

### Title:

Vir-Jen Shipping and Marine Services, Inc. vs. National Labor Relations Commission, et al.  
(G.R. No. 58011)

### Facts:

**\*\*Background:\*\***

In December 1978 and January 1979, seamen Rogelio Bisula, Ruben Arroza, Juan Gacutno, Leonilo Atok, Nilo Cruz, Alvaro Andrada, Nemesio Aduag, Simplicio Bautista, Romeo Acosta, and Jose Encabo (respondents) entered into employment contracts with Vir-Jen Shipping and Marine Services Inc. (petitioners). These contracts, verified by the National Seamen Board (NSB), were for 12 months to work on M/T 'Jannu.'

**\*\*Series of Events:\*\***

1. **\*\*January 10, 1979:\*\*** Company sent a cable to Bisula about potential calls at ITF-controlled ports and procedure for special compensation.
2. **\*\*March 22, 1979:\*\*** Company informed Bisula via cable about specific compensation for Kwinana, Australia.
3. **\*\*March 23, 1979:\*\*** In another cable, company stated crew's ITF membership fee was paid.
4. **\*\*March 24, 1979:\*\*** Bisula, on behalf of crew, rejected the offer and demanded a 50% salary increase.

**\*\*Subsequent Developments:\*\***

- **\*\*Company's Counter:\*\*** Company offered a 25% salary increase accepted by the seamen with conditions.
- **\*\*April 10, 1979:\*\*** Company sought NSB's permission to cancel employment contracts due to alleged seamen breach, to which the NSB agreed.
- **\*\*April 19, 1979:\*\*** Seamen were asked to disembark in Japan, their contracts terminated, and they were repatriated to Manila.

**\*\*Legal Proceedings:\*\***

1. **\*\*Initial Complaint:\*\*** Seamen filed for illegal dismissal and non-payment of wages with NSB.
2. **\*\*Company Counter Claim:\*\*** Company filed for breach of contract and recovery of excess salaries.

**\*\*NSB Decision:\*\*** Declaring seamen breached contracts, justifying their dismissal.

**NLRC Appeal:** Reversed NSB decision, ruling dismissal was without cause, ordered payment of wages and benefits for the remaining contract period.

**### Issues:**

1. **Credibility of Factual Findings:**

- Which finding of fact holds more weight: NSB's assertion of seamen's contract breach or NLRC's no violation ruling?

2. **Voluntariness of Wage Increase Agreement:**

- Was the acceptance of the 25% wage increase voluntary or coerced by threats?

3. **Validity and Enforcement of Addendum Agreement:**

- The legality and adherence of the seamen to the addendum agreement.

4. **Authority to Terminate Contract:**

- Validity of company's termination of seamen's contracts before the expiry date.

5. **Bad Faith in Payroll and Side Contracts:**

- Whether the preparation of two payrolls and execution of a side contract indicated bad faith.

6. **Discrimination Against Seamen:**

- Alleged discrimination against seamen in the decision.

**### Court's Decision:**

**En Banc Review Necessitated:** Conflict between Division rulings, particularly deviating from Wallem case precedence.

1. **Credibility of Factual Findings:**

- **Decision:** NLRC's findings more credible. Seamen had the right to negotiate wage increases during contract, a principle upheld by labor laws.

2. **Voluntariness of Wage Increase Agreement:**

- **Decision:** Contrary to claims, the seamen's acceptance was not coerced. The 25% increment was a mutual agreement.

3. **Addendum Agreement:**

- **Decision:** The seamen did not violate the addendum as it attempted to impose fictitious conditions. Such agreements shouldn't stand against honorable labor practices.

4. **Authority to Terminate Contract:**

- **Decision:** Company had no justifiable grounds to summarily dismiss the seamen before contract expiry.

5. **Bad Faith in Payroll and Side Contracts:**

- **Decision:** Indications of dubious behavior through side contracts show bad faith.

6. **Discrimination:**

- **Decision:** The seamen were unfairly discriminated against.

**Ruling:** Motion for reconsideration was granted, petition dismissed, NLRC decision affirmed.

**Doctrine:**

**Key Doctrine Established:**

1. **Right to Petition for Higher Wages:** Employees can legally negotiate wage increases mid-contract (protected under labor laws and policies).
2. **Employment Security:** Arbitrary termination without valid cause is impermissible.

**Class Notes:**

**Key Legal Elements:**

1. **Industrial Relations:**

- **Negotiation Rights:** Employees can demand better conditions anytime within contract limits.
- **Employment Security:** Unjust dismissal violates statutory job protection.

2. **Contract Law:**

- **Mutual Agreement:** Changes to employment terms must be voluntary without hidden coercion or bad faith.
- **Fictitious Contracts:** Parallel, deceptive agreements that undermine signed contracts are legally non-enforceable.

**Relevant Legal Provisions:**

1. **Labor Code of the Philippines:**

- **Security of Tenure:** Employees can't just be dismissed without valid cause.
- **Freedom of Expression and Assembly:** Labor rights including demands for wage increases are protected actions.

**Historical Background:**

The case is set against the backdrop of evolving labor rights in the Philippines, especially concerning contractual negotiations and international maritime employment standards. Filipino seamen, vital to global shipping, were asserting established labor entitlements,

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challenging both domestic and international employers' underpayment practices. The case draws parallels with historical labor movement advances, highlighting a legal commitment to secure better working conditions.