

THIRD DIVISION

[G.R. No. 179169, March 03, 2010]

LEONIS NAVIGATION CO., INC. AND WORLD MARINE PANAMA, S.A., PETITIONERS, VS. CATALINO U. VILLAMATER AND/OR THE HEIRS OF THE LATE CATALINO U. VILLAMATER, REPRESENTED HEREIN BY SONIA MAYUYU VILLAMATER; AND NATIONAL LABOR RELATIONS COMMISSION, RESPONDENTS.

D E C I S I O N

NACHURA, J.:

This is a petition for review on *certiorari*^[1] under Rule 45 of the Rules of Court, seeking to annul and set aside the Decision^[2] dated May 3, 2007 and the Resolution^[3] dated July 23, 2007 of the Court of Appeals (CA) in CA-G.R. SP No. 85594, entitled "*Leonis Navigation Co., Inc., et al. v. Catalino U. Villamater, et al.*"

The antecedents of this case are as follows:

Private respondent Catalino U. Villamater (Villamater) was hired as Chief Engineer for the ship *MV Nord Monaco*, owned by petitioner World Marine Panama, S.A., through the services of petitioner Leonis Navigation Co., Inc. (Leonis), as the latter's local manning agent. Consequent to this employment, Villamater, on June 4, 2002, executed an employment contract,^[4] incorporating the Standard Terms and Conditions Governing the Employment of Filipino Seafarers on Board Ocean-Going Vessels as prescribed by the Philippine Overseas Employment Administration (POEA).

Prior to his deployment, Villamater underwent the required Pre-Employment Medical Examination (PEME). He passed the PEME and was declared "Fit to Work."^[5] Thereafter, Villamater was deployed on June 26, 2002.

Sometime in October 2002, around four (4) months after his deployment, Villamater suffered intestinal bleeding and was given a blood transfusion. Thereafter, he again felt weak, lost considerable weight, and suffered intermittent intestinal pain. He consulted a physician in Hamburg, Germany, who advised hospital confinement. Villamater was diagnosed with Obstructive Adenocarcinoma of the Sigmoid, with multiple liver metastases, possibly local peritoneal carcinosis and infiltration of the bladder, possibly lung metastasis, and anemia; Candida Esophagitis; and Chronic Gastritis. He was advised to undergo chemotherapy and continuous supportive treatment, such as pain-killers and blood transfusion.^[6]

Villamater was later repatriated, under medical escort, as soon as he was deemed fit to travel. As soon as he arrived in the Philippines, Villamater was referred to company-designated physicians. The diagnosis and the recommended treatment

abroad were confirmed. He was advised to undergo six (6) cycles of chemotherapy. However, Dr. Kelly Siy Salvador, one of the company-designated physicians, opined that Villamater's condition "appears to be not work-related," but suggested a disability grading of 1.^[7]

In the course of his chemotherapy, when no noticeable improvement occurred, Villamater filed a complaint^[8] before the Arbitration Branch of the National Labor Relations Commission (NLRC) for payment of permanent and total disability benefits in the amount of US\$80,000.00, reimbursement of medical and hospitalization expenses in the amount of P11,393.65, moral damages in the sum of P1,000,000.00, exemplary damages in the amount of P1,000,000.00, as well as attorney's fees.

After the submission of the required position papers, the Labor Arbiter rendered a decision^[9] dated July 28, 2003 in favor of Villamater, holding that his illness was compensable, but denying his claim for moral and exemplary damages. The Labor Arbiter disposed as follows--

WHEREFORE, foregoing premises considered, judgment is hereby rendered declaring complainant's illness to be compensable and ordering respondents LEONIS NAVIGATION CO., INC. and WORLD MARINE PANAMA, S.A. liable to pay, jointly and severally, complainant CATALINO U. VILLAMATER, the amount of US\$60,000.00 or its Philippine Peso equivalent at the time of actual payment, representing the latter's permanent total disability benefits plus ten percent (10%) thereof as Attorney's Fees.

All other claims are dismissed for lack of merit.

SO ORDERED.^[10]

Petitioners appealed to the NLRC. Villamater also filed his own appeal, questioning the award of the Labor Arbiter and claiming that the 100% degree of disability should be compensated in the amount of US\$80,000.00, pursuant to Section 2, Article XXI of the ITF-JSU/AMOSUP Collective Bargaining Agreement (CBA) between petitioners and Associated Marine Officers & Seamen's Union of the Philippines, which covered the employment contract of Villamater.

On February 4, 2004, the NLRC issued its resolution,^[11] dismissing the respective appeals of both parties and affirming *in toto* the decision of the Labor Arbiter.

Petitioners filed their motion for reconsideration of the February 4, 2004 resolution, but the NLRC denied the same in its resolution dated June 15, 2004.

Aggrieved, petitioners filed a petition for *certiorari* under Rule 65 of the Rules of Court before the CA. After the filing of the required memoranda, the CA rendered its assailed May 3, 2007 Decision, dismissing the petition. The appellate court, likewise, denied petitioners' motion for reconsideration in its July 23, 2007 Resolution.

Hence, this petition based on the following grounds, to wit:

First, the Court of Appeals erroneously held that [the] Commission's Dismissal Decision does not constitute grave abuse of discretion amounting to lack or excess of jurisdiction but mere error of judgment, considering that the decision lacks evidentiary support and is contrary to both evidence on record and prevailing law and jurisprudence.

Second, the Court of Appeals seriously erred in upholding the NLRC's decision to award Grade 1 Permanent and Total Disability Benefits in favor of seaman Villamater despite the lack of factual and legal basis to support such award, and more importantly, when it disregarded undisputed facts and substantial evidence presented by petitioners which show that seaman Villamater's illness was not work-related and hence, not compensable, as provided by the Standard Terms of the POEA Contract.

Third, the Court of Appeals erred in holding that non-joinder of indispensable parties warrant the outright dismissal of the Petition for Review on Certiorari.

Fourth, the Court of Appeals erroneously held that final and executory decisions or resolutions of the NLRC render appeals to superior courts moot and academic.

Last, the Court of Appeals seriously erred in upholding the award of attorney's fees considering that the grant has neither factual nor legal basis.^[12]

Before delving into the merits of this petition, we deem it fit to discuss the procedural issues raised by petitioners.

First. It is worthy to note that the CA dismissed the petition, considering that (1) the June 15, 2004 Resolution of the NLRC had already become final and executory on June 26, 2004, and the same was already recorded in the NLRC Book of Entries of Judgments; and that (2) the award of the Labor Arbiter was already executed, thus, the case was closed and terminated.

According to Sections 14 and 15, Rule VII of the 2005 Revised Rules of Procedure of the NLRC--

Section 14. Finality of decision of the commission and entry of judgment. - a) Finality of the Decisions, Resolutions or Orders of the Commission. - Except as provided in Section 9 of Rule X, the decisions, resolutions or orders of the Commission shall become final and executory after ten (10) calendar days from receipt thereof by the parties.

b) Entry of Judgment. - Upon the expiration of the ten (10) calendar day period provided in paragraph (a) of this Section, the

decision, resolution, or order shall be entered in a book of entries of judgment.

The Executive Clerk or Deputy Executive Clerk shall consider the decision, resolution or order as final and executory after sixty (60) calendar days from date of mailing in the absence of return cards, certifications from the post office, or other proof of service to parties.

Section 15. Motions for reconsideration. - Motion for reconsideration of any decision, resolution or order of the Commission shall not be entertained except when based on palpable or patent errors; provided that the motion is under oath and filed within ten (10) calendar days from receipt of decision, resolution or order, with proof of service that a copy of the same has been furnished, within the reglementary period, the adverse party; and provided further, that only one such motion from the same party shall be entertained.

Should a motion for reconsideration be entertained pursuant to this SECTION, the resolution shall be executory after ten (10) calendar days from receipt thereof.^[13]

Petitioners received the June 15, 2004 resolution of the NLRC, denying their motion for reconsideration, on June 16, 2004. They filed their petition for *certiorari* before the CA only on August 9, 2004,^[14] or 54 calendar days from the date of notice of the June 15, 2004 resolution. Considering that the above-mentioned 10-day period had lapsed without petitioners filing the appropriate appeal, the NLRC issued an Entry of Judgment dated June 28, 2004.

Moreover, by reason of the finality of the June 15, 2004 NLRC resolution, the Labor Arbiter issued on July 29, 2004 a Writ of Execution.^[15] Consequently, Leonis voluntarily paid Villamater's widow, Sonia M. Villamater (Sonia), the amount of P3,649,800.00, with Rizal Commercial and Banking Corporation (RCBC) Manager's Check No. 0000008550^[16] dated August 12, 2004, as evidenced by the Acknowledgment Receipt^[17] dated August 13, 2004, and the Cheque Voucher^[18] dated August 12, 2004. Following the complete satisfaction of the judgment award, the Labor Arbiter issued an Order^[19] dated September 8, 2004 that reads--

There being complete satisfaction of the judgment award as shown by the record upon receipt of the complainant of the amount of P3,649,800.00, voluntarily paid by the respondent, as full and final satisfaction of the Writ of Execution dated July 29, 2004; and finding the same to be not contrary to law, morals, good custom, and public policy, and pursuant to Section 14, Rule VII of the Rules of Procedure of the National Labor Relations Commission (NLRC), this case is hereby ordered **DISMISSED** with prejudice, and considered **CLOSED** and **TERMINATED**.

SO ORDERED.

Petitioners never moved for a reconsideration of this Order regarding the voluntariness of their payment to Sonia, as well as the dismissal with prejudice and the concomitant termination of the case.

However, petitioners argued that the finality of the case did not render the petition for *certiorari* before the CA moot and academic. On this point, we agree with petitioners.

In the landmark case of *St. Martin Funeral Home v. NLRC*,^[20] we ruled that judicial review of decisions of the NLRC is sought via a petition for *certiorari* under Rule 65 of the Rules of Court, and the petition should be filed before the CA, following the strict observance of the hierarchy of courts. Under Rule 65, Section 4,^[21] petitioners are allowed sixty (60) days from notice of the assailed order or resolution within which to file the petition. Thus, although the petition was not filed within the 10-day period, petitioners reasonably filed their petition for *certiorari* before the CA within the 60-day reglementary period under Rule 65.

Further, a petition for *certiorari* does not normally include an inquiry into the correctness of its evaluation of the evidence. Errors of judgment, as distinguished from errors of jurisdiction, are not within the province of a special civil action for *certiorari*, which is merely confined to issues of jurisdiction or grave abuse of discretion. It is, thus, incumbent upon petitioners to satisfactorily establish that the NLRC acted capriciously and whimsically in order that the extraordinary writ of *certiorari* will lie. By grave abuse of discretion is meant such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction, and it must be shown that the discretion was exercised arbitrarily or despotically.

The CA, therefore, could grant the petition for *certiorari* if it finds that the NLRC, in its assailed decision or resolution, committed grave abuse of discretion by capriciously, whimsically, or arbitrarily disregarding evidence that is material to or decisive of the controversy; and it cannot make this determination without looking into the evidence of the parties. Necessarily, the appellate court can only evaluate the materiality or significance of the evidence, which is alleged to have been capriciously, whimsically, or arbitrarily disregarded by the NLRC, in relation to all other evidence on record.^[22] Notably, if the CA grants the petition and nullifies the

decision or resolution of the NLRC on the ground of grave abuse of discretion amounting to excess or lack of jurisdiction, the decision or resolution of the NLRC is, in contemplation of law, null and void *ab initio*; hence, the decision or resolution never became final and executory.^[23]

In the recent case *Bago v. National Labor Relations Commission*,^[24] we had occasion to rule that although the CA may review the decisions or resolutions of the NLRC on jurisdictional and due process considerations, particularly when the decisions or resolutions have already been executed, this does not affect the statutory finality of the NLRC decisions or resolutions in view of Rule VIII, Section 6 of the 2002 New Rules of Procedure of the NLRC, *viz.*: