

FIRST DIVISION

[G.R. No. 227447, June 23, 2020]

**MAGSAYSAY MARITIME CORPORATION, MASTERBULK PTE. LTD.,
AND/OR MARLON P. TRINIDAD, PETITIONERS, VS. HEIRS OF
FRITZ D. BUENAFLORE REPRESENTED BY HONORATA G.
BUENAFLORE, RESPONDENTS.**

DECISION

REYES, J. JR., J.:

This resolves the Petition for Review on *Certiorari*^[1] under Rule 45 of the Revised Rules of Court, seeking the reversal of the Decision^[2] dated December 18, 2015 and Resolution^[3] dated September 29, 2016 of the Court of Appeals (CA) in CA G.R. SP. No. 137820. In the assailed issuances, the CA annulled the Decision dated July 30, 2014 and Resolution dated August 29, 2014 of the National Labor Relations Commission (NLRC), which reversed the decision of the Labor Arbiter.

The Facts

Fritz D. Buenaflor (Buenaflor) was employed as Second Mate by Petitioner Magsaysay Maritime Corporation (Magsaysay), a manning agency organized under Philippine laws, for and on behalf of its foreign principal, Petitioner Masterbulk Pte. Ltd. (Masterbulk), under a Philippine Overseas Employment Administration (POEA)-approved employment contract dated February 6, 2012, for a duration of nine months. Buenaflor's employment commenced upon his embarkation aboard the vessel INVENTANA on May 9, 2012.

In March 2013, Buenaflor experienced persistent pain on the right side of his abdomen. On March 13, 2013, Buenaflor was referred to Meyer Hospital in the Port of Santos, Sao Paulo, Brazil for diagnostic procedures. After the initial test and examination, Buenaflor was diagnosed with "intra liver nodules and Retroperitoneal lymphadenopathy." On March 18, 2013, Buenaflor was admitted at the said hospital where he underwent a liver biopsy. The result of the biopsy showed that Buenaflor was suffering from "infiltrated adenocarcinoma in the liver parenchyma." Thus, the attending physician recommended that Buenaflor be considered unfit for duty and repatriated for further medical treatment.

On March 25, 2013, Buenaflor was repatriated to the Philippines. Upon his arrival in the country, Magsaysay referred him to Manila Doctors Hospital (MDH) for medical examination under the care of Dr. Benigno A. Agbayani, Jr. (Dr. Agbayani), the company-designated physician. After undergoing CT scan procedure and guided biopsy, and being evaluated by an oncologist, Buenaflor was diagnosed with "primary liver cancer vs. metastatic liver disease." Hence, Buenaflor underwent chemoembolization of the liver mass, and subsequently, chemotherapy. Buenaflor,

however, did not respond well to these procedures.

Dr. Agbayani reported that Buenaflor was suffering from "Adenocarcinoma of the Liver with Peripancreatic Metastases, Retroperitoneal Metastases, Lung Metastases, Malignant Ascites, S/P Chemoembolization, Stage IV." He further opined that Buenaflor's ailment is work-related only if he was exposed to chemicals.

Due to difficulty in getting blood donors in Manila, Dr. Agabayani recommended that Buenaflor's radiotherapy and chemotherapy procedures be transferred to his home province, Iloilo. Thus, on July 26, 2013, Buenaflor was discharge from MDH and transferred to Iloilo Doctors Hospital. Unfortunately, Buenaflor passed away on August 2, 2013 due to "Cardiopulmonary Arrest Secondary to Hepatocellular CA Stage IV."

On November 12, 2013, the heirs of Buenaflor, represented by his wife, Honorata G. Buenaflor (respondents), initiated a complaint for death benefits, attorney's fees and damages against petitioners Magsaysay, Masterbulk and Marlon P. Trinidad (Trinidad), the Fleet Director of Magsaysay, before the Labor Arbiter.

On February 27, 2014, the Labor Arbiter dismissed the complaint as there was no evidence that Buenaflor's liver cancer was caused or aggravated by, or related to, his work. The Labor Arbiter further ruled that the ship where Buenaflor worked as Second Mate was a general cargo/ container, and as such, the goods shipped were enclosed in large metal containers. For humanitarian reasons, however, the Labor Arbiter awarded the sum of US\$5,000.00, and attorney's fees, equivalent to 10% of the monetary award, to respondents.

Not satisfied with the decision of the Labor Arbiter, respondents appealed the case to the NLRC. On July 30, 2014, the NLRC granted the appeal and reversed the decision of the Labor Arbiter. The NLRC ruled that the Collective Bargaining Agreement (CBA), of which Buenaflor is covered, clearly intended to compensate any injury or death suffered by an officer regardless of its nature or circumstance. The NLRC further held that when Buenaflor died four months after his repatriation, he was still under Magsaysay. The dispositive portion of said decision reads:

WHEREFORE, upon the premises, the Decision dated 27 February 2014 of Labor Arbiter Edgar M. Madriaga is REVERSED and SET ASIDE. In lieu thereof, judgment is hereby rendered ordering respondents Magsaysay Maritime Corporation and Masterbulk Pte. Ltd. To PAY complainants, jointly and severally, at the rate of exchange at the time of payment, the following amounts:

- (a) US \$180,000.00 as death benefits;
- (b) US \$14,000.00 as allowance to minor children Kyrie Guzman Buenaflor and Yhancy Guzman Buenaflor; and
- (c) Ten (10%) percent of the total judgment award or US \$18,700.00 as attorney's fees.

SO ORDERED.

Petitioners sought the reconsideration of the NLRC's decision, but the NLRC denied their motion in its Resolution dated August 29, 2014.

Petitioners then turned to the CA, through a Petition for *Certiorari*, ascribing grave abuse of discretion on the part of the NLRC for finding that Buenaflor's death was compensable under the Masterbulk Agreement, and for awarding additional allowance to Buenaflor's minor children, and attorney's fees.

On December 18, 2015, the CA, not finding grave abuse of discretion on the part of the NLRC in issuing the Decision dated July 30, 2014 and Resolution dated August 29, 2014, dismissed their Petition for *Certiorari*. The CA ruled that petitioners erred in claiming that at the time Buenaflor experienced the symptoms of his illness, his contract had already been terminated. The CA pointed out that in the certification issued by Magsaysay, Buenaflor signed off on March 25, 2013, the day of his repatriation. According to the CA, petitioners failed to explain why Buenaflor was still aboard its vessel on March 13, 2013 when his contract already ended in February 2013. The CA concluded that Buenaflor's employment contract transcended beyond the nine-month period and his employment was extended. Thus, the CA ruled that the NLRC was correct in ruling that Buenaflor was still under petitioners' employ at the time he experienced the symptoms of his illness.

On September 29, 2016, the CA likewise denied petitioners' Motion for Reconsideration for failing to raise any new matter that would merit the modification or reversal of its decision.

On October 21, 2016, petitioners filed their Petition for Review on *Certiorari* where they asserted that the CA erred in finding respondents entitled to death benefits, additional allowance and attorney's fees.

Petitioners maintain that under the Masterbulk CBA and even under the Philippine Overseas Employment Administration-Standard Employment Contract (POEA-SEC), a seafarer's death is compensable if it occurred during the term of his employment. They argued that Buenaflor's death is not compensable as it happened after the expiration of his employment contract. According to petitioners, since Buenaflor signed a nine-month long contract, such contract already terminated in February 2013, the ninth month following his embarkation on May 9, 2012. Thus, petitioners assert that when Buenaflor's illness manifested in March 2013 and when he died few months thereafter, his contract already ended and he was no longer under their employ.

Petitioners further argue that Buenaflor's cause of death is not work-related, rendering him not entitled to disability benefits under the POEA-SEC. Petitioners posit that cancer is not necessarily work-related and may be caused by factors outside of one's work. Thus, petitioners insist that the correlation between Buenaflor's nature of work and the illness which caused his death should have been proven.

Petitioners also reiterate that since Buenaflor did not die as a result of a work-related illness and his death did not occur during the term of his employment, his minor children are not entitled to allowance under the POEA-SEC. They further

maintain that respondents are also not entitled to attorney's fees since they failed to show that petitioners willfully caused loss or injury to them.

The Ruling of the Court

Procedural Considerations

The NLRC decisions brought before the CA are final and executory in nature^[4] and can only be reversed on a finding of grave abuse of discretion.^[5] In reviewing the NLRC cases brought before it through a Rule 65 Petition, the CA merely corrects errors of jurisdiction or acts committed without jurisdiction or in excess of jurisdiction, or grave abuse of discretion amounting to lack or excess of jurisdiction.^[6] It does not address mere errors of judgment, unless such errors overstep the bounds of the NLRC's jurisdiction.^[7]

This Court, in reviewing the present Rule 45 Petition, is bound by the intrinsic limitations of the Rule 65 proceedings.^[8]

In resolving a Rule 45 review of the CA's decision in labor cases rendered under Rule 65 of the Revised Rules of Court, the Court merely looks into the legal errors that the CA may have committed in determining the presence or the absence of grave abuse of discretion in the NLRC decision that it reviewed.^[9]

The question to ask is: did the CA correctly determine whether the NLRC committed grave abuse of discretion in ruling on the case?^[10]

It also settled that in a Rule 45 review, only questions of law may be raised before the Court.^[11] In *Jebsen Maritime, Inc. v. Ravena*,^[12] however, this Court ruled that "(I)n situations where insufficient or insubstantial evidence have been adduced to support the findings under review, or when conclusions go beyond bare and incomplete facts submitted by the claimant, grave abuse of discretion may result and the Court is permitted to address factual issues." In such instance, the Court's factual review power is only to the extent necessary to determine whether the CA correctly found no grave abuse of discretion on the part of the NLRC in finding that respondents are entitled to death benefits.^[13]

Thus, guided by the foregoing, the Court now proceeds to determine whether or not the CA erred in ruling that the NLRC did not act with grave abuse of discretion in finding petitioners liable for death benefits, allowance for minor children of Buenaflor, and attorney's fees.

Compensability of Buenaflor's Death

"The terms and conditions of a seafarer's employment, including claims for death and disability benefits, is a matter governed, not only by medical findings, but by the contract he entered into with his employer and the law which is deemed integrated therein."^[14] The POEA Memorandum Circular No. 10, Series of 2010, entitled 'Amended Standard Terms and Conditions Governing the Overseas Employment of Filipino Seafarers on Board Ocean-Going Ships,' which provides the

minimum requirements acceptable to the POEA for the employment of Filipino seafarers on board ocean-going vessels, is deemed integrated into the employment contract that Buenaflor entered into with petitioners. In addition, Buenaflor's employment contract is covered by the Masterbulk Vessels Maritime Officers' Agreement 2011, which was valid from January 1, 2011 until December 31, 2012, and by the Masterbulk Vessels Maritime Officers' Agreement 2013, which was valid from January 1, 2013 until December 31, 2014 ("Masterbulk Agreement").

The CA, in deciding in favor of respondents, applied the Masterbulk Agreement, as according to it, they are most favorable to the seafarers and are not contrary to law, morals, public order or public policy. According to the CA, the NLRC correctly held that the coverage of the compensation for injury or death benefits under Section 28 of the Masterbulk Agreement is too encompassing in that it does not require that the cause of injury or death be work-related. Section 28 of the Masterbulk Agreement pertinently states:

28. COMPENSATION FOR INJURY OR DEATH

(1) x x x x

(2) Compensation shall be paid as stipulated in sub-clause (1) of this clause for **all injuries howsoever caused, regardless of whether or not an officer comes within the scope of the Work Injury Compensation Act** and includes accidents arising or not arising out of the course of his employment and accidents arising outside the working hours of the injured or dead officer.

x x x x

(6) If an officer dies during service onboard **through any case including death from natural causes** or death occurring whilst travelling to and from the vessel, or as a result of marine or other similar peril, the Company shall pay the maximum amount of compensation for the affected officer as shown in Appendix IV to this Agreement. (Emphasis and underscoring supplied)

We, however, find that the CA proceeded from an incorrect framework in deciding the case. It is incorrect to state that the Masterbulk Agreement is most favorable to Buenaflor without first determining whether his illness and resulting death are covered by the terms and conditions thereof. The determination of which is more favorable between the Masterbulk Agreement and POEA-SEC is proper only when it has been established that Buenaflor's death is compensable under both.

A review of the Masterbulk Agreement shows that Buenaflor's death is not within its coverage. The terms and conditions under Section 28 of the Masterbulk Agreement which the NLRC applied in assessing the compensability of Buenaflor's death is limited to 1) injuries, and 2) death during service on board, occurring while travelling to and from the vessel, or death caused by marine or other similar peril.