

THIRD DIVISION

[G.R. NO. 166580, February 08, 2007]

**PRUDENTIAL SHIPPING AND MANAGEMENT CORPORATION AND
ZENITH SHIPPING INVESTMENT, LTD., PETITIONERS, VS.
EMERLINDA A. STA. RITA, FOR HERSELF AND IN BEHALF OF
RENE A. STA. RITA, RESPONDENT.**

DECISION

CALLEJO, SR., J.:

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court of the Decision^[1] of the Court of Appeals (CA) in CA-G.R. SP No. 80610, which reversed the decision and resolution of the National Labor Relations Commission (NLRC), and reinstated the Labor Arbiter's decision, as well as the CA Resolution^[2] denying the motion for reconsideration thereof.

On May 5, 1999, petitioner Zenith Shipping Investment, Ltd. (ZSIL), through petitioner Prudential Shipping and Management Corporation (PSMC), hired Virgilio C. Sta. Rita as "oiler" on board the M/V Gulfwind. The contract was for 12 months at a basic monthly salary of US\$335.00 on a 48-hour work week, with an overtime pay of US\$2.01 per hour and a monthly vacation leave with pay of 4 days.^[3] In his pre-employment medical examination, he was found fit for sea duty, although his electrocardiogram (ECG) report revealed a mild left axis deviation.^[4]

Virgilio boarded ship on May 20, 1999.^[5] He became ill while on board. On March 3, 2000, the Marine Medical Unit at New Orleans, Louisiana, USA diagnosed him to be suffering from umbilical hernia. The attending physician advised Virgilio to avoid tasks involving heavy lifting and to undergo surgical repair.^[6] He was later repatriated.

Upon his arrival in Manila on March 8, 2000, Virgilio was immediately referred to the company-designated physicians at the Metropolitan Hospital for further evaluation and management. He was found positive of peri-umbilical mass^[7] due to the presence of ascites.^[8] On March 24, 2000, Virgilio was subjected to umbilical herniorrhaphy^[9] (surgical repair), ultrasound of the upper abdomen^[10] and aspiration of ascitic fluid.^[11] The ultrasound done on the day of the operation further revealed that Virgilio had liver cirrhosis with a possible regenerating nodule,^[12] for which he was given medication.^[13] Five days later, or on March 29, 2000, he was discharged from the hospital.^[14] All medical and hospitalization expenses for the herniorrhaphy were shouldered by petitioners.

On June 20, 2000, after several post-operation check-ups, Virgilio signed a "Certificate of Fitness for Work"^[15] where he released his employer and the

manning company from all actions, claims and liabilities.^[16] ZSIL and PSMC later paid his sick wages.^[17]

Almost eight (8) months later, on February 13, 2001, Virgilio was brought to the Philippine General Hospital (PGH). His HBT ultrasonography (of the liver and gallbladder) revealed massive ascites, liver cirrhosis, thickening of the gallbladder wall (probably reactive) and splenomegaly, while his chest ultrasonography revealed left massive pleural effusion.^[18] On electrocardiogram, he was discovered to have sinus tachycardia and left axis deviation.^[19] His roentgenological report further revealed an atherosclerotic aorta which confirmed the earlier finding of pleural effusion.^[20] On March 13, 2001, he was confined at the PGH for "acidosis secondary to liver cirrhosis probably secondary to alcoholic liver disease; hepatocellular carcinoma and left pleural effusion, probably malignant."^[21] Virgilio died on March 18, 2001. The immediate cause of death was "cardiopulmonary arrest 2^o metabolic acidosis r/o fatal arrhythmia," with "acute renal failure" as the antecedent cause, and "hepatocellular carcinoma" as the underlying cause.^[22]

On June 5, 2001, Emerlinda, Virgilio's wife,^[23] and Rene, their son^[24] (respondents), filed a complaint ^[25] against ZSIL and PSMC for payment of death compensation, illness allowance, reimbursement of medical expenses, damages and attorney's fees before the Labor Arbitration Branch of the NLRC. The case was docketed as NLRC-NCR-OFW-Case No. (M)-01-06-1049-00.

Petitioners countered that respondents were not entitled to death benefits because Virgilio died long after his employment had been terminated. This was in accordance with Section 18 of the POEA Standard Employment Contract. Petitioners argued that they were not insurers of the lives of seamen and they were only liable for death benefits for the results of illnesses contracted during employment. They pointed out that respondents were already given residual benefits from Virgilio's repatriation due to illness, and as such, the former were already released from any obligation to the heirs of the deceased. They likewise averred that death benefits are awarded only if the seaman dies of the same illness for which he was repatriated. In this case, he was repatriated due to umbilical hernia which is not a deadly illness; in fact, Virgilio's condition had already been corrected by umbilical herniorrhaphy from which he recuperated fully. Furthermore, he was later on declared fit to work. Petitioners stressed that the deceased was in good health when he was repatriated. Finally, they claim that they are not liable for damages because they acted in good faith. They rejected the claims of the respondents on the honest belief that they were not entitled thereto under the POEA Standard Employment Contract.

In their Reply, respondents averred that petitioners' settlement of the sick wages and their other liabilities to Virgilio was contrary to their claim that Virgilio's employment had been terminated upon repatriation.

On June 21, 2002, the Labor Arbiter rendered a Decision ^[26] in favor of the respondents. The Labor Arbiter ruled that the nature of Virgilio's employment contributed to the aggravation of his affliction, which in turn caused his premature repatriation for medical treatment, and eventually his death. While his hernia operation was successful, the liver cirrhosis, which had been diagnosed during the operation, remained. The *fallo* of the decision reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering herein respondents Prudential Shipping and Management Corporation and Zenith Shipping Investment, Inc., jointly and severally, to pay herein surviving spouse complainant Emerlinda A. Sta. Rita and her child, Rene, surnamed Sta. Rita, the following:

1. The sum of US\$1,340.00 as sickness allowance;
2. The sum of US\$50,000.00 as death compensation benefits, plus the sum of US\$7,000.00 for herein minor child Rene;
3. The sum of US\$1,000.00 burial expenses; and
4. The further sum of ten percent (10%) of the monetary award due complainant, or US\$5,934.00, as attorney's fees.

All other claims are dismissed for lack of merit.

SO ORDERED. [27]

The Labor Arbiter further held that a claim arising from employer-employee relationship does not necessarily infer that the relationship should exist at the time the claim is presented. Although the employment may have ceased, the origin of the claim is not altered. According to the Labor Arbiter, the fact that Virgilio's employment had already been terminated when the complaint was filed is of no consequence. He cited this Court's rulings in *Martin v. Court of Appeals*, [28] and *Star Security & Detective Investigation Agency v. Secretary of Labor*. [29]

Petitioners appealed the decision to the NLRC, wherein they averred that:

FIRST, the Honorable Arbiter appears to have awarded sickness allowance to complainant, a relief which has not been substantiated, which at best has been waived because the same was not prayed for in the Position Paper and Reply filed by the complainant before the Arbiter, and which in fact has been paid;

SECOND, the Honorable Arbiter adopted a version of the facts that is at best speculative and baseless, and at worse, contrary to the evidence presented; and

THIRD, the deceased seaman died long after his employment of a disease which did not manifest during such employment, and which is a known fatal and fast acting illness, such that the respondents cannot be held liable for death benefits and damages including attorney's fees arising therefrom. [30]

On May 26, 2003, the NLRC reversed the decision of the Labor Arbiter and dismissed the complaint. [31] According to the NLRC, death and burial benefits could not be awarded to respondents. Under the POEA Standard Employment Contract, these benefits are given if the seafarer died during the term of his contract. Since the seafarer passed away one year after his repatriation (*i.e.*, his contract was already terminated), respondents were not entitled to death benefits.

The NLRC, likewise, ruled that respondents were not entitled to sickness allowance because they did not pray for such relief in their position paper. In fact, petitioners attached to their appeal memorandum evidence that sickness allowance had been paid to respondents. The *fallo* of the decision reads:

WHEREFORE, the decision appealed from is hereby REVERSED, and the instant case DISMISSED for lack of merit.

SO ORDERED.^[32]

Respondents filed a motion for reconsideration^[33] which the NLRC denied.^[34] This prompted the respondents (petitioners for brevity) to file a petition for *certiorari* under Rule 65 of the Revised Rules of Court before the CA.^[35] Petitioners insisted that the public respondent committed grave abuse of discretion amounting to lack or excess of its jurisdiction in reversing and setting aside the decision of the Labor Arbiter and in dismissing their complaint. ^[36]

They averred that, although Virgilio died of cardiopulmonary arrest one year from the date of his repatriation, they were still entitled to death benefits. Citing the ruling in *Ijares v. Court of Appeals*, ^[37] they averred that the main consideration for compensability is that the cause of death of the deceased was contracted during and by reason of his employment, and any non-work related factor that contributed to its aggravation is immaterial. What is decisive is that the cause of death of the deceased is work-related and aggravated his condition or contributed, even in a small degree, to its development. Petitioners pointed out that the deceased was an oiler and was exposed to different kinds of chemicals and extreme heat in the engine room of the vessel. Contrary to respondents' contention, the deceased was not yet well when he was repatriated because he was found suffering from enlargement of the abdomen five (5) days after the surgery on his umbilical hernia. He could not have contracted liver cirrhosis, the underlying cause of his death, only after he was repatriated; he contracted it during the time of his employment with petitioners. They claimed that respondents cannot find solace in the Certificate of Fitness executed by the deceased because the same is in the nature of a deed of quitclaim and cannot bar the recovery of death benefits.

On October 26, 2004, the appellate court rendered judgment granting the petition. ^[38] It declared that the cause of Virgilio's death was traceable to his cirrhosis, which he presumably acquired while he was in petitioners' employ. Virgilio worked in the engine room where he was necessarily exposed to chemicals. Also, his strenuous work as an oiler might have weakened his state of health; his having skipped meals to attend to his work might have rendered him susceptible to malnutrition. It stressed that hepatocellular carcinoma may arise as a complication of cirrhosis. The dispositive portion of the CA decision reads:

UPON THE VIEW WE TAKE OF THIS CASE, THUS, the assailed decision and resolution of the NLRC must be, as they hereby are, REVERSED, and the June 21, 2002 judgment of Labor Arbiter Salimathar V. Nambi REINSTATED in toto. Without costs.

SO ORDERED.^[39]

Petitioners filed a motion for reconsideration ^[40] which the appellate court denied in its January 6, 2005 Resolution.^[41]

Petitioners thus filed the instant petition assailing the ruling of the appellate court on the following grounds:

- I. The appellate court disregarded the terms and conditions of the POEA Standard Employment Contract when it rendered petitioners liable for the seaman's death which occurred after (sic) long after the POEA Contract had been terminated.
- II. The appellate court erred in ruling that deceased Sta. Rita's illness which caused his death allegedly occurred during his employment and/or the risk of contracting the disease was increased or aggravated by his employment since there was no evidence in this respect.
- III. The appellate court erred in ruling for the respondents despite clear proof that the cause of death was entirely different from the illness with which the deceased was repatriated.^[42]

The threshold issue is whether or not respondents are entitled to death and sickness benefits from petitioners on account of Virgilio's death on March 18, 2001.

Petitioners aver that, for respondents to be entitled to the death benefits in the POEA Standard Employment Contract, the death of the seafarer must occur during the term of the contract. When the seafarer dies after the termination of his employment but was suffering from an injury or illness during the term of his contract, the heirs would be entitled only to the compensation and benefits under Section 20(B) of the Contract. The cause of Virgilio's death which was cardiopulmonary arrest secondary to metabolic acidosis, acute renal failure and hepatocellular carcinoma, had no connection with umbilical hernia for which he was repatriated in March 2000. Petitioners stress that the cause of Virgilio's death was entirely different from the illness for which he was repatriated. His death further occurred long after the termination of his contract due to repatriation, after his successful operation and after he had been declared fit to resume his duties. Moreover, the illnesses that caused his demise were in no way related to hernia, nor were these aggravated by his work as an oiler. Even his cirrhosis was not caused by the nature of his work, as his own doctor opined that this was due to alcoholic liver disease caused by excessive alcohol intake which developed over a long period of time. The mere fact that Virgilio was found fit to work during his pre-employment medical examination does not necessarily lead to the conclusion that the illness that caused his death was acquired during the course of employment. There is, likewise, no evidence on record to prove that Virgilio was exposed to chemicals or that he skipped meals while working. Since there was no basis for the CA to conclude a work-connection or work-aggravation, petitioners should not be held liable for death and funeral benefits. Also, they should not be made to pay sickness allowance, as this was already given to Virgilio, nor damages and attorney's fees, for petitioners faithfully complied with their obligation when the deceased became ill while on board. No premium should further be placed on the right to litigate.

In their comment on the petition, respondents averred that the issues raised by