



Shipping and the Law

Four recent Supreme Court decisions

By: Ruben Del Rosario, Managing Partner, Del Rosario & Del Rosario, February 20, 2006

Introduction: The four Supreme Court decisions include: a ruling that the prescriptive period for seafarers' claims is three years; the denial of death claims for renal failure and stroke; and that seafarers working in the Philippines are not covered by the POEA contract as it is used for overseas employment.

Supreme Court rules seafarers' claims prescribe in three years

Seafarer injured his right thigh while working in vessel's engine room. He was repatriated, treated and declared fit to work. He filed a claim for sickness benefits with manning agents. On January 6, 1998, the manning agent replied that "it could not longer act on (seafarer's) claim as he had deviated from the legal procedure."

On March 2, 2001, seafarer filed a claim for disability benefits and other money claims. The Labor Arbiter and the NLRC denied the claim as it had already prescribed.

On appeal, the Supreme Court likewise denied the claim on the ground of prescription.

The Court ruled: "In *Cadalin vs. POEA Administrator*, we held that Article 291 covers all moneys claims from employer-employee relationship and is broader in scope than claims arising from a specific law. It is not limited to money claims recoverable under the Labor Code but applies also to claims of overseas contract workers. Article 291 provides that all money claims arising from employer-employee relations shall be filed within three years from the time the cause of action accrued, otherwise, these shall forever be barred. A cause of action accrues upon the categorical denial of claim. (Seafarer's) cause of action accrued on January 6, 1998, when *Avantgarde* denied his claim and so breached its obligation to (seafarer). (Seafarer) could not have a cause of action prior to this because his earlier requests were warded off by indefinite promises. The complaint filed on March 2, 2001 is beyond the three-year prescriptive period."

Lauro C. Degamo vs. Avantgarde Shipping Corp. et. al., G.R. No. 154460, November 22, 2005, Justice Leonardo Quisumbing, Ponente

Supreme Court denies death benefits as eye injury unrelated to death due to stroke

Seafarer was repatriated due to eye injury. He was scheduled for a corneal transplant on December 7, 1995. However, on December 1, 1995, he died due to cerebro-vascular accident (CVA or stroke).

The Labor Arbiter ruled that the death is compensable as the death was set in motion or aggravated by a work-related injury. On appeal, the NLRC reversed the award of US\$50,000 but granted P20,000 in humanitarian benefits. The Court of Appeals denied due course to the petition. Thus, the case was elevated to the Supreme Court.

The Supreme Court denied the claim for death benefits. There is no substantial evidence that the cause of death was reasonably connected with seafarer's work; that the ailment for which he died is an accepted occupational disease; or his working conditions increased the risk of contracting the disease for which he died. CVA or stroke is a disease not listed as a compensable illness under the POEA Standard Employment Contract. It is incumbent upon seafarer to present

substantial evidence that the eye injury increased the risk of stroke or CVA. This the seafarer failed to do.

Spouses Aya-ay vs. Arpaphil Shipping Corp. et.al., G.R. No. 155359, January 31, 2006, Justice Conchita Carpio Morales

Supreme Court denies death claim for renal failure

Seafarer boarded the vessel on September 14, 1991. Two months later, he disembarked. The records did not show any reason for the disembarkation. Three years later, on November 21, 1994, seafarer died of renal failure.

The Labor Arbiter and the NLRC Commission dismissed the complaint and denied payment of death benefits.

The Supreme Court upheld the dismissal of the complaint.

The Supreme Court ruled that "the death of a seaman several months after his repatriation for illness does not necessarily mean that: (a) the seaman died of the same illness; (b) his working conditions increased the risk of contracting the illness which caused his death; and (c) the death is compensable, unless there is some reasonable basis to support otherwise." In this case, there is no competent proof to show that the illness which caused seafarer's death was acquired during the term of employment.

Norma Hermogenes vs. OSCO Shipping Services, Inc., G.R. No. 141505, August 18, 2005, J. Ma. Alicia Austria-Martinez, Ponente

Supreme Court rules seafarer under domestic employment not entitled to POEA contract benefits

Seafarer was employed for one month under a POEA contract on a vessel that sailed between the Philippines to Japan. The vessel was repaired in Cebu, was renamed, and then continued to between Philippine ports. Seafarer was retained on board said vessel and was now paid his salary at a reduced rate and in Philippine pesos. No new contract was signed. Seafarer became ill, underwent spinal operations and was totally disabled. Seafarer filed a claim for total disability benefits under the POEA contract.

The Labor Arbiter and the NLRC Commission awarded US\$60,000 in POEA benefits. The Court of Appeals reversed the decision ruling that seafarer was no longer employed under the POEA contract and thus was not entitled to its benefits.

The Supreme Court upheld the Court of Appeals. The POEA contract was for foreign/overseas employment and it cannot be made to apply to seafarer's domestic employment. Further, the POEA contract was for a definite term of one month and the seafarer became ill after five months and thus, was already considered a domestic employee at the time of his illness. There was no extension of the POEA contract as seafarer was paid in Philippine pesos, was serving on board a vessel plying the domestic route and the POEA contract had expired after one month.

Amelia De Los Santos vs. Jepsen Maritime Inc., G. R. No. 154185, November 22, 2005, Justice Cancio C. Garcia, Ponente

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