

## FIRST DIVISION

[ G.R. No. 167678, June 22, 2010 ]

**SOUTHEASTERN SHIPPING, SOUTHEASTERN SHIPPING GROUP,  
LTD., PETITIONERS, VS. FEDERICO U. NAVARRA, JR.,  
RESPONDENT.**

### D E C I S I O N

#### **DEL CASTILLO, J.:**

Money claims arising from employer-employee relations, including those specified in the Standard Employment Contract for Seafarers, prescribe within three years from the time the cause of action accrues.<sup>[1]</sup> However, for death benefit claims to prosper, the seafarer's death must have occurred during the effectivity of said contract.

This Petition for Review assails the January 31, 2005 Decision<sup>[2]</sup> and the April 4, 2005 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-G.R. SP. No. 85584. The CA dismissed the petition for *certiorari* filed before it assailing the May 7, 2003 Decision<sup>[4]</sup> of the National Labor Relations Commission (NLRC) ordering petitioners to pay to Evelyn J. Navarra (Evelyn), the surviving spouse of deceased Federico U. Navarra, Jr. (Federico), death compensation, allowances of the three minor children, burial expenses plus 10% of the total monetary awards as and for attorney's fees.

#### ***Factual Antecedents***

Petitioner Southeastern Shipping, on behalf of its foreign principal, petitioner Southeastern Shipping Group, Ltd., hired Federico to work on board the vessel "George McLeod." Federico signed 10 successive separate employment contracts of varying durations covering the period from October 5, 1995 to March 30, 1998. His latest contract was approved by the Philippine Overseas Employment Administration (POEA) on January 21, 1998 for 56 days extendible for another 56 days. He worked as roustabout during the first contract and as a motorman during the succeeding contracts.

On March 6, 1998, Federico, while on board the vessel, complained of having a sore throat and on and off fever with chills. He also developed a soft mass on the left side of his neck. He was given medication.

On March 30, 1998, Federico arrived back in the Philippines. On April 21, 1998 the specimen excised from his neck lymph node was found negative for malignancy.<sup>[5]</sup> On June 4, 1998, he was diagnosed at the Philippine General Hospital to be suffering from a form of cancer called Hodgkin's Lymphoma, Nodular Sclerosing Type (also known as Hodgkin's Disease). This diagnosis was confirmed in another test conducted at the Medical Center Manila on June 8, 1998.

On September 6, 1999, Federico filed a complaint against petitioners with the arbitration branch of the NLRC claiming entitlement to disability benefits, loss of earning capacity, moral and exemplary damages, and attorney's fees.

During the pendency of the case, on April 29, 2000, Federico died. His widow, Evelyn, substituted him as party complainant on her own behalf and in behalf of their three children. The claim for disability benefits was then converted into a claim for death benefits.

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

On May 10, 2000, Labor Arbiter Ermita T. Abrasaldo-Cuyuca rendered a Decision dismissing the complaint on the ground that "Hodgkin's Lymphoma is not one of the occupational or compensable diseases or the exact cause is not known," the dispositive portion of which states:

WHEREFORE, premises considered judgment is hereby rendered dismissing the complaint for lack of merit.

SO ORDERED.<sup>[6]</sup>

Evelyn appealed the Decision to the NLRC.

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

On May 7, 2003, the NLRC rendered a Decision reversing that of the Labor Arbiter, the dispositive portion of which provides:

WHEREFORE, the appealed decision is REVERSED and SET ASIDE. Judgment is hereby rendered ordering the respondents Southeastern Shipping/Southeastern Shipping Group Ltd. jointly and severally, to pay complainant Evelyn J. Navarra the following:

Death	-	US\$
compensation		50,000.00
Minor child allowance		
(3 x US\$ 7,000)	-	21,000.00
Burial expense	-	1,000.00
Total		US\$
		72,000.00

Plus 10% of the total monetary awards as and for attorney's fees.

SO ORDERED.<sup>[7]</sup>

Petitioners filed a Motion for Reconsideration which was denied by the NLRC. They, thus, filed a petition for *certiorari* with the CA.

## ***Ruling of the Court of Appeals***

The CA found that the claim for benefits had not yet prescribed despite the complaint being filed more than one year after Federico's return to the Philippines. It also found that although Federico died 17 months after his contract had expired, his heirs could still claim death benefits because the cause of his death was the same illness for which he was repatriated. The dispositive portion of the CA Decision states:

WHEREFORE, premises considered, petition is hereby DISMISSED for lack of merit and the May 7, 2003 Decision of the National Labor Relations Commission is hereby AFFIRMED en toto.

SO ORDERED.<sup>[8]</sup>

After the denial by the CA of their motion for reconsideration, petitioners filed the present petition for review.

### **Issues**

Petitioners raise the following issues:

#### **I**

THE HON. COURT OF APPEALS ERRED IN RULING THAT PRESCRIPTION DOES NOT APPLY DESPITE THE LATE FILING OF THE COMPLAINT OF THE RESPONDENT FEDERICO U. NAVARRA, JR.

#### **II**

THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT HODGKIN'S DISEASE IS A COMPENSABLE ILLNESS.

#### **III**

THE HON. COURT OF APPEALS ERRED IN ITS CONCLUSION THAT PETITIONERS ARE LIABLE FOR THE DEATH OF THE RESPONDENT AS SUCH DEATH WAS DURING THE TERM OF HIS EMPLOYMENT CONTRACT.

<sup>[9]</sup>

## ***Petitioners' Arguments***

Petitioners contend that the factual findings of the CA were not supported by sufficient evidence. They argue that as can be seen from the medical report of Dr. Salim Marangat Paul, Federico suffered from and was treated for Acute Respiratory Tract Infection, not Hodgkin's Disease, during his employment in March 1998. They further contend that Federico returned to the Philippines on March 30, 1998 because he had already finished his contract, not because he had to undergo further medical

treatment.

They also insist that the complaint has already prescribed. Despite having been diagnosed on June 4, 1998 of Hodgkin's Disease, the complaint was filed only on September 6, 1999, one year and five months after Federico arrived in Manila from Qatar.

They also posit that respondents are not entitled to the benefits claimed because Federico did not die during the term of his contract and the cause of his death was not contracted by him during the term of his contract.

### ***Respondents' Arguments***

Respondents on the other hand contend that the complaint has not prescribed and that the prescriptive period for filing seafarer claims is three years from the time the cause of action accrued. They claim that in case of conflict between the law and the POEA Contract, it is the law that prevails.

Respondents also submit that Federico contracted on board the vessel the illness which later caused his death, hence it is compensable.

### **Our Ruling**

The petition is partly meritorious.

#### ***Prescription***

The employment contract signed by Federico stated that "the same shall be deemed an integral part of the Standard Employment Contract for Seafarers," Section 28 of which 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.

On the other hand, the Labor Code states:

Art. 291. Money claims.-All money claims arising from employer-employee relations 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.