

Republic of the Philippines

Supreme Court

Manila

FIRST DIVISION

**SOUTHEASTERN SHIPPING,
SOUTHEASTERN SHIPPING
GROUP, LTD.,**

Petitioners,

- versus -

FEDERICO U. NAVARRA, JR.,

Respondent.

G.R. No. 167678

Present:

CORONA, C.J., *Chairperson,*
VELASCO, JR.,
LEONARDO-DE CASTRO,
DEL CASTILLO, *and*
PEREZ, JJ.

Promulgated:

June 22, 2010

X ----- X

DECISION

DEL CASTILLO, J.:

Money claims arising from employer-employee relations, including those specified in the Standard Employment Contract for Seafarers, prescribe within three years from the time the cause of action accrues.¹[1] However, for death benefit claims to prosper, the seafarer's death must have occurred during the effectivity of said contract.

This Petition for Review assails the January 31, 2005 Decision²[2] and the April 4, 2005 Resolution³[3] of the Court of Appeals (CA) in CA-G.R. SP. No. 85584. The CA dismissed the petition for *certiorari* filed before it assailing the May 7, 2003 Decision⁴[4] of the National Labor Relations Commission (NLRC) ordering petitioners to pay to Evelyn J. Navarra (Evelyn), the surviving spouse of deceased Federico U. Navarra, Jr. (Federico), death compensation, allowances of the three minor children, burial expenses plus 10% of the total monetary awards as and for attorney's fees.

Factual Antecedents

1 [1] LABOR CODE, Art. 291.

2 [2] *Rollo*, pp. 8-17; penned by Associate Justice Vicente Q. Roxas and concurred in by Associate Justices Salvador J. Valdez, Jr. and Juan Q. Enriquez, Jr.

3 [3] *Id.* at 7.

4 [4] *Id.* at 386-395.

Petitioner Southeastern Shipping, on behalf of its foreign principal, petitioner Southeastern Shipping Group, Ltd., hired Federico to work on board the vessel "George McLeod." Federico signed 10 successive separate employment contracts of varying durations covering the period from October 5, 1995 to March 30, 1998. His latest contract was approved by the Philippine Overseas Employment Administration (POEA) on January 21, 1998 for 56 days extendible for another 56 days. He worked as roustabout during the first contract and as a motorman during the succeeding contracts.

On March 6, 1998, Federico, while on board the vessel, complained of having a sore throat and on and off fever with chills. He also developed a soft mass on the left side of his neck. He was given medication.

On March 30, 1998, Federico arrived back in the Philippines. On April 21, 1998 the specimen excised from his neck lymph node was found negative for malignancy.⁵[5] On June 4, 1998, he was diagnosed at the Philippine General Hospital to be suffering from a form of cancer called Hodgkin's Lymphoma, Nodular Sclerosing Type (also known as Hodgkin's Disease). This diagnosis was confirmed in another test conducted at the Medical Center Manila on June 8, 1998.

On September 6, 1999, Federico filed a complaint against petitioners with the

⁵[5] Id. at 280.

arbitration branch of the NLRC claiming entitlement to disability benefits, loss of earning capacity, moral and exemplary damages, and attorney's fees.

During the pendency of the case, on April 29, 2000, Federico died. His widow, Evelyn, substituted him as party complainant on her own behalf and in behalf of their three children. The claim for disability benefits was then converted into a claim for death benefits.

Ruling of the Labor Arbiter

On May 10, 2000, Labor Arbiter Ermita T. Abrasaldo-Cuyuca rendered a Decision dismissing the complaint on the ground that "Hodgkin's Lymphoma is not one of the occupational or compensable diseases or the exact cause is not known," the dispositive portion of which states:

WHEREFORE, premises considered judgment is hereby rendered dismissing the complaint for lack of merit.

SO ORDERED.⁶[6]

6 [6] Id. at 152.

Evelyn appealed the Decision to the NLRC.

Ruling of the NLRC

On May 7, 2003, the NLRC rendered a Decision reversing that of the Labor Arbiter, the dispositive portion of which provides:

WHEREFORE, the appealed decision is REVERSED and SET ASIDE. Judgment is hereby rendered ordering the respondents Southeastern Shipping/Southeastern Shipping Group Ltd. jointly and severally, to pay complainant Evelyn J. Navarra the following:

Death compensation	-	US\$ 50,000.00
Minor child allowance		
(3 x US\$ 7,000)	-	21,000.00
Burial expense	-	<u>1,000.00</u>
Total		US\$ 72,000.00

Plus 10% of the total monetary awards as and for attorney's fees.

SO ORDERED.⁷[7]

Petitioners filed a Motion for Reconsideration which was denied by the NLRC. They, thus, filed a petition for *certiorari* with the CA.

⁷ [7] Id. at 184.

Ruling of the Court of Appeals

The CA found that the claim for benefits had not yet prescribed despite the complaint being filed more than one year after Federico's return to the Philippines. It also found that although Federico died 17 months after his contract had expired, his heirs could still claim death benefits because the cause of his death was the same illness for which he was repatriated. The dispositive portion of the CA Decision states:

WHEREFORE, premises considered, petition is hereby DISMISSED for lack of merit and the May 7, 2003 Decision of the National Labor Relations Commission is hereby AFFIRMED en toto.

SO ORDERED.⁸[8]

After the denial by the CA of their motion for reconsideration, petitioners filed the present petition for review.

Issues

Petitioners raise the following issues:

8 [8] Id. at 17.

I

THE HON. COURT OF APPEALS ERRED IN RULING THAT PRESCRIPTION DOES NOT APPLY DESPITE THE LATE FILING OF THE COMPLAINT OF THE RESPONDENT FEDERICO U. NAVARRA, JR.

II

THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT HODGKIN'S DISEASE IS A COMPENSABLE ILLNESS.

III

THE HON. COURT OF APPEALS ERRED IN ITS CONCLUSION THAT PETITIONERS ARE LIABLE FOR THE DEATH OF THE RESPONDENT AS SUCH DEATH WAS DURING THE TERM OF HIS EMPLOYMENT CONTRACT.⁹[9]

Petitioners' Arguments

Petitioners contend that the factual findings of the CA were not supported by sufficient evidence. They argue that as can be seen from the medical report of Dr. Salim Marangat Paul, Federico suffered from and was treated for Acute Respiratory Tract Infection, not Hodgkin's Disease, during his employment in March 1998. They further contend that Federico returned to the Philippines on March 30, 1998 because he had already finished his contract, not because he had to undergo further medical treatment.

They also insist that the complaint has already prescribed. Despite having been

9 [9] Id. at 339.

diagnosed on June 4, 1998 of Hodgkin's Disease, the complaint was filed only on September 6, 1999, one year and five months after Federico arrived in Manila from Qatar.

They also posit that respondents are not entitled to the benefits claimed because Federico did not die during the term of his contract and the cause of his death was not contracted by him during the term of his contract.

Respondents' Arguments

Respondents on the other hand contend that the complaint has not prescribed and that the prescriptive period for filing seafarer claims is three years from the time the cause of action accrued. They claim that in case of conflict between the law and the POEA Contract, it is the law that prevails.

Respondents also submit that Federico contracted on board the vessel the illness which later caused his death, hence it is compensable.

Our Ruling

The petition is partly meritorious.

Prescription

The employment contract signed by Federico stated that "the same shall be deemed an integral part of the Standard Employment Contract for Seafarers," Section 28 of which states:

SECTION 28. JURISDICTION

The Philippine Overseas Employment Administration (POEA) or the National Labor Relations Commission (NLRC) shall have original and exclusive jurisdiction over any and all disputes or controversies arising out of or by virtue of this Contract.

Recognizing the peculiar nature of overseas shipboard employment, the employer and the seafarer agree that all claims arising from this contract shall be made within one (1) year from the date of the seafarer's return to the point of hire.

On the other hand, the Labor Code states:

Art. 291. Money claims.-All money claims arising from employer-employee relations during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise they shall forever be barred.

The Constitution affirms labor as a primary social economic force.¹⁰[10] Along this vein, the State vowed to afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.¹¹[11]

"The employment of seafarers, including claims for death benefits, is governed by the contracts they sign every time they are hired or rehired; and as long as the stipulations therein are not contrary to law, morals, public order or public policy, they have the force of law between the parties."¹²[12]

In *Cadalin v. POEA's Administrator*,¹³[13] we held that Article 291 of the Labor Code covers all money claims from employer-employee relationship. **"It is not limited to money claims recoverable under the Labor Code, but *applies also to claims of overseas contract workers*".**¹⁴[14]

10[10] CONSTITUTION, Article II, Section 18.

11[11] CONSTITUTION, Article XIII, Section 3.

12 [12] *Coastal Safeway Marine Services, Inc. v. Delgado*, G.R. No. 168210, June 17, 2008, 554 SCRA 590, 595-596.

13 [13] G.R. Nos. 104776 and 104911-14, December 5, 1994, 238 SCRA 721, 764.

14 [14] *Degamo v. Avantgarde Shipping Corp.*, G.R. No. 154460, November 22, 2005, 475 SCRA 671, 676-677.

Based on the foregoing, it is therefore clear that Article 291 is the law governing the prescription of money claims of seafarers, a class of overseas contract workers. This law prevails over Section 28 of the Standard Employment Contract for Seafarers which provides for claims to be brought only within one year from the date of the seafarer's return to the point of hire. Thus, for the guidance of all, Section 28 of the Standard Employment Contract for Seafarers, insofar as it limits the prescriptive period within which the seafarers may file their money claims, is hereby declared null and void. The applicable provision is Article 291 of the Labor Code, it being more favorable to the seafarers and more in accord with the State's declared policy to afford full protection to labor. The prescriptive period in the present case is thus three years from the time the cause of action accrues.

In the present case, there is no exact showing of when the cause of action accrued. Nevertheless, it could not have accrued earlier than January 21, 1998 which is the date of his last contract. Hence, the claim has not yet prescribed, since the complaint was filed with the arbitration branch of the NLRC on September 6, 1999.

Compensability and Liability

In petitions for review on *certiorari*, only questions of law may be raised, the only exceptions being when the factual findings of the appellate court are erroneous, absurd, speculative, conjectural, conflicting, or contrary to the findings culled by the court of

origin. Considering the conflicting findings of the NLRC, the CA and the Labor Arbiter, we are impelled to resolve the factual issues in this case along with the legal ones.¹⁵[15]

Section 20 of the Standard Terms and Conditions Governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessels states:

A. COMPENSATION AND BENEFITS FOR DEATH

1. In case of death of the seafarer **during the term of his contact**, the employer shall pay his beneficiaries the Philippine currency equivalent to the amount of Fifty Thousand US Dollars (US\$50,000) and an additional amount of Seven Thousand US Dollars (US\$7,000) to each child under the age of twenty-one (21) but not exceeding four children, at the exchange rate prevailing during the time of payment. (Emphasis supplied)

Thus, as we declared in *Gau Sheng Phils., Inc. v. Joaquin*, *Hermogenes v. Oseo Shipping Services, Inc.*, *Prudential Shipping and Management Corporation v. Sta. Rita*, *Klaveness Maritime Agency, Inc. v. Beneficiaries of Allas*, in order to avail of death benefits, the death of the employee should occur during the effectivity of the employment contract.¹⁶[16] For emphasis, we reiterate that the death of a seaman during the term of employment makes the employer liable to his heirs for death compensation benefits, but

15 [15] *Prudential Shipping and Management Corporation v. Sta. Rita*, G.R. No. 166580, February 8, 2007, 515 SCRA 157, 167. See also *White Diamond Trading Corporation v. National Labor Relations Commission*, G.R. No. 186019, March 29, 2010.

16 [16] *Estate of Posedio Ortega v. Court of Appeals*, G.R. No. 175005, April 30, 2008, 553 SCRA 649, 655-656.

if the seaman dies after the termination of his contract of employment, his beneficiaries are not entitled to the death benefits.¹⁷[17] Federico did not die while he was under the employ of petitioners. His contract of employment ceased when he arrived in the Philippines on March 30, 1998, whereas he died on April 29, 2000. Thus, his beneficiaries are not entitled to the death benefits under the Standard Employment Contract for Seafarers.

Moreover, there is no showing that the cancer was brought about by Federico's stint on board petitioners' vessel. The records show that he got sick a month after he boarded M/V George Mcleod. He was then brought to a doctor who diagnosed him to have acute respiratory tract infection. It was only on June 6, 1998, more than two months after his contract with petitioners had expired, that he was diagnosed to have Hodgkin's Disease. There is no proof and we are not convinced that his exposure to the motor fumes of the vessel, as alleged by Federico, caused or aggravated his Hodgkin's Disease.

While the Court adheres to the principle of liberality in favor of the seafarer in construing the Standard Employment Contract, we cannot allow claims for compensation based on surmises. When the evidence presented negates compensability, we have no choice but to deny the claim, lest we cause injustice to the employer.

The law in protecting the rights of the employees, authorizes neither oppression nor self-destruction of the employer – there may be cases where the circumstances

17 [17] *Prudential Shipping and Management Corporation v. Sta. Rita*, supra at 168-169.

warrant favoring labor over the interests of management but never should the scale be so tilted as to result in an injustice to the employer.¹⁸[18]

WHEREFORE, the petition is **PARTLY GRANTED**. The January 31, 2005 Decision of the Court of Appeals in CA-G.R. SP No. 85584 holding that the claim for death benefits has not yet prescribed is **AFFIRMED with MODIFICATION** that petitioners are not liable to pay to respondents death compensation benefits for lack of showing that Federico's disease was brought about by his stint on board petitioners' vessels and also considering that his death occurred after the effectivity of his contract.

SO ORDERED.

MARIANO C. DEL CASTILLO

Associate Justice

WE CONCUR:

18 [18] *Ledesma, Jr. v. National Labor Relations Commission*, 537 SCRA 358, 371.

RENATO C. CORONA

Chief Justice

Chairperson

PRESBITERO J. VELASCO, JR.

Associate Justice

TERESITA J. LEONARDO-DE CASTRO

Associate Justice

JOSE PORTUGAL PEREZ

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified 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
