PHILIPPINE TRANSMARINE CARRIERS, INC., PETITIONER, VS. JOHN MELCHOR A. LAURENTE, SUBSTITUTED BY JUAN A. LAURENTE, JR. AND NATIVIDAD A. AQUINO, RESPONDENTS.

G.R. NO. 158883. April 19, 2006

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

Assailed in this Petition for Review under Rule 45 of the Rules of Court is the Decision[1] dated 10 January 2003 of the Court of Appeals dismissing petitionerï¿½s Special Civil Action for Certiorari under Rule 65, and the Resolution dated 30 June 2003 denying petitionerï¿½s motion for reconsideration.

The factual and procedural antecedents of the case are as follows:

John Melchor A. Laurente (John Melchor) was employed as Second Assistant Engineer by petitioner Philippine Transmarine Carriers, Inc. for and in behalf of its principal, Lucky Ocean Marine Corporation, after he underwent a pre-employment medical examination at Physicianï¿½s Diagnostic Center, petitionerï¿½s accredited clinic, and was given a clean bill of health. John Melchor signed a twelve-month contract with a basic monthly salary of US$739.00.

On 20 June 1993, John Melchor embarked the vessel ï¿½Standard Star,ï¿½ where he was assigned at the engine room. After three months, he complained of dizziness and nausea and requested for his repatriation. On 5 October 1993, he arrived in the Philippines and immediately reported to petitioner, which referred him to a doctor for medical treatment at its expense. John Melchor was diagnosed with hypertension and chronic renal failure classified as disability Grade I. On 7 June 1994, he underwent kidney transplant. He was subsequently paid sickness allowance in the amount of P78,962.15 covering the period from 6 October 1993 to 2 February 1994.

On 30 March 1995, John Melchor filed a complaint against petitioner, Pioneer Insurance and Surety Corporation, and Lucky Ocean Marine Corporation for payment of disability benefits on the basis of the amendment to the Philippine Overseas Employment Administration (POEA) Standard Employment Contract increasing the total disability benefit from US$11,000.00 to US$50,000.00 effective 1 March 1994.

Petitioner disputed John Melchorï¿½s claim for disability benefit alleging that the latter did not disclose his actual medical condition that he had hypertension and kidney trouble during his pre-employment medical examination; that John Melchor was on board the vessel for only a little over three months such that his illness could not have been the result of work; and that although John Melchor was declared totally disabled only on 20 March 1994, his illness occurred on or before 5 October 1993 when he disembarked from the vessel, i.e., prior to the effectivity of the new rate of disability benefits on 1 March 1994.

Labor Arbiter Pedro C. Ramos rendered a decision ordering petitioner to pay the amount of US$50,000.00, or its peso equivalent, as disability benefit.

Petitioner appealed to the National Labor Relations Commission (NLRC), which rendered a decision on 31 May

1999 reversing the Labor Arbiterï¿½s decision and reducing the disability benefit to US$11,000.00. However, on a motion for reconsideration filed by respondent, the NLRC reinstated the award of the disability benefit in the amount of US$50,000.00 in a Resolution dated 21 June 2000, which reads:

> WHEREFORE, our decision dated May 31, 1999 is reconsidered. In lieu of US$11,000.00, respondents are hereby directed to jointly and severally pay the complainant his disability benefit of US$50,000.00.[2]

Petitionerï¿½s motion for reconsideration thereof was denied in a Resolution dated 29 December 2000.

On 20 April 2001, petitioner filed a Special Civil Action for Certiorari under Rule 65. This was dismissed by the Court of Appeals in the assailed Decision dated 10 January 2003, and a motion for reconsideration thereof was denied by the same court in the assailed Resolution dated 30 June 2003. The dispositive portion of the Decision of the Court of Appeals reads:

> WHEREFORE, the petition is DISMISSED for lack of merit.[3]

Hence, this appeal where petitioner raises but one issue: petitioner claims that the 1 March 1994 amendment to the POEA Standard Employment Contract, which increased the disability benefits of seamen from US$11,000 to US$50,000, should not apply to John Melchorï¿½s claim. John Melchor, on the other hand, claims that he should be entitled to US$60,000 instead of the US$50,000 awarded by the NLRC and the Court of Appeals, citing Appendix 1-A of the schedule of disability allowances in the POEA Standard Employment Contract, which entitles those suffering from impediment Grade 1 to 120% of the maximum rate of US$50,000.

On 30 October 2003, and during the pendency of this appeal, John Melchor died of pulmonary congestion at 41 years of age.[4] A motion for substitution filed by John Melchorï¿½s parents, Juan A. Laurente, Jr. and Natividad A. Aquino, was granted by this Court on 29 March 2004.[5]

The 31 March 1994 amendment that increased the disability benefits of seamenshould apply to John Melchorï¿½s claim.

The NLRC ruled, and the Court of Appeals agreed, that the 31 March 1994 amendment to the POEA Standard Employment Contract increasing the disability benefits of seamen from US$11,000 to US$50,000 should apply to John Melchorï¿½s claim. This is pursuant to Section 2 of the primary contract between petitioner and John Melchor which provides that ï¿½the terms and conditions of the Revised Employment Contract for seafarers governing the employment of all Filipino Seafarers approved by the POEA/DOLE on July 14, 1989 under Memorandum Circular No. 41, series of 1989, and amending circulars relative thereto shall be strictly and faithfully observed.ï¿½[6]

The NLRC further ruled:

> The employment contract of the complainant was twelve (12) months (June 20, 1993 to June 1994). The illness of the complainant was discovered on May 20, 1994, a date within the twelve-month period of the employment contract and already covered by the effectivity of the new rate of disability benefits under the Revised Employment Contract for seafarers. The revision of the rate of disability benefits under the amended POEA Standard Employment Contract is corrective in nature and favorable to the seafarers. To conform with the prevailing rate, there is a need to adjust the disability benefits awarded to the complainant.[7]

Petitioner contests this ruling, asserting the inapplicability of the 31 March 1994 amendment: (a) because John Melchorï¿½s cause of action, if any, arose at a time prior to the effectivity of the amendment; and (b) because the employment contract between John Melchor and petitioner was no longer in force when the said amendment took effect.[8]

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Petitioner asserts that John Melchorï¿½s employment was deemed terminated when he was repatriated upon his request, arriving in the Philippines on 5 October 1993. According to petitioner, the termination was in accordance with Section H of the POEA Standard Employment Contract which states:

> SECTION H. TERMINATION OF EMPLOYMENT. x x x The Master shall have the right to discharge or sign off the seaman at any place abroad in accordance with the terms and conditions of the contract and specifically for any of the following reasons: (a) if the seaman x x x is continuously incapacitated for the duties for which he was employed by reason of illness or injury.[9]

This argument had been raised in the Court of Appeals, to which the latter ruled:

> While it is true that private respondent was repatriated on October 5, 1993 upon his request because of his complaints of dizziness and nausea, however, it was only on May 20, 1994, after undergoing complete physical and laboratory examinations, that he was diagnosed to have hypertension and chronic renal failure and was declared unfit to work due to total permanent disability. In other words, private respondent was not yet considered incapacitated for work when he was repatriated on October 5, 1993.[10]

We rule in favor of John Melchor.

Findings of fact of administrative agencies such as the NLRC are binding when supported by substantial evidence[11]; moreover, they become conclusive when such findings are affirmed by an appellate court.[12] Therefore, the findings of the NLRC, sustained by the Court of Appeals, that the illness of the complainant was discovered only on 20 May 1994,[13] is conclusive to this Court. It was only on 20 May 1994, after undergoing complete physical and laboratory examinations, that John Melchor was diagnosed to have hypertension and chronic renal failure and was declared unfit to work due to total permanent disability. John Melchor was not yet considered incapacitated for work when he was repatriated on 5 October 1993. Consequently, the 31 March 1994 amendment should apply to John Melchorï¿½s claim.

Petitionerï¿½s claim that John Melchor was terminated on 5 October 1993 goes against the evidence available on record. In addition to the fact that the diagnosis declaring him unfit to work came after said date, John Melchor was also paid sickness allowance on 7 June 1994, covering the period from 6 October 1993 to 2 February 1994. This goes to show that petitioner still recognized John Melchor as an employee even after he returned to the Philippines. Neither was John Melchor given any notice of his termination prior to 20 May 1994, when Philippine labor laws and jurisprudence are ripe with the mandate that notice must be given to employees before their termination even when such termination is for just and authorized causes.[14]

It is also an undeniable fact that, according to the primary contract between petitioner and John Melchor, all amendments to Memorandum Circular No. 41 shall be strictly and faithfully observed. This provision was apparently inserted to protect the rights of John Melchor, who, despite the possible amendments to the POEA Standard Employment Contract, cannot renegotiate the primary contract terms while he is out of the country. As it is unclear whether such amendments can be held applicable to obligations that have already accrued but have not yet been paid, we are compelled to choose the interpretation that would favor labor. Therefore, even if we consider for the sake of argument that John Melchor was terminated on 5 October 1993 as petitioner claims, this clause still makes the 31 March 1994 amendment applicable. As we held in Marcopper Mining Corporation v. National Labor Relations Commission,[15] contracts relating to employment should be interpreted keeping in sight the avowed policy of the State, enshrined in our Constitution, to accord utmost protection and justice to labor.

John Melchor is entitled to 120% of the maximum rate of US$50,000.

Even earlier, in his comment to petitionerï¿½s appeal with the Court of Appeals, until presently before this Court,

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John Melchor has consistently pointed out that a careful perusal of the Appendix 1-A of the schedule of disability allowances in the POEA Standard Employment Contract would reveal that those suffering from impediment Grade 1 are entitled to 120% of the maximum rate of US$50,000.[16]

There is no question that the chronic renal failure of John Melchor, which eventually caused his death, is an impediment Grade 1 under the POEA Standard Employment Contract. Petitioner never disputed such fact. John Melchor is therefore entitled to 120% of the US$50,000 maximum amount, or a total of US$60,000. The terms of the POEA Standard Employment Contract on this point is clear, and thus there is no room for interpretation.

No less than the Constitution requires the State to afford full protection to labor, whether local or overseas.[17] Pursuant to such mandate, Executive Order No. 247[18] empowered the POEA[19] to secure the best terms and conditions of employment of Filipino contract workers.[20] The POEA, in compliance therewith, prescribed standard employment contracts which provide the minimum terms and conditions of employment for Filipino contract workers. These minimum terms and conditions are deemed read into the partiesï¿½ primary contracts, and as such must be complied with in good faith.

WHEREFORE, the petition is DENIED. The Decision dated 10 January 2003 and the Resolution dated 30 June 2003 of the Court of Appeals are hereby AFFIRMED, with the modification that the award of disability benefit be increased to US$60,000. Costs against petitioner.

SO ORDERED.

Panganiban, C.J., (Chairperson), Ynares-Santiago, Austria-Martinez, and Callejo, Sr., JJ. concur.

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[1] Penned by Associate Justice Marina L. Buzon with Associate Justices Josefina Guevara-Salonga and Danilo B. Pine concurring; Rollo, pp. 23-30.

[2] CA rollo, p. 40.

[3] Rollo, p. 30.

[4] Id., p. 57.

[5] Id., p. 59.

[6] Id., p. 116. Emphasis supplied.

[7] CA rollo, p. 38.

[8] Rollo, p. 114.

[9] Id., p. 115.

[10] Id., p. 29.

[11] Pabu-aya v. Court of Appeals, G.R. No. 128082, 18 April 2001, 356 SCRA 651, 657.

[12] Miralles v. Hon. Go, 402 Phil. 638, 651 (2001).

[13] CA rollo, p. 130.

[14] See RULES IMPLEMENTING BOOK VI OF THE LABOR CODE, Rule I, Sec. 2(d); Agabon v. National Labor Relations Commission, G.R. No. 158693, 17 November 2004, 442 SCRA 573, 608; Serrano v. National Labor Relations Commission, 380 Phil. 416, 439 (2000); Wenphil Corporation v. National Labor Relations

Commission, G.R. No. 80587, 8 February 1989, 170 SCRA 69, 76.

[15] 325 Phil. 618, 634-635 (1996).

[16] CA rollo, p. 56.

[17] Constitution, Art. XIII, Sec. 3, par. 1.

[18] Approved on 24 July 1987.

[19] This was formerly performed by the National Seamen Board under Article 20(a)-2 of the Labor Code.

[20] Executive Order No. 247, Sec. 3(f).

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