

Title: Oceanmarine Resources Corporation v. Jenny Rose G. Nedic

Facts:

The case between Oceanmarine Resources Corporation (petitioner) and Jenny Rose G. Nedic (respondent) arose from a Complaint filed by the latter on April 16, 2012, seeking damages for the “Lost Future Income” of her common-law partner, Romeo S. Ellao, who was a company driver for the petitioner. On November 2, 2011, Romeo was murdered by two unidentified assailants while performing his duties, which included withdrawing money for the company from various banks. Following his death, the respondent demanded damages for the loss of Romeo’s future income, which the petitioner denied, prompting the lawsuit under Article 1711 of the Civil Code.

A detailed procedural history ensued, starting from the Regional Trial Court (RTC) dismissing the case due to what it cited as a lack of evidence proving the causal connection between the petitioner’s alleged negligence and Romeo’s death. The RTC decision focused on the options between claiming fixed amounts under the compensation law or seeking damages in an ordinary action.

The respondent then appealed to the Court of Appeals (CA), which reversed the RTC’s decision, awarding actual damages for the loss of earning capacity under Article 1711 of the Civil Code. The decision emphasized that Article 1711 does not mention negligence and only requires the incident to have arisen out of and in the course of employment.

Issues:

1. The relevance and applicability of Article 1711 of the Civil Code vis-à-vis the provisions of the Labor Code.
2. The entitlement of the heirs to actual damages for loss of earning capacity based on Article 1711 of the Civil Code.
3. The interpretation of the Labor Code’s exclusivity in the compensability of work-related injuries or deaths.
4. The sharing of compensation awarded under the Civil Code with the deceased’s parents, as argued based on Article 991 of the Civil Code.
5. The preclusion of a second recovery under the Civil Code following the receipt of death benefits from the Social Security System (SSS).

Court’s Decision:

The Supreme Court partly granted the petition, making several key rulings:

1. Article 1711 of the Civil Code, providing for employer liability in cases of employee death or injury arising out of employment, was deemed implicitly repealed by the enactment of the Labor Code.
2. The Court abandoned the doctrine set in *Candano v. Sugata-on*, which suggested that an employer's obligation for indemnity automatically attaches as long as the employee's injury or death occurred in the course of employment.
3. Despite this, the Court affirmed the CA's award of damages for loss of earning capacity, based on the prevailing jurisprudence at the time the complaint was filed. The damages awarded are consistent with the principles set forth in Article 1711 of the Civil Code as interpreted in *Candano* prior to this decision.
4. The receipt of SSS death benefits does not preclude the award of damages under the Civil Code because the nature and purpose of SSS benefits differ significantly from the compensatory damages sought in the case.

Doctrine:

Article 1711 of the Civil Code, related to the liability of employers for injuries or death of employees arising out of employment, has been implicitly repealed by the Labor Code, specifically the provisions related to Employees Compensation and State Insurance Fund. The remedies under the Labor Code are exclusive and in place of all other liabilities of the employer to the employee, his dependents, or anyone otherwise entitled to receive damages under the Civil Code because of such injury or death. However, the decision to pursue compensation under the Labor Code or to file an ordinary action for damages under the Civil Code remains selective, not cumulative.

Class Notes:

In work-related injury or death cases, the heirs of the deceased employee have the option to file for compensation under the Labor Code or to pursue damages under the Civil Code based on negligence. This choice, once made, is final and precludes pursuing the other remedy. The Court establishes a doctrine that while compensation laws provide a no-fault basis for relief, damages under the Civil Code require proof of negligence, making these remedies fundamentally distinct.

Historical Background:

This case provides a reflection on the evolution of employee compensation laws in the Philippines from the Workmen's Compensation Act to the Labor Code, underscoring the legislative intent to provide more specific remedies for work-related injuries or deaths while balancing the rights and responsibilities of employers and employees within the industrial

and legal framework.