. 90.

5[5] Id. at 88-89.

was diagnosed with atrial fibrillation and congestive heart failure; that within 2-3 days from arrival, Lutero reported to Interorient and requested that he be given a post-employment medical examination and assistance; that Interorient assured Lutero that he would be given a medical examination and assistance which did not, however, materialize; that Lutero, after waiting for about two weeks for the examination, went home to his province but, two weeks thereafter, he was again confined in a hospital after experiencing another episode of difficulty in breathing, abdominal and chest pains, dyspnea, and irregular cardiac breathing; that for the period of May 3 to December 9, 1999, he underwent treatment for the ailment he contracted during his overseas employment; that Lutero was diagnosed with Chronic Atrial Fibrillation, Cardiomegaly, Essential Hypertension, and Schistosomiasis;⁶[6] that sometime thereafter, he received notice from Interorient, requiring him to report as there was supposedly a vessel available for him to join; that he tried to persuade his attending doctor, Dr. Efren Ozaraga (Dr. Ozaraga), to declare him fit to work because he wanted to resume his work, but the doctor refused; that Lutero reported to Interorient, but failed in his PEME; that on August 28, 2000, he died at the age of 47 of hypertensive cardio-vascular disease,⁷[7] leaving behind respondent and their three (3) children;⁸[8] that from the time of his discharge from the vessel, Lutero did not receive any sickness benefit or medical assistance from petitioners; and that respondent is entitled to death compensation as the death of her husband was due to an illness contracted during the latter's employment, as well as sickness benefit, moral and exemplary damages, and attorney's fees.

6[6] Id. at 91-93.

7[7] Id. at 94.

8[8] Id. at 95-98.

Petitioners denied liability and averred that, at the time of his application, Lutero expressly declared in his application form that he did not, in the past and at that time, have any illness; that during his PEME, he answered “no” to the listed medical conditions and to the question if he was taking any medication;⁹[9] that on the basis of his representation, he was declared fit to work and subsequently commenced employment; that after his repatriation, Lutero reported to Interorient’s office on April 20, 1999, and when asked about the circumstances of his illness, he admitted that he had a preexisting ailment at the time of his application and deployment, and discharged petitioners from liabilities arising from said preexisting illness by virtue of his Acknowledgment¹⁰[10] and Undertaking;¹¹[11] that thereafter, nothing was heard from Lutero until February 2000, when he submitted to Interorient a medical certificate¹²[12] of fitness to work issued by his private doctor, Dr. Ozaraga; that respondent was not entitled to her claims because Lutero died after the expiration of the term of the contract; that Lutero failed to disclose his preexisting illness at the time of his engagement; and that, following his repatriation, he acknowledged his preexisting illness.

On January 13, 2004, the Labor Arbiter (LA) denied respondent's claims, holding that she was not entitled thereto because Lutero’s death did not occur

9[9] Id. at 112-114.

10[10] Id. at 115.

11[11] Id. at 116.

12[12] Id. at 117.

during the term of the contract; that Lutero failed to disclose his medical condition prior to his deployment; and that he acknowledged his preexisting illness following his repatriation. Aggrieved, respondent appealed to the NLRC which, however, affirmed the LA's ruling.

Undaunted, respondent went to the CA on *certiorari*,¹³[13] alleging grave abuse of discretion on the part of the NLRC in not ruling that Lutero's death was due to an illness contracted during his employment, or that said employment contributed to the development of his illness.

On September 26, 2007, the CA decided in favor of respondent, finding that the nature of Lutero's employment contributed to the aggravation of his illness. Invoking our rulings in *Seagull Shipmanagement and Transport, Inc. v. NLRC*¹⁴[14] and *Wallem Maritime Services, Inc. v. NLRC*,¹⁵[15] the CA disposed of the case in this wise:

WHEREFORE, the petition is **GRANTED**. The assailed Resolutions of the National Labor Relations Commission are **REVERSED** and **SET ASIDE**. Private respondents are ordered to pay, jointly and severally, the following amounts to petitioner for herself and in her capacity as guardian of her minor children: US\$50,000.00 as death benefit; US\$7,000.00 to each child under the age

13[13] Id. at 6-48.

14[14] G.R. No. 123619, June 8, 2000, 333 SCRA 236.

15[15] 376 Phil. 738 (1999).

of twenty-one (21), as allowances; and US\$1,000.00 as burial expenses. Costs against the private respondents.

SO ORDERED.¹⁶[16]

On October 15, 2007, petitioners filed their Motion for Reconsideration,¹⁷ [17] which was, however, denied by the CA in its Resolution¹⁸[18] dated December 20, 2007.

Hence, this Petition based on the following grounds:

- 1) THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING THAT RESPONDENT IS NOT ENTITLED TO DEATH BENEFITS UNDER THE POEA STANDARD EMPLOYMENT CONTRACT FOR THE DEATH OF HER HUSBAND OCCUR[R]ING ONE YEAR AFTER THE TERM OF HIS CONTRACT;
- 2) THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING THAT RESPONDENT IS NOT ENTITLED TO DEATH BENEFITS UNDER THE POEA STANDARD EMPLOYMENT CONTRACT FOR THE DEATH OF HER HUSBAND AS THE LATTER'S DEATH WAS DUE TO [A] PRE-EXISTING ILLNESS[; and]
- 3) THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE RESPONDENT IS NOT ENTITLED TO DEATH BENEFITS UNDER THE POEA STANDARD

16[16] Supra note 2, at 43-44.

17[17] *Rollo*, pp. 75-82.

18[18] Id. at 46.

EMPLOYMENT CONTRACT FOR THE DEATH OF HER HUSBAND
AS THE LATTER ADMITTED CONCEALING HIS TRUE MEDICAL
CONDITION AT THE TIME OF HIS PRE-EMPLOYMENT MEDICAL
EXAMINATION.¹⁹[19]

Petitioners rely on the findings of both the LA and the NLRC that the death of Lutero is not compensable because it happened outside the term of his contract. Petitioners claim that the medical certificate issued by Dr. Ozaraga, certifying that Lutero was already fit to resume work, belies respondent's assertion that Lutero continued to be ill after his repatriation until his death. Petitioners also rely on the undertaking executed by Lutero, stating that, before he joined the vessel, he already had hypertension, and that he took medication prior to his medical examination. Thus, petitioners submit that Lutero committed material misrepresentation, disqualifying him from claiming the benefits provided for under the POEA-SEC.²⁰[20]

On the other hand, respondent argues that petitioners failed to attach the pertinent documents and pleadings to the Petition, and that the petition raises factual issues in violation of Rule 45 of the Rules of Civil Procedure. Respondent asseverates that petitioners' stance that the employer is liable only if the death of the seafarer occurs exactly during the term of the contract violates the nature of the POEA-SEC and is contrary to the avowed policy of the State to accord utmost protection and justice to labor. Invoking our ruling in *Wallem*,²¹[21] respondent maintains that “it is enough that the employment had contributed, even in a small degree, to the development of the disease and in bringing about (the seafarer’s) death.” Respondent stresses that this Court allowed the award of death benefits in *Wallem* even if the seafarer therein died after the contract term. In the instant case, Lutero suffered a heart ailment while on board the vessel – the illness manifested

20[20] Id.

21[21] Supra note 15.

itself during the term of the contract – and was the very reason of his repatriation. Respondent submits that Lutero died of a heart ailment which he incurred during the term of the contract, thus, making his death compensable. Respondent also denies that the heart ailment of Lutero was a preexisting illness because, while it is true that the PEME is not exploratory, the ailment would have been easily detected because Lutero had been continuously under petitioners' employ for almost four years. Lastly, respondent highlights her claim that Lutero, after his repatriation, immediately reported to Interorient and asked for post-medical examination and assistance, but none was given to him. She bewails the fact that, instead of the conduct of said examination, petitioners induced Lutero to execute the Acknowledgment and Undertaking, releasing petitioners from any liability.²²[22]

The ultimate issue in this case is whether the CA committed a reversible error in rendering the assailed Decision.

The Petition is bereft of merit.

As a rule, only questions of law may be raised in and resolved by this Court on petitions brought under Rule 45 of the Rules of Civil Procedure, because the Court, not being a trier of facts, is not duty-bound to reexamine and calibrate the evidence on record. In exceptional cases, however, we may delve into and resolve factual issues when there is insufficient or insubstantial evidence to support the findings of the tribunal or court below, or when too much is concluded, inferred or deduced from the bare or incomplete facts submitted by the parties, or when the

²²[22] Comment; *rollo*, pp. 97-140.

lower courts come up with conflicting positions.²³[23] This case constitutes an exception inasmuch as the CA's findings contradict those of the LA and the NLRC.

Section 20(B)1 of the Standard Terms and Conditions Governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessels made pursuant to POEA Memorandum Circular No. 055-96 and Department Order No. 33, Series of 1996, clearly provides:

The liabilities of the employer when the seafarer suffers injury or illness during the term of his contract are as follows:

x x x x

2. If the injury or illness requires medical and/or dental treatment in a foreign port, the employer shall be liable for the full cost of such medical, serious dental, surgical and hospital treatment as well as board and lodging until the seafarer is declared fit to work or to be repatriated.

However, if after repatriation, the seafarer still requires medical attention arising from said injury or illness, he shall be so provided at cost to the employer until such time he is declared fit or the degree of his disability has been established by the company-designated physician.²⁴[24]

For disability claims, the post-employment medical examination is meant to verify the medical condition of the seafarer when he signs off from the vessel.²⁵ [25] On the other hand, in the cases involving death compensation, our rulings in *Gau Sheng Phils., Inc. v. Joaquin*²⁶[26] and *Rivera v. Wallem Maritime Services*,

23[23] *Pascua v. NLRC*, 351 Phil. 48, 61 (1998).

24[24] Emphasis supplied.

25[25] *Nisda v. Sea Serve Maritime Agency*, G.R. No. 179177, July 23, 2009, 593 SCRA 668.

26[26] G.R. No. 144665, September 8, 2004, 437 SCRA 608.

*Inc.*²⁷[27] stressed the importance of a post-employment medical examination or its equivalent, *i.e.*, it is a basis for the award of death compensation. In these cited cases, however, death benefits were not awarded because the seafarers and/or their representatives failed to abide by the POEA-SEC wherein it was stated that the seafarer must report to his employer for a post-employment medical examination within three working days from the date of arrival, otherwise, benefits under the POEA-SEC would be nullified.²⁸[28]

27[27] G.R. No. 160315, November 11, 2005, 474 SCRA 714.

28[28] Section 20(B) 3 of POEA Memorandum Circular No. 055-96.

In light of this ruling, the following questions may be asked: What if the seafarer reported to his employer but despite his request for a post-employment medical examination, the employer, who is mandated to provide this service under POEA Memorandum Circular No. 055-96, did not do so? Would the absence of a post-employment medical examination be taken against the seafarer?

Both parties in this case admitted that Lutero was confined in a hospital in Dubai for almost one week due to atrial fibrillation and congestive heart failure. Undeniably, Lutero suffered a heart ailment while under the employ of petitioners. This fact is duly established. Respondent has also consistently asserted that 2-3 days immediately after his repatriation on April 19, 1999, Lutero reported to the office of Interorient, requesting the required post-employment medical examination. However, it appears that, instead of heeding Lutero's request, Interorient conveniently prioritized the execution of the Acknowledgment and Undertaking which were purportedly notarized on April 20, 1999, thus leaving Lutero in the cold. In their pleadings, petitioners never traversed this assertion and did not meet this issue head-on. This self-serving act of petitioners should not be condoned at the expense of our seafarers. Therefore, the absence of a post-employment medical examination cannot be used to defeat respondent's claim since the failure to subject the seafarer to this requirement was not due to the seafarer's fault but to the inadvertence or deliberate refusal of petitioners.

Moreover, we attach little evidentiary value to the Acknowledgment and Undertaking purportedly executed by Lutero, which is in the nature of a waiver and/or quitclaim. As a rule, quitclaims, waivers, or releases are looked upon with

disfavor and are largely ineffective to bar claims for the measure of a worker's legal rights.²⁹[29]

To be valid, a Deed of Release, Waiver and/or Quitclaim must meet the following requirements: (1) that there was no fraud or deceit on the part of any of the parties; (2) that the consideration for the quitclaim is credible and reasonable; and (3) that the contract is not contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law.³⁰ [30] Courts have stepped in to annul questionable transactions, especially where there is clear proof that a waiver, for instance, was obtained from an unsuspecting or a gullible person; or where the agreement or settlement was unconscionable on its face. A quitclaim is ineffective in barring recovery of the full measure of a worker's rights, and the acceptance of benefits therefrom does not amount to estoppel. Moreover, a quitclaim in which the consideration is scandalously low and inequitable cannot be an obstacle to the pursuit of a worker's legitimate claim.³¹ [31]

Based on the foregoing disquisition, we find the Acknowledgment and Undertaking to be void, as contrary to public policy. Other than the fact that the Acknowledgment and Undertaking did not provide for any consideration given in favor of Lutero, it is likewise evident that the terms thereof are unconscionable and

29[29] *Phil. Employ Services and Resources, Inc. v. Paramio*, G.R. No. 144786, April 15, 2004, 427 SCRA 732, 755.

30[30] *Danzas Intercontinental, Inc. v. Daguman*, G.R. No. 154368, April 15, 2005, 456 SCRA 382, 397-398.

31[31] *R & E Transport, Inc. v. Latag*, G.R. No. 155214, February 13, 2004, 422 SCRA 698, 708.

that petitioners merely wangled them from the unsuspecting Lutero who, at that time, just arrived in the country after having been confined in a hospital in Dubai for a heart ailment.

It is a time-honored rule that in controversies between a laborer and his employer, doubts reasonably arising from the evidence or from the interpretation of agreements and writings should be resolved in the former's favor in consonance with the avowed policy of the State to give maximum aid and protection to labor.³²

[32] This principle gives us even greater reason to affirm the findings of the CA which aptly and judiciously held:

It was established on record that before the late Lutero Remo signed his last contract with private respondents as Cook-Steward of the vessel "M/T Captain Mitsos L," he was required to undergo a series of medical examinations. Yet, he was declared "fit to work" by private respondents' company designated-physician. On April 19, 1999, Remo was discharged from his vessel after he was hospitalized in Fujairah for *atrial fibrillation* and *congestive heart failure*. His death on August 28, 2000, even if it occurred months after his repatriation, due to *hypertensive cardio-vascular disease*, could clearly have been work related. Declared as "fit to work" at the time of hiring, and hospitalized while on service on account of "atrial fibrillation and congestive heart failure," his eventual death due to "hypertensive cardio-vascular disease" could only be work related. The death due to "hypertensive cardio-vascular disease" could in fact be traced to Lutero Remo's being the "Cook-Steward." As Cook-Steward of an ocean going vessel, Remo had no choice but to prepare and eat hypertension inducing food, a kind of food that eventually caused his "hypertensive cardio-vascular disease," a disease which in turn admittedly caused his death.

Private respondents cannot deny liability for the subject death by claiming that the seafarer's death occurred beyond the term of his employment and worsely, that there has been misrepresentation on the part of the seafarer. For, as employer, the private respondents had all the opportunity to pre-qualify, thoroughly screen and choose their applicants to determine if they are medically, psychologically and mentally fit for employment. That the seafarer here was subjected to the required pre-qualification standards before he was admitted as

32[32] *Metropolitan Bank and Trust Company v. National Labor Relations Commission*, G.R. No. 152928, June 18, 2009, 589 SCRA 376.

Cook-Steward, it thus has to be safely presumed that the late Remo was in a good state of health when he boarded the vessel.³³[33]

In sum, we find no reversible error on the part of the CA in rendering the assailed Decision which would warrant the reversal and/or modification of the same.

WHEREFORE, the petition is **DENIED**. The Decision of the Court of Appeals in CA-G.R. SP No. 97336 dated September 26, 2007 is **AFFIRMED**. No costs.

SO ORDERED.

ANTONIO EDUARDO B. NACHURA

Associate Justice

WE CONCUR:

ANTONIO T. CARPIO

Associate Justice

Chairperson

DIOSDADO M. PERALTA

Associate Justice

ROBERTO A. ABAD

Associate Justice

JOSE CATRAL MENDOZA

Associate Justice

A T T E S T A T I O N

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO

Associate Justice

Chairperson, Second Division

C E R T I F I C A T I O N

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

RENATO C. CORONA

Chief Justice
