

### Title: Gemudiano v. Naess Shipping Philippines, Inc. et al.

### Facts:

Luis G. Gemudiano, Jr. applied to Naess Shipping Philippines, Inc. in December 2012 for a seaman position. He underwent an interview, completed necessary training, and passed the pre-employment medical examination (PEME), which he personally financed. On February 15, 2013, Gemudiano signed an Embarkation Order, and on February 18, 2013, he entered into a Contract of Employment with Naess Shipping (representing Royal Dragon Ocean Transport, Inc.) to serve as Second Officer on the M/V Meiling 11 for six months, with a monthly salary of P30,000.00, effective March 12, 2013. An Addendum was later agreed upon, stating the employment would commence upon boarding confirmation by the Vessel's Master.

Before the start of employment, on March 8, Gemudiano was informed by Naess Shipping that his embarkation was cancelled due to undisclosed medical conditions (diabetes mellitus and asthma). Gemudiano then filed a complaint for breach of contract against Naess Shipping, Royal Dragon, and Pedro Miguel F. Oca before the Arbitration Branch of the NLRC, claiming wrongful failure to deploy him.

The Labor Arbiter ruled in favor of Gemudiano, awarding him damages based on the salary for the duration of the contract and other compensations. The NLRC affirmed this decision with modifications on damages. However, the Court of Appeals annulled these decisions, stating the Labor Arbiter lacked jurisdiction due to the absence of an employer-employee relationship since Gemudiano's deployment did not materialize.

### Issues:

1. Whether the Labor Arbiter has jurisdiction over Gemudiano's complaint.
2. Whether an employer-employee relationship existed between the parties.
3. Whether the non-deployment of Gemudiano constitutes a breach of contract.
4. Whether Gemudiano is entitled to damages due to the breach of contract.

### Court's Decision:

The Supreme Court granted Gemudiano's petition, reversing the Court of Appeals' decision and reinstating the NLRC's ruling. The Court found that:

1. The Labor Arbiter had jurisdiction over the case as the claims for damages arose from an

employer-employee relationship.

2. A perfected contract of employment between Gemudiano and the respondents indeed existed from March 12, 2013, establishing an employer-employee relationship as of the agreed effectiveness date.

3. The non-deployment of Gemudiano was a breach of this contract.

4. Gemudiano was entitled to damages as awarded by the NLRC, including salary for six months, moral damages, exemplary damages, attorney's fees, and refund of the PEME cost.

### ### Doctrine:

The Supreme Court clarified that a perfected contract of employment establishes an employer-employee relationship, giving labor arbiters jurisdiction over claims arising from such agreements, even if deployment does not materialize. It also emphasized the principle of mutuality of contracts and the void nature of conditions solely dependent on the will of one party.

### ### Class Notes:

- **Concept of Employer-Employee Relationship**: Established not only through deployment but also via a perfected employment contract with mutual obligations.

- **Jurisdiction of Labor Arbiters**: Includes claims for actual, moral, exemplary, and other forms of damages arising from employer-employee relations under Article 217 of the Labor Code.

- **Breach of Contract**: Non-deployment based on conditions solely dependent on one party's will constitutes a breach.

- **Damages**: Entitlement to damages may include unpaid wages, moral and exemplary damages, attorney's fees, and reimbursement of medical examination costs.

### ### Historical Background:

This case elucidates the legal ramifications of unfulfilled marine employment contracts within the Philippine legal framework, highlighting the protective measures in place for seafarers—a significant workforce in the country's maritime industry. It underscores the jurisdiction of labor arbiters in disputes involving even prospective overseas employment, reflecting the broader legislative intent to safeguard Filipino workers' rights, both domestically and overseas.