

FIRST DIVISION

[G.R. No. 168715, September 15, 2010]

**MEDLINE MANAGEMENT, INC. AND GRECOMAR SHIPPING
AGENCY, VS. PETITIONERS, GLICERIA ROSLINDA AND ARIEL
ROSLINDA, RESPONDENTS.**

D E C I S I O N

DEL CASTILLO, J.:

If a seafarer dies after the termination of his contract of employment, the Court can only commiserate with his heirs because it has no alternative but to declare that his beneficiaries are not entitled to the death benefits provided in the Philippine Overseas Employment Administration (POEA) Standard Employment Contract (SEC).

This Petition for Review on *Certiorari*^[1] assails the Decision^[2] dated March 11, 2005 of the Court of Appeals (CA) in CA-G.R. SP No. 87648, which dismissed the petition for *certiorari* with prayer for the issuance of a writ of preliminary injunction and/or restraining order challenging the Resolution dated August 31, 2004^[3] and October 15, 2004^[4] of the National Labor Relations Commission (NLRC) in NLRC NCR CA No. 040435-04. Also assailed is the Resolution^[5] dated June 22, 2005 denying the Motion for Reconsideration.

Factual Antecedents

Petitioner Medline Management, Inc. (MMI), on behalf of its foreign principal, petitioner Grecomar Shipping Agency (GSA), hired Juliano Roslinda (Juliano) to work on board the vessel MV "Victory." Juliano was previously employed by the petitioners under two successive separate employment contracts of varying durations. His latest contract was approved by the POEA on September 9, 1998 for a duration of nine months.^[6] In accordance with which, he boarded the vessel MV "Victory" on October 25, 1998 as an oiler and, after several months of extension, was discharged on January 20, 2000.

Months after his repatriation, or on March 6, 2000, Juliano consulted Dr. Pamela R. Lloren (Dr. Lloren) of Metropolitan Hospital. He complained about abdominal distention which is the medical term for a patient who vomits previously ingested foods. From March 8 to August 24, 2000, Juliano visited Dr. Lloren for a series of medical treatment.^[7] In a Medical Certificate^[8] issued by Dr. Lloren, the condition of Juliano required hemodialysis which was initially done twice a week for a period of two months and then once every 10 days. In medicine, hemodialysis is the method of removing waste products such as creatinine and urea, as well as freeing water from the blood, when the kidneys are in renal failure.^[9]

On August 27, 2001, Juliano died. On September 4, 2003, his wife Gliceria Roslinda

and son Ariel Roslinda, respondents herein, filed a complaint against MMI and GSA for payment of death compensation, reimbursement of medical expenses, damages, and attorney's fees before the Labor Arbitration Branch of the NLRC.

Petitioners received on September 25, 2003 a copy of the summons^[10] and complaint. Instead of filing an answer, they filed a Motion to Dismiss^[11] on the grounds of prescription, lack of jurisdiction and prematurity. Petitioners contended that the action has already prescribed because it was filed three years, seven months and 22 days from the time the deceased seafarer reached the point of hire. They also argued that the case should be dismissed outright for prematurity because respondents failed to comply with a condition precedent by not availing of the grievance machinery. Lastly, petitioners opined that the Labor Arbiter had no jurisdiction because there exists no employer-employee relationship between the parties.

On January 9, 2004, respondents submitted their Position Paper with Opposition to Motion to Dismiss.^[12] On January 26, 2004, petitioners submitted their Comment/Reply with Motion to Expunge Complainant's Position Paper.^[13]

Ruling of the Labor Arbiter

On April 21, 2004, Labor Arbiter Fatima Jambaro-Franco denied the Motion to Dismiss filed by the petitioners. The dispositive portion provides:

WHEREFORE, premises considered, the Motion to Dismiss is hereby DENIED for lack of merit.

In order to expedite the proceedings of this case, the respondents [herein petitioners] are hereby ordered to submit their position paper on May 18, 2004 at 9:30 a.m.

SO ORDERED.^[14]

Ruling of the National Labor Relations Commission

Petitioners, instead of complying with the order of the Labor Arbiter to submit their position paper, filed their Notice of Appeal with Memorandum^[15] of Appeal on May 7, 2004 with the NLRC.

Petitioners asserted that the Labor Arbiter seriously erred in disregarding the basic provision of the POEA Contract. According to them, the POEA contract is clear that any claim arising from the employment of a seafarer should be filed within one year from the seafarer's return to the point of hire; otherwise, it shall be barred forever. In addition, petitioners claimed that the Labor Arbiter also erred when she issued an order without resolving the other issues in their Motion to Dismiss. The Labor Arbiter failed to take into consideration that respondents have no employer-employee relationship with herein petitioners, which means that the former have no cause of action against the latter. Lastly, they opined that the Labor Arbiter failed to resolve the issue of prematurity when the present case was filed without passing

through the grievance committee.

On August 31, 2004, the NLRC issued its Resolution, the dispositive portion of which provides:

PREMISES CONSIDERED, respondents' appeal from the Order dated April 21, 2004 is hereby DISMISSED for lack of merit. Let records herein be REMANDED to Arbitration Branch of origin for immediate appropriate proceedings.

SO ORDERED.^[16]

Ruling of the Court of Appeals

After reviewing the case on *certiorari*, the CA ruled that the claim was filed within the three-year prescriptive period which must be reckoned from the time of Juliano's death on August 27, 2001 and not from the date of his repatriation on January 20, 2000. As to the denial of the Motion to Dismiss, it found that under Section 3 of Rule V of the NLRC Rules of Procedure, an order denying the Motion to Dismiss or suspension of its resolution until the final determination of the case, is not appealable. Anent the issue that the Labor Arbiter had no jurisdiction over the case because there exists no employee-employer relationship between the parties, the CA held that such matter is a factual issue which should be threshed out in the trial of the case. Being a factual matter needing evidence for its existence, a motion to dismiss is not the proper remedy. The dispositive portion of the CA Decision states:

IN VIEW OF ALL THE FOREGOING, the instant petition is ordered DISMISSED. Costs against the petitioners.

SO ORDERED.^[17]

After the denial by the CA of their Motion for Reconsideration, petitioners filed the present petition for review on *certiorari*.

Issues

Petitioners raise the following issues:

I.

Whether the CA seriously erred in holding that the Order of the Labor Arbiter dismissing the Motion to Dismiss is not appealable.

II.

Whether the CA seriously erred in ruling that the claim is not yet barred by

prescription despite the fact that it was filed beyond the one-year prescriptive period provided by the POEA Standard Employment Contract.

III.

Whether the ruling of the CA is contrary to the jurisprudence laid down in the case of Fem's Elegance Lodging House vs. Murillo decided by this Court.

Petitioners' Arguments

Petitioners contend that although Rule 1, Section 3 of the NLRC Rules of Procedure provides for the suppletory application of the Rules of Court, the same is proper only in the absence of applicable provision in the NLRC Rules of Procedure to the issue at hand. Here, Section 1, Rule VI of the NLRC Rules of Procedure and Article 223 of the Labor Code specifically provide that any order of the Labor Arbiter is appealable to the NLRC, regardless if it is final or interlocutory in nature. Hence, there is no room for the suppletory application of the Rules of Court in the case at bench.

Petitioners also argue that the POEA SEC provides that the employer and the seafarer agree that all claims arising from the contract shall be made within one year from the date of seafarer's return to the point of hire. Hence, respondents' claim for death benefits has clearly prescribed because they filed their complaint before the NLRC Arbitration Branch only on September 11, 2003 or three years seven months and 22 days after the return of Juliano to the point of hire on January 20, 2000.

Respondents' Arguments

Respondents posit that Section 3, Rule V of the NLRC Rules of Procedure clearly provides that an order denying a motion to dismiss or suspension of its resolution until the final determination of the case is not appealable. It is for this reason that petitioners were required to proceed with the Arbitration Branch of origin for further proceedings.

Moreover, respondents argue that the Motion to Dismiss filed by the petitioners was properly denied by the Labor Arbiter because the cause of action has not yet prescribed. The prescriptive period that should apply is three years and not one year as provided for in the POEA SEC. Therefore, when the complaint was filed on September 4, 2003, it is well within the three-year prescriptive period. The reckoning point is the time when the cause of action accrued which is from the time of death of the seafarer and not from the time of repatriation.

Our Ruling

A close perusal of the three issues presented for our review readily reveals a single issue of substance - that the Labor Arbiter seriously erred in denying the Motion to Dismiss filed by the petitioners without ruling on all the grounds raised by them. Another issue involved a procedural ground - that the CA erred in dismissing the petition assailing the denial of the Motion to Dismiss based on Section 3, Rule V of the NLRC Rules of Procedure.

*The Labor Arbiter Properly
Denied the Motion to Dismiss*

The denial of the Motion to Dismiss by the Labor Arbiter, the NLRC, and the CA was made in accordance with prevailing law and jurisprudence. It should be noted that in the Motion to Dismiss filed by the petitioners before the Labor Arbiter, they cited prescription, lack of jurisdiction and failure to comply with a condition precedent, as the three grounds for dismissal of the case.

Prescription

The employment contract signed by Juliano stated that "Upon approval, the same shall be deemed an integral part of the Standard Employment Contract

(SEC) for seafarers."^[18] Section 28 of the POEA SEC 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. (Emphasis supplied)

On the other hand, the Labor Code states:

ART. 291. *Money claims.* - All money claims arising from employer-employee relations accruing 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.

x x x x (Emphasis supplied)

In *Southeastern Shipping v. Navarra, Jr.*,^[19] we ruled 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." We further declared that "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