

THIRD DIVISION

[G.R. No. 203943, August 30, 2017]

**MAGSAYSAY MARITIME CORPORATION/EDUARDO MANESE AND
PRINCESS CRUISE LINES, LTD., PETITIONERS, VS. CYNTHIA DE
JESUS, RESPONDENT.**

DECISION

LEONEN, J.:

A conditional settlement of a judgment award may be treated as a compromise agreement and a judgment on the merits of the case if it turns out to be highly prejudicial to one of the parties.

This resolves the Petition for Review on Certiorari^[1] filed by Magsaysay Maritime Corporation, Eduardo Manese,^[2] and Princess Cruise Lines, Limited petitioners) assailing the August 17, 2012 Decision^[3] and October 19, 2012 Resolution ^[4] of the Court of Appeals in CA-G.R. SP No. 119393. The assailed Court of Appeals Decision upheld the November 24, 2010 Decision^[5] and February 28, 2011 Resolution^[6] of the National Labor Relations Commission in NLRC NCR LAC No. 08-000481-09 (NLRC NCR No. (M) 09-13352-08).

On February 28, 2006, Magsaysay Maritime Corporation (Magsaysay), the local manning agent of Princess Cruise Lines, Limited, hired Bernardine De Jesus (Bernardine) as an Accommodation Supervisor for the cruise ship Regal Princess. Based on the contract of employment^[7] that he signed, Bernardine was to receive a basic monthly wage of US\$388.00 for a period of 10 months.

On March 9, 2006, Bernardine boarded Regal Princess and he eventually disembarked 10 months later, or on January 16, 2007, after his contract of employment ended.^[8]

Bernardine was soon diagnosed with Aortic Aneurysm and on March 15, 2007, he had a coronary angiography. On March 21, 2007, he underwent a Left Axillofemoral Bypass.^[9] He died on March 26, 2007.^[10]

On September 24, 2008, respondent Cynthia De Jesus (Cynthia), Bernardine's widow, filed a complaint^[11] against Magsaysay for "payment of death benefits, medical expenses, sickness allowance, damages, and attorney's fees."^[12] Cynthia and Magsaysay were unable to amicably settle the case; hence, they were directed to submit their respective position papers.^[13]

On June 30, 2009, the Labor Arbiter granted Cynthia's complaint and directed Magsaysay to pay her claims for death benefits, additional benefits, burial expenses,

and attorney's fees.^[14]

The Labor Arbiter ruled that it was highly improbable that Bernardine developed a cardio-vascular disease which would lead to his death merely two (2) months after his repatriation.^[15]

The Labor Arbiter held that Cynthia sufficiently established that her husband suffered chest pains while he was still aboard the Regal Princess. She claimed that he had reported his condition but he was not provided with medical attention. Furthermore, he had also asked for medical attention upon his repatriation, but his request was once again denied.^[16] The dispositive portion of the Labor Arbiter Decision read:

WHEREFORE, foregoing premises considered, judgment is hereby rendered finding respondents liable to pay, jointly and severally, complainant's claims for death benefits under the POEA Standard Employment Contract, amounting to US\$50,000.00 and additional benefits amounting to US\$21,000.00 for complainant's three (3) minor children, in Philippine currency at the prevailing rate of exchange at the time of payment; US\$1,000.00 representing burial expenses; and attorney's fees often percent (10%) of the total monetary award.

All other claims are denied.

SO ORDERED.^[17]

On November 24, 2010, the National Labor Relations Commission^[18] denied Magsaysay's appeal.

The National Labor Relations Commission upheld the Labor Arbiter's finding that Bernardine's cardio-vascular disease was work-related.^[19]

The National Labor Relations Commission also noted that while the general rule in compensability of death is that a seafarer's death must have occurred during the term of the employment contract, an exception to this rule is when a seafarer contracted an illness while under the contract and this illness caused his death:^[20]

In such case, even if the seaman died after the term of the contract, his beneficiaries are entitled to death compensation and benefits. Thus, [w]here a seaman contracts an illness during the term of his employment and such illness causes the death of the seaman even after the term of his contract, the beneficiaries of the seaman are entitled, as a matter of right, to death compensation and benefits.^[21]

As for Bernardine's failure to submit himself to a post-employment medical examination, the National Labor Relations Commission remarked that this Court had already ruled that it could be dispensed with. Furthermore, the National Labor Relations Commission pointed out that the failure to undergo a post employment medical examination within three (3) days from repatriation leads to the forfeiture of medical benefits and sickness allowance, not death benefits.^[22] The dispositive portion of the National Labor Relations Commission Decision read:

WHEREFORE, the Decision of the labor arbiter a quo dated June 30, 2009 rendered in NLRC NCR Case No. (M) 09-13352-08 is hereby **AFFIRMED** in toto.

SO ORDERED.^[23] (Emphasis in the original)

On May 13, 2011, Magsaysay filed a Petition for Certiorari^[24] before the Court of Appeals.

On June 30, 2011, Magsaysay paid Cynthia P3,370,514.40 as conditional satisfaction of the judgment award against it and without prejudice to its Petition for Certiorari pending before the Court of Appeals.^[25]

On July 1, 2011, in light of the conditional settlement between the parties, the Labor Arbiter considered the case closed and terminated but without prejudice to Magsaysay's pending petition before the Court of Appeals.^[26]

On August 17, 2012, the Court of Appeals^[27] dismissed the petition for being moot and academic.^[28] On October 19, 2012, the Court of Appeals^[29] denied Magsaysay's motion for reconsideration.^[30]

On December 19, 2012, petitioners filed their Petition for Review on Certiorari^[31] where they continue to assert that the Court of Appeals erred in dismissing their Petition for Certiorari for being moot and academic. Petitioners emphasize that *Leonis Navigation v. Villamater*^[32] stated that if the Court of Appeals grants a petition for certiorari, the assailed decision of the National Labor Relations Commission will become void *ab initio* and will never attain finality.^[33]

Petitioners maintain that *Leonis* ruled that even if the employer voluntarily pays the judgment award, the seafarer's beneficiary is estopped from claiming that the controversy has ended with the Labor Arbiter's Order closing and terminating the case. This is because the beneficiary acknowledged that the payment received "was without prejudice to the final outcome of the petition for certiorari pending before the [Court of Appeals]."^[34]

Furthermore, petitioners claim that Bernardine's death was not compensable under the Philippine Overseas Employment Agency Standard Employment Contract (POEA-SEC) because he died after his contract of employment was terminated.^[35] Petitioners put forth that "[f]rom then on, petitioners' responsibilities and obligations to the deceased seafarer had ceased."^[36]

Petitioners also highlight that Bernardine was not repatriated due to illness but because of the completion of his contract.^[37] Additionally, Bernardine failed to submit himself to a post-employment medical examination within three (3) days from his repatriation, as required by the POEA-SEC. Thus, petitioners claim that there was no basis for the death benefits claimed by Cynthia. Petitioners point out that Bernardine did not complain of any illness during the de-briefing session conducted before his repatriation.^[38]

Nonetheless, even if Bernardine complied with the rule on post-employment medical examination, petitioners contend that Aortic Aneurysm, which caused Bernardine's death, was not a compensable occupational disease under the POEA-SEC. They aver that it cannot be presumed that the cause of his death was work-related. They posit that respondent utterly failed to substantiate her claim that her husband's death was work related.^[39]

On February 13, 2013, this Court required respondent Cynthia to comment on the Petition for Review.^[40]

On May 3, 2013, respondent filed her Comment^[41] where she stresses that the ruling in *Career Philippines Ship Management Inc. v. Madjus*^[42] is applicable to her case since both cases pertain to voluntary satisfaction of claims for death benefits.^[43] Furthermore, just like in *Career Philippines*, by accepting the monetary award from petitioners, respondent will no longer have any available remedy against them, while petitioners are still free to pursue any of the remedies available to them.^[44]

Respondent also argues that the issues raised before this Court are the same factual issues already threshed out before the Court of Appeals and the National Labor Relations Commission. Respondent contends that the findings of the administrative tribunals are supported by substantial evidence; hence, they should be accorded great weight and respect by this Court.^[45]

Respondent denies that her husband failed to comply with the three (3)-day reporting requirement and claims that her husband even asked to be provided with medical attention upon his repatriation, but his request was denied:

The petitioners merely told him to take a rest and after that, he will be re-deployed again. Seaman De Jesus could not have immediately filed a disability claim (as suggested by petitioners) because *he was not yet examined by a doctor due to the refusal of petitioners to provide post-employment medical attention*. He was also hoping that his condition would improve after taking a rest, as suggested by petitioners.

However, his condition did not improve until he suffered aortic aneurism on March 14, 2007.^[46] (Emphasis in the original)

On August 12, 2013, this Court required petitioners to reply to the Comment.^[47]

On November 4, 2013, petitioners filed their Reply^[48] where they deny respondent's allegation that they voluntarily offered to pay the full judgment award. They claim that they even opposed respondent's Motion for the Issuance of a Writ of Execution and were just forced to pay the judgment award since their petition before the Court of Appeals did not stay the judgment award.^[49]

Petitioners reiterate that the Court of Appeals erred in dismissing the petition on the ground that the payment of the judgment award rendered the petition moot and academic because the payment made to respondent was without prejudice to the then pending petition before the Court of Appeals.^[50]

Petitioners argue that the labor tribunals committed grave abuse of discretion in awarding death benefits to Cynthia and her three (3) minor children considering that Bernardine's death was not compensable under the POEA-SEC and that respondent failed to prove her claims of compensability with substantial evidence.^[51]

The parties filed their respective memoranda on February 12, 2014^[52] and March 24, 2014,^[53] in compliance with this Court's December 2, 2013 Resolution.^[54]

This Court resolves the following issues:

First, whether or not the payment of money judgment has rendered the Petition for *Certiorari* before the Court of Appeals moot and academic; and

Second, whether or not the award of death benefits was issued with grave abuse of discretion.

The petition is devoid of merit.

I

Petitioner cite *Leonis Navigation v. Villamater*^[55] to support their claim that their payment of the judgment award did not render the Petition for *Certiorari* before the Court of Appeals moot and academic. *Leonis* stated:

Simply put, the execution of the final and executory decision or resolution of the NLRC shall proceed despite the pendency of a petition for *certiorari*, unless it is restrained by the proper court. In the present case, petitioners already paid Villamater's widow, Sonia, the amount of [P]3,649,800.00, representing the total and permanent disability award plus attorney's fees, pursuant to the Writ of Execution issued by the Labor Arbiter. Thereafter, an Order was issued declaring the case as "closed and terminated." However, although there was no motion for reconsideration of this last Order, Sonia was, nonetheless, estopped from claiming that the controversy had already reached its end with the issuance of the Order closing and terminating the case. This is because the Acknowledgment Receipt she signed when she received petitioners' payment was without prejudice to the final outcome of the petition for *certiorari* pending before the CA.^[56]

Respondent, in turn, cites *Career Philippines Ship Management Inc. v. Madjus*^[57] to substantiate her claim that the Conditional Satisfaction of Judgment Award was akin to an amicable settlement, rendering the Petition for *Certiorari* before the Court of Appeals moot and academic. *Career Philippines* stated:

As for the "Conditional Satisfaction of Judgment," the Court holds that it is valid, hence, the "conditional" settlement of the judgment award insofar as it operates as a final satisfaction thereof to render the case moot and academic.

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