460 Phil. 592

THIRD DIVISION

[G. R. No. 144439, October 24, 2003]

SOUTHEAST ASIA SHIPPING CORPORATION, PETITIONER, VS. SEAGULL MARITIME CORP. AND COURT OF APPEALS, RESPONDENTS.

D E C I S I O N

CARPIO MORALES, J.:

From the decision of the Court of Appeals[1] in CA-G.R. CV No. 41307, "Seagull Marine Corporation v. Southeast Asia Shipping Corporation," affirming that of the Regional Trial Court (RTC) of Manila, Branch 51,[2] rendering judgment in favor of the plaintiff against the defendant-herein petitioner, the latter comes to this Court on a petition for review on certiorari.

On November 2, 1982, Philimare Shipping and Equipment Supply (PHILIMARE SHIPPING), manning agent in the Philippines of Navales Shipmanagement and Marine Consulting Pte, Ltd. of Singapore (NAVALES) which was acting for and on behalf of Turtle Bay Shipping Pte. Ltd. of Singapore, (TURTLE BAY SHIPPING), hired Nerry Balatongan to work aboard the vessel Santa Cruz, later renamed Turtle Bay.

A supplementary contract was later forged on December 6, 1982 which obliged the employer of Balatongan to insure him against death or permanent "invalidity" caused by accident on board the vessel.

By a Crewing Agreement[3] dated September 21, 1983, NAVALES, acting for and in behalf of TURTLE BAY SHIPPING, Oyster Bay Shipping Co. Pte Ltd. of Singapore (OYSTER BAY SHIPPING), and Koala Shipping Inc., Monrovia (KOALA SHIPPING), appointed respondent Seagull Maritime Corporation (SEAGULL) as its manning agent in the Philippines. SEAGULL assumed full responsibility for all seamen deployed by PHILIMARE SHIPPING.

On October 6, 1983, Balatongan who, as earlier stated, was deployed by PHILIMARE SHIPPING on November 2, 1982, met an accident in the Suez Canal in Egypt. He was treated in a hospital in Egypt and was thereafter repatriated to the Philippines.

On August 19, 1985, Balatongan was found to have been permanently disabled, drawing him to demand payment for total disability insurance in the sum of US$50,000.00. His claim was denied, however, as it was time-barred, he having failed to file it within the designated period for the purpose.

Balatongan thereupon filed on June 21, 1985 a complaint against PHILIMARE SHIPPING and SEAGULL with the Philippine Overseas Employment Administration (POEA) for nonpayment of his claim for disability insurance.

The POEA, after hearing, rendered judgment against PHILIMARE SHIPPING and SEAGULL in favor of Balatongan was awarded US$50,000.00.

PHILIMARE and SEAGULL appealed the POEA decision to the National Labor Relations Commission which denied the same. And on petition for review on certiorari with this Court, the petition of PHILMARE and SEAGULL, docketed as G.R. No. 82252, was dismissed by decision of February 28, 1989.[4] In its decision, this Court held:

> There is no question that under the said supplementary contract of employment, it is the duty of the employer, petitioners herein, to insure the employee, during his engagement, against death and permanent invalidity caused by accident on board up to $50,000.00. Consequently, it is also its concomitant obligation to see to it that the claim against the insurance company is duly filed by private respondent or in his behalf, and within the time provided for by the terms of the insurance contract.
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> In this case, the private respondent met the accident on October 6, 1983. Since then, he was hospitalized at the Suez Canal Authority Hospital and thereafter he was repatriated to the Philippines wherein he was also hospitalized from October 22, 1983 to March 27, 1984. It was only on August 19, 1985 that he was issued a medical certificate describing his disability to be permanent in nature. It was not possible for private respondent to file a claim for permanent disability with the insurance company within the one-year period from the time of the injury, as his disability was ascertained to be permanent only thereafter. Petitioners did not exert any effort to assist private respondent to recover payment of his claim from the insurance company. They did not even care to dispute the finding of the insurer that the claim was not filed on time. **Petitioners must, therefore, be held responsible for its omission, if not negligence, by requiring them to pay the claim of private respondent**. (Emphasis and underscoring supplied)

This decision had become final and executory.

Before the promulgation of this Court's decision in G. R. No. 82252 or on April 10, 1987, NAVALES, "on behalf of Arawa Bay Shipping Corporation Pte Ltd. of Singapore" (ARAWA BAY SHIPPING), and herein petitioner Southeast Asia Shipping Corporation (SEASCORP) entered into a MANNING AGENCY AGREEMENT[5] wherein NAVALES appointed SEASCORP as recruiting agent for the hiring of Filipino seamen. The said Manning Agency Agreement stated that, among other things, "[t]his Agreement shall incorporate the Special Power of Attorney executed by [NAVALES] in favor of the AGENT [SEASCORP] . . ."

On April 13, 1987 the POEA issued Accreditation Certificate No. 2471 to NAVALES for it to recruit, hire and employ ship personnel thru SEASCORP.[6] At the bottom left portion of the Certificate, the following reads:

Vessel/s enrolled: (1)

1. ARAWA BAY
   x x x x

In a SPECIAL POWER OF ATTORNEY dated May 19, 1987,[7] NAVALES, "acting for and on behalf of Arawa Bay Shipping Co. Pte Ltd.," named, constituted and appointed SEASCORP as its authorized attorney-in-fact in the hiring, placement and employment of Filipino seamen to, among other things, sue and be sued in ARAWA BAY SHIPPING'S name, place and stead, "**subject however to the provisions of the Manning Agency Agreement dated April 10, 1987 executed by NAVALES, acting on behalf of ARAWA BAY, and SEASCORP;"** and to assume jointly and solidarily with ARAWA BAY SHIPPING any liability that may arise in connection with the workers' contract and/or implementation of the employment contract and other terms and conditions of the appointment **as defined and spelled out in the Manning Contract**."

Under the Rules of the POEA, SEASCORP, as manning applicant, was required to execute an Affidavit of Undertaking in connection with the discharge of its duties as manning agent. Accordingly, SEASCORP's President, in an Affidavit of Undertaking of July 10, 1987,[8] stated:

x x x

2. That SEASCORP has been appointed as the manning agent of NAVALES SHIPMANAGEMENT & MARINECONSULTING PTE, LTD. ("NAVALES") of Maxwell House, 20 Maxwell Raod, Singapore to recruit Filipino crews for its shipping;

3. That as NAVALES' appointed manning agent in the Philippines, SEASCORP is able, willing and ready to assume any and all liabilities that may arise or that may have arisen with respect to seamen recruited and deployed by SEAGULL MARITIME CORPORATION ("SEAGULL") for NAVALES and hereby assumes full and complete responsibility over all seamen/workers originally recruited and deployed by SEAGULL for NAVALES. (Underscoring supplied)

SEASCORP was to claim later that this Affidavit was copied by its employees from a copy of the POEA.

On the basis of above-quoted paragraph 3 of SEASCORP's President's Affidavit of Undertaking, SEAGULL filed a complaint at the RTC of Manila for the recovery of the amount of P1,322,527.74 it allegedly paid Balatongan in accordance with the decision of the POEA, as affirmed by this Court in its above-mentioned decision in G.R. No. 82252.

By Decision of December 28, 1992,[9] Branch 51 of the RTC Manila, holding that the Affidavit of Undertaking is clear, plain and explicit that it covers "all the vessels of Navales (sic)," rendered judgment in favor of SEAGULL. Said the trial court:

> If the defendant's intention was indeed to limit its assumption of responsibility/liability to the vessel "Arawa Bay" only, it should have stated explicitly in the affidavit just as what others do in similar affidavit of undertaking of the same nature. Defendant's contention that the affidavit was made by defendant's employees and copied from POEA's copy can not be sustained. This is completely belied by the fact that Mr. Dalusong is not new in this line of business thus it could be

said that he and his staff are well-versed in these matters including affidavits of such nature. It could be safely assumed that Mr. Dalusong who is familiar with the affidavit was aware of the contents of the document when he signed it. The issue of whether or not there was a mistake of fact on the part of the defendant, this Court could not see any valid consideration in favor of the defendant more so with its President, Mr. Romeo Dalusong who is a lawyer and who knows the importance of reading first the contents of a document before affixing his signature and the extent or limit of liability that they are assuming.

Clearly therefore, the defendant was the one who caused the obscurity when they omitted the extent of liability, hence such obscurity must be construed against it. Otherwise, stated, if the document is clear and definite, its literal meaning shall prevail.

Considering also the cross-examination on Mr. Dalusong, he said that he came to know the first time that Navales is represented in the Philippines by Seagull prior to the accreditation because POEA required him to execute an affidavit of undertaking. Then, later he also stated that he came to know the first time that Seagull is handling other vessels for Navales in the Philippines only when he received a demand letter from Atty. Prudencio Cruz.

Ordinarily, no businessman would just enter into an agreement like this manning agreement with a principal without asking who are its previous or present manning agents, if there was any. Of course, he would inquire into its standing, credit and prestige. You just do not draft an agreement with no other inquiries. In the ordinary course of business where businessmen are regarded as shrewd, it would be unbelievable for the defendant not to have inquired or researched about any other manning agreement, more so about other vessels which could mean more business. At this point, it would be interesting to note that neither the plaintiff was notified of the new manning agreement by the defendant Navales.

x x x

The name Arawa Bay in the crewing agreement would not be given much weight because of what appears to be a catch. In the crewing agreement, their liability is limited while in the affidavit of **undertaking it covers all the vessels**. The presence of this conflicting, inconsistent and ambiguous construction in the document would therefore lead to an **interpretation against the party who caused the same**. In the case at bar, it is the defendant.