Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

INTER-ORIENT MARITIME, INCORPORATED and/or TANKOIL CARRIERS, LIMITED,		**G.R. No. 201251**
	Petitioners,	Present: CARPIO, *J.*, Chairperson, BRION, DEL CASTILLO, PEREZ, and PERLAS-BERNABE, *JJ.*
- versus -		
CRISTINA CANDAVA,	Respondent.	Promulgated: JUN 26 2013

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DECISION

PERLAS-BERNABE, *J.*:

Assailed in this Petition for Review on *Certiorari*[1] is the October 21, 2011 Decision[2] and March 27, 2012 Resolution[3] of the Court of Appeals (CA) in CA-G.R. SP No. 113342, which reversed and set aside the August 28, 2009 Decision[4] and December 21, 2009 Resolution[5] of the National Labor Relations Commission (NLRC), reinstating the April 28, 2006 Decision[6] of the Labor Arbiter (LA), granting respondent Cristina Candava's (Cristina) claim for death benefits.

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1 *Rollo*, pp. 35-62.

2 Id. at 70-86. Penned by Associate Justice Ricardo R. Rosario, with Associate Justices Hakim S. Abdulwahid and Danton Q. Bueser, concurring.

3 Id. at 106-107.

4 CA *Rollo*, pp. 26-44. Docketed as NLRC CA No. 049654-06, penned by Presiding Commissioner Gerardo C. Nograles, with Commissioners Perlita B. Velasco and Romeo C. Go, concurring.

5 Id. at 45-46.

6 Id. at 158-161. Docketed as NLRC NCR Case No. (OFW-M) 04-01-00155-00, penned by Labor Arbiter Eduardo J. Carpio.

The Facts

In January 2002, petitioner Inter-Orient Maritime Incorporated (Inter-Orient) hired Joselito C. Candava (Joselito) as an able-bodied seaman for its foreign principal, Tankoil Carriers Limited (Tankoil). Joselito was then deployed to M/T Demetra for a contract period of nine (9) months.[7] Despite expiration of his contract period on October 28, 2002, Joselito continued to work aboard the vessel due to the unavailability of a replacement and such work extension lasted until February 2003.

On February 13, 2003, he complained of significant pain in the abdominal region and was rushed to a hospital. Joselito was diagnosed to be suffering from "direct inguinal hernia strangulated right" and "acute appendicitis." As such, he underwent two (2) medical procedures, namely right inguinal plasty and appendectomy, where the doctors further discovered that the tumor in Joselito's right inguinal canal "corresponded to a tumor formation dependent on the right testicle"[8] which appeared oncogenic. As a result thereof, Joselito was repatriated to Manila. Upon his arrival, the company designated physician examined Joselito and declared him fit to work. Nonetheless, his supplications for work were rejected.

On March 28, 2003, Joselito, accompanied by representatives of petitioner Inter-Orient, filed a complaint[9] for recovery of sick wages and reimbursement of medical expenses before the NLRC – National Capital Region (NLRC-NCR). However, on even date, Joselito sought for its dismissal[10] in consideration of the sum of ₱29,813.04 and in relation thereto, executed a Release of All Rights[11] and *Pagpapaubaya ng Lahat ng Karapatan*,[12] releasing Tankoil and Inter-Orient from any claim arising from the appendicitis and inguinal hernia he suffered.

A month later, Joselito was diagnosed to have suspected "malignant cells that may also be reactive mesothelial cells,"[13] and thereafter found to have testicular tumor[14] (cancer of the testes[15]), abdominal germ cell tumor,[16] metastatic carcinoma to the lungs and pleural effusion.[17] Thus, on August 11, 2003, Joselito, again accompanied by representatives from petitioner Inter-Orient, filed another complaint[18] for medical benefits before the NLRC – San Pablo City. Similarly, on even date, Joselito sought for the dismissal[19]

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7 Id. at 49.
8 Id. at 68.
9 Id. at 111-112.
10 Id. at 113.
11 Id. at 114-116.
12 Id. at 120.
13 Id. at 69.
14 Id. at 70.
15 *Rollo*, p. 16.
16 CA *Rollo*, p. 74.
17 Id. at 72.
18 Id. at 121-122.
19 Id. at 123.

of his complaint in consideration of the amount of ₱77,000.00 and executed a Receipt and Release,[20] releasing Tankoil and Inter-Orient from any claim arising from his employment. In both complaints, orders of dismissal were issued.

On October 9, 2003, Joselito passed away. His death certificate[21] listed the following causes:

Immediate Cause:	RESPIRATORY FAILURE
Antecedent Cause:	PULMONARY METASTASIS
Underlying Cause:	GERM CELL TUMOR
Other Significant Conditions Contributing to Death:	PNEUMONIA

Respondent Cristina sent a Letter[22] dated December 17, 2003 to petitioner Inter-Orient, demanding payment of death benefits but her pleas fell on deaf ears. As such, Cristina filed a complaint for death and other monetary benefits against petitioners before the NLRC-NCR.

In her complaint, respondent Cristina alleged that Joselito did not receive any sickness benefit or medical assistance from petitioners other than those subject of the release documents which were paid only after Joselito complied with the requirement of filing his complaints. While admitting that Joselito was not coerced into signing the release documents, Cristina averred that he was constrained by his physical and financial condition to accept the measly amount offered by petitioners. Further, Cristina claimed that Joselito's death was due to an illness contracted during the latter's employment and thus, she is entitled to death compensation, burial assistance, moral and exemplary damages, and attorney's fees.

For their part, petitioners claimed that Cristina's complaint is barred by *res judicata* or the filing of the two previous complaints by Joselito, which were dismissed upon his motion, and the accompanying release documents the latter executed.

The Ruling of the Labor Arbiter

In its Decision[23] dated April 28, 2006, the LA ruled in favor of Cristina, ordering petitioners to pay her US$50,000.00 as death benefits, US$7,000.00 as benefits to their minor son, Jerome Lester, US$1,000.00 as burial assistance, and ten percent (10%) of the total monetary award as

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20 Id. at 124-125.
21 Id. at 76.
22 Id. at 80-84.
23 Id. at 158-161.

attorney's fees.[24] The LA found that the release papers executed by Joselito during his lifetime cannot bar his heirs' right to receive death benefits and burial expenses which only arose and accrued upon his death.[25] Further, the LA opined that the payment of sickness wages and other benefits made by petitioners is an acknowledgement that his death was compensable.[26]

The Ruling of the NLRC

In its Decision[27] dated August 28, 2009, the NLRC reversed and set aside the LA's ruling, holding that Joselito did not die during the term of his contract with petitioners and that his illness was not proven to be work-related.[28] Nonetheless, the NLRC held that contrary to petitioners' claims, Cristina's complaint is not barred by *res judicata* considering the lack of identity of causes of action between Joselito's and Cristina's respective complaints.[29]

Cristina filed a Motion for Reconsideration dated October 9, 2009 but was denied in the NLRC's Resolution[30] dated December 21, 2009. Aggrieved, Cristina filed a Petition for *Certiorari*[31] dated March 4, 2010 with the CA.

The Ruling of the CA

In its Decision[32] dated October 21, 2011, the CA annulled and set aside the NLRC's ruling and reinstated that of the LA. It held that while the Philippine Overseas Employment Administration Standard Employment Contract (POEA-SEC) allows an employer to extend a seafarer's employment beyond the period stipulated if there was no replacement crew available, such extension should not exceed three (3) months. In Joselito's case, his original contract period expired sometime in October 2002 but petitioners extended his employment until February 2003, or for four (4) additional months. Thus, the CA deemed that there was an implied renewal of Joselito's employment contract for another nine (9) months starting from the expiration of the allowable three (3) month extension on January 28, 2003, or for the period of January 29, 2003 up to October 28, 2003. In view of this, Joselito's death on October 9, 2003 was within the term of his contract and thus, compensable.

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24 Id. at 161.
25 Id. at 160.
26 Id. at 161.
27 Id. at 26-44.
28 Id. at 43.
29 Id. at. 30-34.
30 Id. at 45-46.
31 Id. at 3-24.
32 *Rollo*, pp. 70-86.

Moreover, the CA noted that even though Joselito's illness was not listed in Section 32 of the Standard Employment Contract, petitioners nevertheless failed to rebut the disputable presumption that Joselito's illness is work-related.[33]

Petitioners sought for reconsideration but was denied in the CA's Resolution[34] dated March 27, 2012. Hence, this petition.

The Issue Before the Court

The pivotal issue raised for the Court's resolution is whether Joselito's death is compensable as to entitle Cristina to claim death benefits.

At this point, it should be noted that the compensability of Joselito's death should be resolved under the provisions of the 1996 POEA-SEC, which is the POEA-SEC in effect when petitioners employed him in January 2002. This is because the 2000 POEA-SEC which introduced amendments to the 1996 POEA-SEC initially took effect on June 25, 2000 but its implementation was suspended[35] and lifted only on June 5, 2002.[36]

The Court's Ruling

The petition is bereft of merit.

At the outset, it bears stressing that the employment of seafarers, including claims for death benefits, is governed by the contracts they sign at the time of their engagement. As long as the stipulations therein are not contrary to law, morals, public order, or public policy, they have the force of law between the parties. Nonetheless, while the seafarer and his employer are governed by their mutual agreement, the POEA Rules and Regulations require that the POEA-SEC be integrated in every seafarer's contract.[37]

The prevailing rule under the 1996 POEA-SEC was that the illness leading to the eventual death of seafarer need not be shown to be work-related in order to be compensable, but must be proven to have been ***contracted during the term of the contract***. Neither is it required that there

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33 Id. at 82-83.

34 Id. at 106-107.

35 On September 12, 2000, POEA Administrator Renaldo A. Regalado issued Memorandum Circular No. 11, series of 2000, declaring, among others, that Section 20 (A), (B), and (D) of the 1996 POEA-SEC (on Compensation and Benefits for Death and for Injury or Illness) shall continue to be applied in view of the Temporary Restraining Order dated September 11, 2000 issued by the Court in G.R. Nos. 143476 and 144479 enjoining the effectivity of certain amendments introduced by the 2000 Standard Employment Contract.

36 Through POEA Memorandum Circular No. 2, series of 2002.

37 *Quizora v. Denholm Crew Management (Philippines), Inc.*, G.R. No. 185412, November 16, 2011, 660 SCRA 309, 318, citing *Coastal Safeway Marine Services, Inc. v. Delgado*, G.R. No. 168210, June 17, 2008, 554 SCRA, 590, 596.

be proof that the working conditions increased the risk of contracting the disease or illness.[38] An injury or accident is said to arise "in the course of employment" when it takes place within the period of employment, at a place where the employee reasonably may be, and while he is fulfilling his duties or is engaged in doing something incidental thereto.[39] A meticulous perusal of the records reveals that Joselito ***contracted his illness in the course of employment.*** It cannot also be denied that the same was aggravated during the same period. Thus, there was a ***clear causal connection between such illness and his eventual death***, making his death compensable.

Verily, Joselito complained of significant pain in the abdominal region while aboard M/T Demetra and during the extended period of his employment. Upon undergoing different medical procedures, the doctors discovered that the tumor in Joselito's right inguinal canal "corresponded to a tumor formation dependent on the right testicle."[40] Despite the company designated physician's declaration that Joselito was fit to work, his condition continued to deteriorate as succeeding medical reports showed the presence of testicular as well as abdominal germ tumors.[41] His abdominal germ tumor, being in the midline portion of the body, the most common metastasis (spread) will be in the lungs.[42] This is supported by medical reports showing the presence of multiple pulmonary nodules, as well as reactive mesothelial cells,[43] which is consistent with the presence of metastatic tumor.[44] Thereafter, Joselito underwent thoracentesis[45] which further revealed malignant cells in his body.[46]

Moreover, Joselito's Death Certificate[47] stated respiratory failure as the immediate cause of his death, with pulmonary metastasis as antecedent cause. The underlying cause for his death was germ cell tumor which may be found, among others, in the testes and the center back wall of the abdominal cavity. [48] The World Health Organization defines an underlying cause as the disease or injury ***that initiated the train of events leading directly to death***, or circumstances of the accident or violence that produced

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38 *Remigio v. NLRC*, 521 Phil. 330 (2006), citing *Sealanes Marine Services, Inc. v. NLRC*, G.R. No. 84812, October 5, 1990, 190 SCRA 337, 346.

39 *Sy v. Philippine Transmarine Carriers, Inc.*, G.R. No. 191740, February 11, 2013.

40 CA *Rollo*, pp. 68.

41 Id. at 70, 73-74.

42 <http://www.lpch.org/DiseaseHealthInfo/HealthLibrary/oncology/gct.html> (visited June 20, 2013).

43 CA *Rollo*, p. 69.

44 <http://www.medialabinc.net/spg374393/reactive_mesothelial_cells.aspx> (visited June 20, 2013).

45 Thoracentesis is a procedure to remove excess fluid in the space between the lungs and the chest wall. <http://www.nhlbi.nih.gov/health/health-topics/topics/thor/> (visited June 20, 2013).

46 CA *Rollo*, p. 72.

47 Id. at 76.

48 Germ cell tumors are tumors that begin in cells that, in a developing fetus, become sperm or egg cells. Because of the way a baby develops in the womb, these kinds of tumors are found in the ovaries and testes, and in other sites along the midline of the body, such as the brain, the center of the chest, and the center back wall of the abdominal cavity. They can also be found in the center parts of the pelvis, cervix, and uterus, in the vagina or prostate, in the oral or nasal cavities, or on the lips. These tumors are usually discovered either during the first few years of life, or shortly after puberty (when an increase in hormone levels may initiate cancer formation). <http://www.healthline.com/galecontent/germ-cell-tumors> (visited June 20, 2013).

the fatal injury.[49] Perforce, ***there existed a clear causal connection between Joselito's illness which he contracted during employment and his eventual death***.

The Court cannot give credence to petitioners' claim[50] that Joselito's death occurred beyond the term of his employment because his extended/renewed contract was void for lack of POEA approval and thus, barred recognition of any rights and obligations arising therefrom. Such interpretation runs counter to the avowed policy of the State to give maximum aid and protection to labor, especially in the instant case where the lack of POEA approval was not Joselito's fault who was made to continuously serve aboard M/T Demetra ***beyond the maximum allowable period of service of twelve months***[51] ***without the benefit of a formal contract or being subjected to another pre-employment medical examination (PEME)***. Petitioners made such a scenario occur and should not benefit from their wrongful acts. Thus, the CA is correct in holding that there was an implied renewal of Joselito's contract of employment for another nine (9) months starting from the expiration of the allowable three (3) month extension on January 28, 2003, or for the period of January 29, 2003 up to October 28, 2003, with petitioners being deemed to have relied on Joselito's fitness based on his previous PEME and assumed the risk of liability for illness contracted during such extended term. In this regard, the Court has repeatedly held that a worker brings with him possible infirmities in the course of his employment and while the employer is not the insurer of the health of the employees, he takes them as he finds them and assumes the risk of liability.[52]

Neither may the execution of release documents in petitioners' favor detract from the compensability of Joselito's death. While the documents appear to have been executed voluntarily, they were the result of a pre-designated scheme to evade payment of disability benefits due to Joselito, whose medical condition gradually regressed despite the company designated physician's declaration that he was fit to work.

Anent the release documents that Joselito executed in favor of petitioners, records show that Joselito's two (2) previous complaints were actually "walk-in settlements,"[53] thus explaining his actions of filing such complaints and eventual motions to dismiss, as well as the execution of release documents, all on the same day. Moreover, petitioners never

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49 <http://www.dhs.wisconsin.gov/wish/main/Mortality/define.htm> (visited June 20, 2013).

50 *Rollo*, p. 57.

51 Section 2(B) of the 1996 POEA-SEC provides:

> [t]he period of employment shall be for a period mutually agreed upon by the seafarer and the employer but not to exceed twelve (12) months. Any extension of the contract shall be subject to the mutual consent of both parties.

52 *Coastal Safeway Marine Services, Inc. v. Delgado*, supra note 37, at 599, citing *Seagull Shipmanagement and Transport, Inc. v. NLRC*, G.R. No. 123619, June 8, 2000, 333 SCRA 236, 243.

53 CA *Rollo*, pp. 111-112 & 121-122.

traversed Cristina's assertion[54] that the motion to dismiss and release document in connection with Joselito's second complaint were already signed and executed even before such complaint was filed and that respondent Inter-Orient's representatives actually accompanied Joselito in filing the same.

The foregoing facts, coupled with Joselito's failing health, negate his voluntariness in executing his complaints, motions to dismiss, and release documents and give life to the truism that "necessitous men are not, truly speaking, free men; but to answer a present emergency, will submit to any terms that the crafty may impose upon them."[55] Besides, as a rule, quitclaims, waivers, or releases are looked upon with disfavor and are largely ineffective to bar recovery of the full measure of a worker's rights, and the acceptance of benefits therefrom does not amount to estoppel.[56] This is especially true in this case where instead of promoting the orderly settlement of disputes; petitioners' acts encouraged the circumvention of the proper legal procedures and the evasion of the payment of legitimate claims to a seafarer succumbing to a life-threatening disease. Therefore the settlements that Joselito entered into must be struck down for being contrary to public policy.

Lastly, despite the declaration of fitness that would have entitled him to reinstatement to his former position,[57] Joselito was not provided work, apparently due to his worsening health. He was thus constrained to seek medical attention at his own expense and was continuously unable to work until his death. This only shows that his medical condition effectively barred his chances of being hired by other maritime employers and deployed abroad on an ocean-going vessel. In a number of cases, the Court disregarded the medical report issued by the company designated physician that the seafarer was fit to work in view of the evidence on record that the latter had in fact been unable to engage in his regular work within the allowable period,[58] as in this case.

In view of the foregoing, Joselito's death is compensable for having been caused by an illness duly established to have been contracted in the course of his employment.

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54 Id. at 50-53.

55 *University of Santo Tomas v. Samahang Manggagawa ng UST*, G.R. No. 169940, September 18, 2009, 600 SCRA 499, 522.

56 *Interorient Maritime Enterprises, Inc. v. Remo*, G.R. No. 181112, June 29, 2010, 622 SCRA 237, 247-248.

57 *C.F. Sharp Crew Management, Inc. v. Taok*, G.R. No. 193679, July 18, 2012, 677 SCRA 296, 317.

58 See *Wallem Maritime Services, Inc. v. NLRC*, G.R. No. 163838, September 25, 2008, 566 SCRA 338, 350-351, citing *Palisoc v. Easways Marine, Inc.*, G.R. No. 152273, September 11, 2007, 532 SCRA 585, 596; and *Philimare, Inc./ Marlow Navigation Co., Ltd. v. Suganob*, G.R. No. 168753, July 9, 2008, 557 SCRA 438, 445-449.

WHEREFORE, the petition is **DENIED**. The October 21, 2011 Decision and March 27, 2012 Resolution of the Court of Appeals in CA-G.R. SP No. 113342 are hereby **AFFIRMED**. Therefore, petitioners Inter-Orient Maritime, Incorporated and/or Tankoil Carriers, Limited are ordered to pay respondent Cristina Candava the following amounts: (1) US$50,000.00 as death benefits; (2) US$7,000.00 as benefits to Joselito's minor child, Jerome Lester; (3) US$1,000.00 as burial assistance; and (4) ten percent (10%) of the total monetary award as attorney's fees.

SO ORDERED.

ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

ARTURO D. BRION
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice