



Republic of the Philippines
Supreme Court
 Manila

FIRST DIVISION

HEIRS OF THE LATE
MARCELINO O. NEPOMUCENO,
 represented by his wife, MA. FE L.
NEPOMUCENO,

G.R. No. 243459

Present:

Petitioners,

PERALTA, C.J., Chairperson,
 CAGUIOA, Working Chairperson,
 J. REYES, JR.,
 LAZARO-JAVIER, and
 GAERLAN, * JJ.

- versus -

NAESS SHIPPING PHILS.,
 INC./ROYAL DRAGON OCEAN
 TRANSPORT, INC.,

Promulgated:

JUN 08 2020

Respondents.

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DECISION

REYES, J. JR.:

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision¹ dated April 27, 2018 and the Resolution² dated December 10, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 147588.

Under a Contract of Employment For Marine Crew On Board Domestic Vessels (Contract, for brevity) dated October 10, 2013,³ Marcelino O. Nepomuceno (Nepomuceno) was engaged by NAESS Shipping Philippines, Inc., through its local manning agent Royal Dragon Ocean Transport, Inc. (respondents) to work as 2nd Engineer on board the vessel *M/V Meilling 11*⁴ for six months, effective November 26, 2013.

* Additional member per Raffle dated February 12, 2020 in lieu of Associate Justice Mario V. Lopez.
¹ Penned by Associate Justice Mario V. Lopez (now a Member of the Court), with Associate Justices Victoria Isabel A. Paredes and Carmelita Salandanan Manahan, concurring; *rollo*, pp. 175-184.
² Id. at 168-173.
³ The present Petition for Review on *Certiorari* and the CA Decision dated April 27, 2018 state that he was engaged on October 10, 2012. See *Rollo*, p. 17 and p. 175, respectively. Both the Decision dated June 8, 2015 of the Voluntary Arbitrator and Nepomuceno's contract, however, state that Nepomuceno was engaged on October 10, 2013; id. at 56 and 83, respectively.
⁴ *M/V Meilling 11* in the Decision dated June 8, 2015 of the Voluntary Arbitrator, id. at 56; *M/V Meiling-11* in the CA Decision, id. at 175.

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Nepomuceno embarked on the said vessel on the last aforementioned date. His duties involved keeping the mooring logs, scheduling the shifting of engine personnel, maintenance of equipment, and discipline of engine crew.

In the morning of December 17, 2013, Nepomuceno was found in his cabin, sitting and holding his cellular phone, and looking very pale. At 10:40 a.m., he was declared dead by the shipyard medical officer. The Autopsy Report stated that the cause of his death was myocardial infarction (heart attack).

Nepomuceno's family was informed of his death and the shipping company arranged for his remains to be brought from Cebu to Manila for interment and burial.

Nepomuceno's heirs (petitioners) sought to claim death benefits under Nepomuceno's Contract. In particular, Section C, Part II of the Addendum to the Contract (Addendum) provides:

SECTION C. COMPENSATION AND BENEFITS.

1. If the seafarer due to no fault of his own, suffers a work-related injury and as a result his ability to work is reduced, the Company shall pay him a disability compensation calculated on the basis of the impediment for injuries at a percentage recommended by a doctor authorized by the Company for the medical examination of seafarers.

The Company shall take out the necessary insurance to cover the benefits mentioned above.

2. No compensation shall be payable with respect to any injury, incapacity, disability, or death resulting from a deliberate or willful act by the seaman against himself, provided however, that the Employer can prove that such injury, incapacity, disability, or death is directly attributable to the seaman.⁵

When the claim was denied by the respondents, petitioners filed a complaint before the National Conciliation and Mediation Board (NCMB).

In his Decision⁶ dated June 8, 2015, the Voluntary Arbitrator⁷ (VA) dismissed the claim for death benefits, holding that under the Addendum, the employer was obliged to take out the necessary insurance to cover disability compensation for work-related injuries only, and not death.⁸ As regards petitioners' claim that the cause of Nepomuceno's death was work-related, the VA found that based on the records, Nepomuceno did not suffer from any work-related injury or disability, and was not performing any work-related functions at the time of his death. The fact that Nepomuceno was issued a clean bill of health when he was declared fit for sea duty in his Pre-

⁵ Id. at 87-88. The Addendum is attached to the Contract and is made an integral part thereof.

⁶ Id. at 56-59.

⁷ Accredited Voluntary Arbitrator Walfredo D. Villazor.

⁸ Id. at 57-58.

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Employment Medical Examination, does not justify a conclusion that his illness was work-related. The VA also found that Nepomuceno did not report any health issue or medical condition to any of the vessel's officers in the duration of his contract indicating that his duties caused his illness. In sum, petitioners were unable to prove by substantial evidence that there was a causal connection between Nepomuceno's death and the nature of his work.⁹ The claim for damages and attorney's fees was likewise dismissed absent proof that respondents acted in a wanton, reckless, and oppressive manner in dealing with the petitioners.¹⁰

Petitioners' Motion for Reconsideration (MR) was denied in a Resolution dated August 5, 2016.¹¹ Aggrieved, petitioners filed a petition for review before the CA.

In its assailed Decision,¹² the CA denied the petition for review, holding that respondents were not liable for death benefits since the Addendum did not provide for payment of said benefits in case of death not due to the willful or deliberate act of the seafarer. Thus, the CA held that the provisions of the Labor Code should apply in order to fill the gap, and as such, petitioners' recourse was not against respondents but to utilize the System¹³ to claim death benefits.¹⁴ Furthermore, the CA noted that respondents have paid for the autopsy, transportation of Nepomuceno's remains, interment, and burial amounting to ₱126,167.75.¹⁵ The CA also denied petitioners' prayer for moral and exemplary damages, as well as attorney's fees. As regards moral damages, the CA found that respondents acted reasonably in denying the claim for death benefits and extending assistance regarding Nepomuceno's interment and burial. As there was no

⁹ Id. at 58.

¹⁰ Id. at 58-59.

¹¹ Id. at 54.

¹² Supra note 1.

¹³ Referring to the Social Security System (SSS) or Government Service Insurance System (GSIS), as the case may be.

¹⁴ Id. at 181-182. In particular, the CA cited Article 194 of the Labor Code, now renumbered as Article 200 per DOLE Department Advisory No. 01, s. 2015, which provides:

ART. 200. [194] Death. - (a) Under such regulations as the Commission may approve, the System shall pay to the primary beneficiaries upon the death of the covered employee under this Title, an amount equivalent to his monthly income benefit, plus ten percent thereof for each dependent child, but not exceeding five, beginning with the youngest and without substitution, except as provided for in paragraph (j) of Article 167 hereof: Provided, however, That the monthly income benefit shall be guaranteed for five years: Provided, further, That if he has no primary beneficiary, the System shall pay to his secondary beneficiaries the monthly income benefit but not to exceed sixty months: Provided, finally, That the minimum death benefit shall not be less than fifteen thousand pesos.

(b) Under such regulations as the Commission may approve, the System shall pay to the primary beneficiaries upon the death of a covered employee who is under permanent total disability under this Title, eighty percent of the monthly income benefit and his dependents to the dependents' pension: Provided, That the marriage must have been validly subsisting at the time of disability: Provided, further, That if he has no primary beneficiary, the System shall pay to his secondary beneficiaries the monthly pension excluding the dependents' pension, of the remaining balance of the five-year guaranteed period: Provided, finally, That the minimum death benefit shall not be less than fifteen thousand pesos.

(c) The monthly income benefit provided herein shall be the new amount of the monthly income benefit for the surviving beneficiaries upon the approval of this decree.

(d) Funeral benefit. - A funeral benefit of Three Thousand Pesos (P3,000.00) shall be paid upon the death of a covered employee or permanently totally disabled pensioner

¹⁵ Id. at 182.

clear right to moral damages having been established, no award of exemplary damages was also made. Finally, no award of attorney's fees was made as the CA found no compelling reason to justify the award.¹⁶

Petitioners' MR was likewise denied by the CA in a Resolution¹⁷ dated December 10, 2018, hence, the present Petition.

Petitioners argue that they are entitled to death benefits since under the Addendum, what is not compensable is injury, illness, disability, or death due to the seafarer's deliberate or willful act against himself. They also cite jurisprudence which held that cardiovascular disease is a compensable occupational disease in support of their argument that Nepomuceno's death was work-related. They also pray for the award of moral and exemplary damages, as well as attorney's fees, for the unjustified denial of their claim for death benefits.

Respondents, aside from arguing that the Addendum did not provide for payment of death benefits and that petitioners failed to present proof that Nepomuceno's death was work-related, claim that petitioners have no standing to claim for death benefits as Nepomuceno's marriage to Ma. Fe L. Nepomuceno was alleged to be bigamous.

The Court resolves.

The Court will not pass upon respondents' allegation regarding the validity of Nepomuceno's marriage as this is not the proper case to resolve such issue. Thus, the resolution of this case is limited to whether petitioners are entitled to death benefits under Nepomuceno's employment contract.

At the outset, the Court notes that in their Petition before this Court, the sentence "[t]he Company shall take out the necessary insurance to cover the benefits mentioned above" was omitted when the petitioners quoted the subject provisions of the Addendum. Respondents assert in their Comment¹⁸ that this omission is deliberate and malicious,¹⁹ while in their Reply,²⁰ petitioners argue that the omission is by inadvertence, and at any rate, the sentence only affects the first paragraph on work-related injuries but not the succeeding paragraph which includes death.²¹

While it is not disputed that the cause of Nepomuceno's death was myocardial infarction (heart attack), the Court nevertheless finds that petitioners' claim for death benefits under the Addendum cannot be sustained.

¹⁶ Id. at 182-183.

¹⁷ Id. at 168-173.

¹⁸ Id. at 187-213.

¹⁹ Id. at 193-194.

²⁰ Id. at 236-249.

²¹ Id. at 237-239.

Petitioners assert that respondents should be liable for death benefits in case of death not due to the seafarer's deliberate or willful act against himself, since under the Addendum, the respondents can negate liability upon proof that a seafarer's injury, illness, disability, or death is directly attributable to the seafarer. Petitioners argue that it would be absurd if only work-related injuries, but not work-related death, sustained not through the seafarer's fault are compensable. There being an ambiguity in the Addendum to Nepomuceno's Contract, the same should be resolved in his favor, considering also that his employment contract partakes of a contract of adhesion.

Contrary to petitioners' position, the subject provisions of the Addendum are clear that respondents' obligation to take out the necessary insurance only pertains to disability compensation in cases of work-related injuries suffered not through the seafarer's fault. On the other hand, no compensation is payable in cases of injury, incapacity, disability, or death resulting from a deliberate or willful act by the seafarer against himself.

Rather than ambiguity, the Court finds that the Addendum has gaps regarding the payment of death benefits, as it did not provide what constitutes death benefits, the amount to be paid, as well as other details pertaining to said benefits. Such being the case, the Court cannot rule in favor of petitioners in the absence of these provisions governing these specific details. While it is true that Article 1700 of the Civil Code provides that "[t]he relations between capital and labor are not merely contractual" such that labor contracts are subject to the special laws governing working conditions and other similar subjects,²² this does not authorize the Court to provide missing details in the contract under the guise of interpreting the same nor compel the parties to negotiate such terms and conditions. As stated in *Century Properties, Inc. v. Babiano*:²³

The rule is that where the language of a contract is plain and unambiguous, its meaning should be determined without reference to extrinsic facts or aids. The intention of the parties must be gathered from that language, and from that language alone. Stated differently, where the language of a written contract is clear and unambiguous, the contract must be taken to mean that which, on its face, it purports to mean, unless some good reason can be assigned to show that the words should be understood in a different sense. Courts cannot make for the parties better or more equitable agreements than they themselves have been satisfied to make, or rewrite contracts because they operate harshly or inequitably as to one of the parties, or alter them for the benefit of one party and to the detriment of the other, or by construction, relieve one of the parties from the terms which he voluntarily consented to, or impose on him those which he did not.²⁴ (Citations and emphases omitted)

²² ART. 1700. The relations between capital and labor are not merely contractual. They are so impressed with public interest that labor contracts must yield to the common good. Therefore, such contracts are subject to the special laws on labor unions, collective bargaining, strikes and lockouts, closed shop, wages, working conditions, hours of labor and similar subjects.

²³ G.R. No. 220978, July 5, 2016, 795 SCRA 671, citing *Norton Resources and Development Corporation v. All Asia Bank Corporation*, 620 Phil. 381, 388 (2009).

²⁴ Id. at 681-682.

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On the basis of the foregoing discussion, the Court finds it no longer necessary to pass upon the issue of whether Nepomuceno's death is work-related and whether the disease he contracted and which ultimately caused his death is compensable. This is in order not to preempt any determination of the same in another recourse that petitioners may want to resort to, with respect to claims for other benefits to which they may be entitled to. Notably, Section K [Applicable Law], Part I of the Addendum provides that "[i]t is understood and agreed that all rights and obligations of the parties to this Contract, shall be governed by the terms and conditions of this Contract and by the laws of the Republic of the Philippines."²⁵ In relation to this, Department Order No. 129-13 (*Rules and Regulations Governing the Employment and Working Conditions of Seafarers Onboard Ships Engaged in Domestic Shipping*) of the Department of Labor and Employment, dated June 7, 2013, provides:

RULE VI
SOCIAL SECURITY

SEC. 1. *Coverage and Benefits.* Without prejudice to established policy, collective bargaining agreement or other applicable employment agreement, all seafarers shall be covered by the Social Security System (Republic Act No 1161, as amended by Republic Act No. 8282), Employees' Compensation and State Insurance Fund (Presidential Decree No. 626), PhilHealth (Republic Act No. 7875, as amended by Republic Act No. 9241), and the Pag-IBIG Fund (Republic Act No. 7742), and other applicable laws. The seafarers shall be entitled to all the benefits in accordance with the respective policies, laws, rules and regulations.

At this juncture, the Court points out that petitioners' reliance on *Government Service Insurance System (GSIS) v. Villareal*,²⁶ which held that myocardial infarction is a compensable occupational disease, is misplaced for it is inapplicable to the present case. In said case, the claim was not lodged against the employer, but against GSIS. On the other hand, *Rañises v. Employees Compensation Commission (ECC)*,²⁷ cited in *GSIS v. Villareal*, involved a claim of benefits filed before the Social Security System (SSS). In *Rañises*, this Court enumerated its rulings in cases which held that myocardial infarction is a compensable occupational disease, particularly the cases of *Sepulveda v. ECC*,²⁸ *Cortes v. ECC*,²⁹ *Eastern Shipping Lines, Inc. v. Philippine Overseas Employment Administration (POEA)*,³⁰ *Roldan v. Republic*,³¹ *Tibulan v. Inciong*,³² *Heirs of the Late R/O Reynaldo Aniban v. National Labor Relations Commission*,³³ *GSIS v. Gabriel*,³⁴ and *Republic v.*

²⁵ *Rollo*, p. 87.

²⁶ 549 Phil. 504 (2007).

²⁷ 504 Phil. 340 (2005).

²⁸ 174 Phil. 242 (1978).

²⁹ 175 Phil. 331 (1978).

³⁰ 252 Phil. 59 (1989).

³¹ 261 Phil. 327 (1990).

³² 257 Phil. 324 (1989).

³³ 347 Phil. 46 (1997).

³⁴ 368 Phil. 187 (1999).

Mariano.³⁵ Perusal of the abovementioned cases will reveal that they do not involve claims for death benefits by virtue of an employment contract but claims under the provisions of Act No. 3428, also known as the Workmen's Compensation Act, as amended, or those filed with the GSIS or the SSS, in which case the pertinent rules of the ECC on cardiovascular disease as compensable occupational disease find application.

On the other hand, *Eastern Shipping Lines* and *Heirs of Aniban*, in particular, also do not find application here, as these cases dealt with seafarers in overseas employment, while the present case involves a seafarer in a vessel engaged in domestic shipping. Furthermore, a reading of *Eastern Shipping Lines* reveals that the issue there is with regard to the POEA's jurisdiction as well as the validity and applicability of Memorandum Circular No. 71 of the then National Seamen Board. In *Heirs of Aniban*, the claim for death benefits was based on a Collective Bargaining Agreement (which contained specific details on payment of said benefits) and on the POEA Standard Employment Contract (POEA-SEC). Note must be taken that in *Delos Santos v. Jepsen Maritime Inc.*,³⁶ the Court upheld the CA's ruling therein rejecting the applicability of the POEA-SEC to the employment of a seafarer on board an inter-island vessel.

As regards the prayer for the award of moral damages, exemplary damages, and attorney's fees, we find no error on the part of the VA and CA in denying the same. Other than petitioners' bare allegation that respondents' unjustified denial of death benefits claim caused them to suffer and to continue to suffer tremendous pain and humiliation coupled with mental anguish, it was not shown that respondents' denial of petitioners' claim was tainted with "bad faith or fraud, or done in manner oppressive to labor, or in a manner contrary to morals, good customs, or public policy."³⁷ In the absence of any finding that petitioners are entitled to moral damages,³⁸ and that respondents acted in "a wanton, fraudulent, reckless, oppressive or malevolent manner,"³⁹ the award of exemplary damages is likewise unwarranted.

The petitioners not being entitled to exemplary damages, the prayer for attorney's fees must likewise be denied.⁴⁰ Neither can such award be justified on the ground of "[refusal] to satisfy the [petitioners'] plainly valid, just and demandable claim," in the absence of proof that respondents acted

³⁵ 448 Phil. 99 (2003).

³⁶ 512 Phil. 301 (2005).

³⁷ "Moral damages may be awarded to an employee when the employer acted in bad faith or fraud, in a manner oppressive to labor, or in a manner contrary to morals, good customs, or public policy." (*Beltran v. AMA Computer College-Biñan*, G.R. No. 223795, April 3, 2019).

³⁸ CIVIL CODE, Art. 2229. Exemplary or corrective damages are imposed, by way of example or correction for the public good, **in addition** to the moral, temperate, liquidated or compensatory damages. See also *Timado v. Rural Bank of San Jose*, 789 Phil. 453 (2016).

³⁹ Id. at Art. 2232.

⁴⁰ Id. at Art. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

(1) When exemplary damages are awarded;

x x x x

in gross and evident bad faith in such refusal,⁴¹ nor on the ground that petitioners were “compelled to litigate with third persons or to incur expenses to protect their interest,”⁴² for even when such is the case, attorney's fees still “may not be awarded where no sufficient showing of bad faith could be reflected in a party's persistence in a case other than an erroneous conviction of the righteousness of his cause.”⁴³

On the basis of the foregoing discussion, the Court denies the present Petition. We emphasize, however, that this ruling denying recourse against the respondents should not be construed to preclude petitioners from proving, before the proper forum, their claim for benefits to which they may be entitled to under applicable laws, rules and regulations, on account of Nepomuceno's death.

WHEREFORE, the petition is **DENIED**. The Decision dated April 27, 2018 and the Resolution dated December 10, 2018 of the Court of Appeals in CA-G.R. SP No. 147588 are hereby **AFFIRMED**.

SO ORDERED.


JOSE C. REYES, JR.
Associate Justice

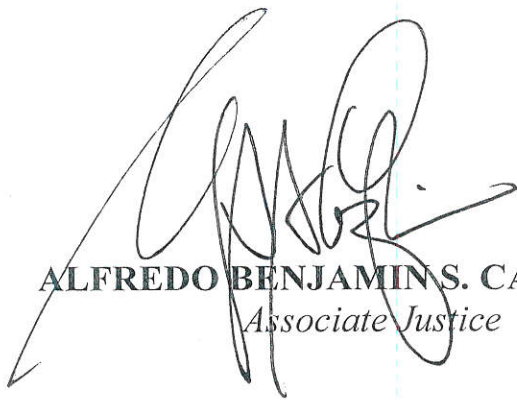
WE CONCUR:


DIOSDADO M. PERALTA
Chief Justice
Chairperson

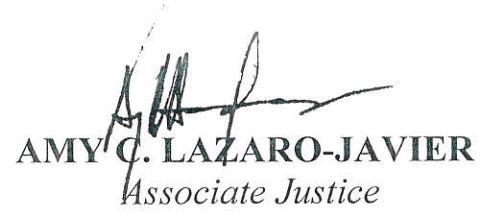
⁴¹ See CIVIL CODE, Art. 2208(5).

⁴² Id. at Art. 2208(2).

⁴³ See *Pardillo v. Bandojo*, G.R. No. 224854, March 27, 2019, citing *ABS-CBN Broadcasting Corp. v. Court of Appeals*, 361 Phil. 499, 529 (1999).



ALFREDO BENJAMINS. CAGUIOA
Associate Justice



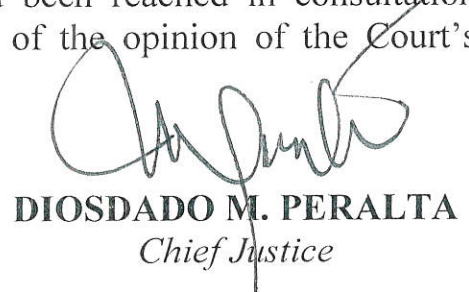
AMY C. LAZARO-JAVIER
Associate Justice



SAMUEL H. GAERLAN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.



DIOSDADO M. PERALTA
Chief Justice

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