

## SECOND DIVISION

[ G.R. No. 201251, June 26, 2013 ]

### INTER-ORIENT MARITIME, INCORPORATED AND/OR TANKOIL CARRIERS, LIMITED, PETITIONERS, VS. CRISTINA CANDAVA, RESPONDENT.

#### DECISION

##### PERLAS-BERNABE, J.:

Assailed in this Petition for Review on *Certiorari*<sup>[1]</sup> is the October 21, 2011 Decision<sup>[2]</sup> dated and March 27, 2012 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 113342, which reversed and set aside the August 28, 2009 Decision<sup>[4]</sup> and December 21, 2009 Resolution<sup>[5]</sup> of the National Labor Relations Commission (NLRC), reinstating the April 28, 2006 Decision<sup>[6]</sup> of the Labor Arbiter (LA), granting respondent Cristina Candava's (Cristina) claim for death benefits.

#### The Facts

In January 2002, petitioner Inter-Orient Maritime Incorporated (Inter-Orient) hired Joselito C. Candava (Joselito) as an able-bodied seaman for its foreign principal, Tankoil Carriers Limited (Tankoil). Joselito was then deployed to M/T Demetra for a contract period of nine (9) months.<sup>[7]</sup> Despite expiration of his contract period on October 28, 2002, Joselito continued to work aboard the vessel due to the unavailability of a replacement and such work extension lasted until February 2003.

On February 13, 2003, he complained of significant pain in the abdominal region and was rushed to a hospital. Joselito was diagnosed to be suffering from "direct inguinal hernia strangulated right" and "acute appendicitis." As such, he underwent two (2) medical procedures, namely right inguinal plasty and appendectomy, where the doctors further discovered that the tumor in Joselito's right inguinal canal "corresponded to a tumor formation dependent on the right testicle"<sup>[8]</sup> which appeared oncogenic. As a result thereof, Joselito was repatriated to Manila. Upon his arrival, the company designated physician examined Joselito and declared him fit to work. Nonetheless, his supplications for work were rejected.

On March 28, 2003, Joselito, accompanied by representatives of petitioner Inter-Orient, filed a complaint<sup>[9]</sup> for recovery of sick wages and reimbursement of medical expenses before the NLRC – National Capital Region (NLRC-NCR). However, on even date, Joselito sought for its dismissal<sup>[10]</sup> in consideration of the sum of P29,813.04 and in relation thereto, executed a Release of All Rights<sup>[11]</sup> and *Pagpapaubaya ng Lahat ng Karapatan*,<sup>[12]</sup> releasing Tankoil and Inter-Orient from any claim arising from the appendicitis and inguinal hernia he suffered.

A month later, Joselito was diagnosed to have suspected "malignant cells that may also be reactive mesothelial cells,"<sup>[13]</sup> and thereafter found to have testicular tumor<sup>[14]</sup> (cancer of the testes<sup>[15]</sup>), abdominal germ cell tumor,<sup>[16]</sup> metastatic carcinoma to the lungs and pleural effusion.<sup>[17]</sup> Thus, on August 11, 2003, Joselito, again accompanied by representatives from petitioner Inter-Orient, filed another complaint<sup>[18]</sup> for medical benefits before the NLRC – San Pablo City. Similarly, on even date, Joselito sought for the dismissal<sup>[19]</sup> of his complaint in consideration of the amount of P77,000.00 and executed a Receipt and Release,<sup>[20]</sup> releasing Tankoil and Inter-Orient from any claim arising from his employment. In both complaints, orders of dismissal were issued.

On October 9, 2003, Joselito passed away. His death certificate<sup>[21]</sup> listed the following causes:

Immediate Cause: RESPIRATORY FAILURE  
Antecedent Cause: PULMONARY METASTASIS  
Underlying Cause: GERM CELL TUMOR  
Other Significant  
Conditions  
Contributing to  
Death: PNEUMONIA

Respondent Cristina sent a Letter<sup>[22]</sup> dated December 17, 2003 to petitioner Inter-Orient, demanding payment of death benefits but her pleas fell on deaf ears. As such, Cristina filed a complaint for death and other monetary benefits against petitioners before the NLRC-NCR.

In her complaint, respondent Cristina alleged that Joselito did not receive any sickness benefit or medical assistance from petitioners other than those subject of the release documents which were paid only after Joselito complied with the requirement of filing his complaints. While admitting that Joselito was not coerced into signing the release documents, Cristina averred that he was constrained by his physical and financial condition to accept the measly amount offered by petitioners. Further, Cristina claimed that Joselito's death was due to an illness contracted during the latter's employment and thus, she is entitled to death compensation, burial assistance, moral and exemplary damages, and attorney's fees.

For their part, petitioners claimed that Cristina's complaint is barred by *res judicata* or the filing of the two previous complaints by Joselito, which were dismissed upon his motion, and the accompanying release documents the latter executed.

### **The Ruling of the Labor Arbiter**

In its Decision<sup>[23]</sup> dated April 28, 2006, the LA ruled in favor of Cristina, ordering petitioners to pay her US\$50,000.00 as death benefits, US\$7,000.00 as benefits to their minor son, Jerome Lester, US\$1,000.00 as burial assistance, and ten percent (10%) of the total monetary award as attorney's fees.<sup>[24]</sup> The LA found that the release papers executed by Joselito during his lifetime cannot bar his heirs' right to receive death benefits and burial expenses which only arose and accrued upon his

death.<sup>[25]</sup> Further, the LA opined that the payment of sickness wages and other benefits made by petitioners is an acknowledgement that his death was compensable.<sup>[26]</sup>

### **The Ruling of the NLRC**

In its Decision<sup>[27]</sup> dated August 28, 2009, the NLRC reversed and set aside the LA's ruling, holding that Joselito did not die during the term of his contract with petitioners and that his illness was not proven to be work-related.<sup>[28]</sup> Nonetheless, the NLRC held that contrary to petitioners' claims, Cristina's complaint is not barred by *res judicata* considering the lack of identity of causes of action between Joselito's and Cristina's respective complaints.<sup>[29]</sup>

Cristina filed a Motion for Reconsideration dated October 9, 2009 but was denied in the NLRC's Resolution<sup>[30]</sup> dated December 21, 2009. Aggrieved, Cristina filed a Petition for *Certiorari*<sup>[31]</sup> dated March 4, 2010 with the CA.

### **The Ruling of the CA**

In its Decision<sup>[32]</sup> dated October 21, 2011, the CA annulled and set aside the NLRC's ruling and reinstated that of the LA. It held that while the Philippine Overseas Employment Administration Standard Employment Contract (POEA-SEC) allows an employer to extend a seafarer's employment beyond the period stipulated if there was no replacement crew available, such extension should not exceed three (3) months. In Joselito's case, his original contract period expired sometime in October 2002 but petitioners extended his employment until February 2003, or for four (4) additional months. Thus, the CA deemed that there was an implied renewal of Joselito's employment contract for another nine (9) months starting from the expiration of the allowable three (3) month extension on January 28, 2003, or for the period of January 29, 2003 up to October 28, 2003. In view of this, Joselito's death on October 9, 2003 was within the term of his contract and thus, compensable.

Moreover, the CA noted that even though Joselito's illness was not listed in Section 32 of the Standard Employment Contract, petitioners nevertheless failed to rebut the disputable presumption that Joselito's illness is work-related.<sup>[33]</sup>

Petitioners sought for reconsideration but was denied in the CA's Resolution<sup>[34]</sup> dated March 27, 2012. Hence, this petition.

### **The Issue Before the Court**

The pivotal issue raised for the Court's resolution is whether Joselito's death is compensable as to entitle Cristina to claim death benefits.

At this point, it should be noted that the compensability of Joselito's death should be resolved under the provisions of the 1996 POEA-SEC, which is the POEA-SEC in effect when petitioners employed him in January 2002. This is because the 2000 POEA-SEC which introduced amendments to the 1996 POEA-SEC initially took effect on June 25, 2000 but its implementation was suspended<sup>[35]</sup> and lifted only on June

## The Court's Ruling

The petition is bereft of merit.

At the outset, it bears stressing that the employment of seafarers, including claims for death benefits, is governed by the contracts they sign at the time of their engagement. 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. Nonetheless, while the seafarer and his employer are governed by their mutual agreement, the POEA Rules and Regulations require that the POEA-SEC be integrated in every seafarer's contract.[37]

The prevailing rule under the 1996 POEA-SEC was that the illness leading to the eventual death of seafarer need not be shown to be work-related in order to be compensable, but must be proven to have been **contracted during the term of the contract**. Neither is it required that there be proof that the working conditions increased the risk of contracting the disease or illness.[38] An injury or accident is said to arise "in the course of employment" when it takes place within the period of employment, at a place where the employee reasonably may be, and while he is fulfilling his duties or is engaged in doing something incidental thereto.[39] A meticulous perusal of the records reveals that Joselito **contracted his illness in the course of employment**. It cannot also be denied that the same was aggravated during the same period. Thus, there was a **clear causal connection between such illness and his eventual death**, making his death compensable.

Verily, Joselito complained of significant pain in the abdominal region while aboard M/T Demetra and during the extended period of his employment. Upon undergoing different medical procedures, the doctors discovered that the tumor in Joselito's right inguinal canal "corresponded to a tumor formation dependent on the right testicle." [40] Despite the company designated physician's declaration that Joselito was fit to work, his condition continued to deteriorate as succeeding medical reports showed the presence of testicular as well as abdominal germ tumors.[41] His abdominal germ tumor, being in the midline portion of the body, the most common metastasis (spread) will be in the lungs.[42] This is supported by medical reports showing the presence of multiple pulmonary nodules, as well as reactive mesothelial cells,[43] which is consistent with the presence of metastatic tumor.[44] Thereafter, Joselito underwent thoracentesis[45] which further revealed malignant cells in his body.[46]

Moreover, Joselito's Death Certificate[47] stated respiratory failure as the immediate cause of his death, with pulmonary metastasis as antecedent cause. The underlying cause for his death was germ cell tumor which may be found, among others, in the testes and the center back wall of the abdominal cavity. [48] The World Health Organization defines an underlying cause as the disease or injury **that initiated the train of events leading directly to death**, or circumstances of the accident or violence that produced the fatal injury.[49] Perforce, **there existed a clear causal connection between Joselito's illness which he contracted during**