

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
THIRD DIVISION**

**EASTERN SHIPPING LINES, INC.,  
*Petitioner,***

***-versus-***

**G.R. No. 77828  
February 8, 1989**

**PHILIPPINE OVERSEAS  
EMPLOYMENT ADMINISTRATION,  
SECRETARY OF LABOR AND  
EMPLOYMENT, HEARING OFFICER  
CHERYL AMPIL and MA. LOURDES A.  
ZARAGOZA,**

***Respondents.***

X-----X

**DECISION**

**FELICIANO, J.:**

This Petition for Certiorari and Prohibition seeks to set aside the Decision dated 19 March 1987 of the public respondent Philippine Overseas Employment Administration (“POEA”), in POEA Case No. L-86-01-026.

The pertinent facts follow:

Manuel Zaragoza had been an employee of petitioner Eastern Shipping Lines, Inc. (“Eastern”) for several years, having served as engineer on board several of Eastern’s vessels since 1973. At the time of his death on 18 September 1983, Manuel Zaragoza was in Kakogawa, Japan serving as Chief Engineer of the M/V Eastern Meteor, a vessel then owned by Freesia Shipping Company S.A. and chartered by Eastern. A Death Certificate<sup>[1]</sup> issued by Dr. Masayuki Inoue of the Kakogawa Hospital stated that Zaragoza’s death had been caused by “myocardial infarction.”

On 17 December 1985, Manuel Zaragoza’s widow, private respondent Ma. Lourdes A. Zaragoza, filed with the public respondent POEA a formal Complaint<sup>[2]</sup> (docketed as POEA Case No. L-86-01-026) against Eastern, after the latter allegedly had refused to act favorably on the widow’s claim for gratuity arising from the death of her husband. Mrs. Zaragoza alleged that the M/V Eastern Meteor having been registered with the Ministerio de Hacienda y Tesoro of the Republic of Panama at the time of her husband’s death, she was entitled to receive from Eastern death benefits in the amount of P100,000.00 as provided under Memorandum Circular No. 71 issued on 18 November 1981 by the former National Seamen Board. Moral damages or P50,000.00 and attorney’s fees were likewise sought by the widow.

In its Answer,<sup>[3]</sup> Eastern alleged, among other things, that no cause of action existed against it as the company had already paid Mrs. Zaragoza a cash benefit of P12,000.00 for the death of her husband and an amount of P5,000.00 for funeral expenses. Eastern further denied having incurred any additional liability under NSB Memorandum Circular No. 71, alleging that “the M/V Eastern Meteor had been then also considered a vessel of Philippine registry.” Eastern assailed the jurisdiction of the POEA over the complaint, asserting that the company is not engaged in overseas employment even as it admits that its vessels are ocean-going vessels.”

On 19 March 1987, public respondent POEA rendered a Decision<sup>[4]</sup> requiring petitioner to pay to private respondent Mrs. Zaragoza P88,000.00 as the unpaid balance of her deceased husband’s death benefits, and dismissing the claim for moral damages for want of jurisdiction.

From this judgment, Eastern came directly to this Court. We issued a Temporary Restraining Order on 8 April 1987.<sup>[5]</sup>

A preliminary point was raised by the Solicitor General in his Comment<sup>[6]</sup> on the Petition, that Eastern had failed to exhaust administrative remedies in this case — i.e., that petitioner Company did not interpose an appeal with the National Labor Relations Commission before coming to this Court on certiorari. Inasmuch, however, as the petition at bar raises questions essentially legal in nature, we do not consider the same as having been prematurely filed with this Court.<sup>[7]</sup>

We address first the issue of jurisdiction. Petitioner Company does not deny that Manuel Zaragoza was its employee at the time of his death on 18 September 1983. Petitioner would contend, however, that the company had neither been nor acted as an “overseas employee” of Manuel Zaragoza, and that the latter had never been its “overseas employee.” Hence, petitioner concludes, private respondent’s claim for death benefits should have been filed with the Social Security System, not with the POEA.

The argument does not persuade. Applicable here — and petitioner admits this in its Petition — is Executive Order No. 797 (promulgated 1 May 1982), which abolished the former National Seamen Board and created in its place the present Philippine Overseas Employment Administration. Section 4 (a) of Executive Order No. 797 expressly provides that, the POEA “shall have original and exclusive jurisdiction over all cases, including money claims, involving employer-employee relations arising out of or by virtue of any law or contract involving Filipino workers for overseas employment, including seamen.” This provision is clarified substantially in the Rules and Regulations on Overseas Employment issued by the POEA, Section 1 (d), Rule I, Book VI of which provides that “claims for death, disability and other benefits arising out of overseas employment” fall within the POEA’s original and exclusive jurisdiction. The following definitions contained in Section 1, Rule II, Book I of said POEA Rules and Regulations are also useful:

“g. contract Worker — means any person working or who has worked overseas under a valid employment contract and shall include seamen.

X X X

x. Overseas Employment — means employment of a worker outside the Philippines, including employment on board vessels plying international waters, covered by a valid employment contract.

X X X

(Emphasis supplied)

We note that the statute and the relevant regulations refer to employment of Filipino workers overseas, i.e., outside the Philippines. The statute and regulations do not limit their coverage to non-Filipino employers. Filipinos working overseas share the same risks and burdens whether their employers be Filipino or foreign.

Neither party disputes that Manuel Zaragoza, at the time of his death, was covered by an existing contract of employment with Eastern and that the deceased was at that time employed as a seaman (Chief Engineer) on board the M/V Eastern Meteor, which vessel — then chartered by Eastern — was engaged in plying ocean routes, outside Philippine waters and which, at the time of Zaragoza’s demise, was berthed in a foreign port (Japan). In addition, the record shows that Eastern submitted its shipping articles to public respondent POEA for processing, formalization and approval,<sup>[8]</sup> apparently in recognition of POEA’s regulatory authority over overseas employment under Executive Order No. 797. While not in itself conclusive proof of employment by Eastern of people overseas, nevertheless, this latter circumstance strongly suggests that Eastern must have regarded itself as engaged in such employment, otherwise, it would not have found it necessary or useful to submit its shipping articles to the POEA. We hold that the complaint of private respondent widow of Manuel Zaragoza falls well within the original and exclusive jurisdiction of public respondent POEA.<sup>[9]</sup>

We come to the issue regarding the amount of death benefits for which Eastern may be held liable to private respondent. In assessing such amount, the POEA relied upon Memorandum Circular No. 71 (effective 1 December 1981) issued by the now defunct National Seamen Board (NSB):

“SECTION D. COMPENSATION AND BENEFITS DURING THE TERM OF THE CONTRACT.

1. In case of total and permanent disability or death of the seaman during the term of his contract, the company shall pay the seaman or his beneficiaries the amount of:

P100,000.00 — for masters and Chief Engineers

75,000.00 — for other officers

50,000.00 — for ratings

over and above the benefits which are provided for and are the liabilities of the Philippine government under the Philippine laws. Provided that when the employment of a seaman is also covered by a collective bargaining agreement or death/disability insurance which provides for higher benefits than those enumerated above, in which case, the seaman or his heirs/beneficiaries may elect under what scheme he is or they are claiming. Recovery under one scheme is a bar to any further recovery; except where there is a clear showing in the collective bargaining agreement and/or death/disability insurance that benefits provided for in the collective bargaining agreement and death/disability insurance are separate and distinct from the abovementioned benefits. The exact amount of insurance that each seaman is covered under this contract are as stipulated in Column J of Appendix 2 of this contract. In addition to the above, the expenses for hospitalization of the seaman shall be borne by the employer.

2. In lieu of paragraph 1 above, the liability of [an] employer of a Philippine registered vessel (except foreign-owned vessels bareboat chartered to a Philippine shipping company) shall be governed by existing Philippine Laws over and above the benefits granted [under]

Philippine laws on social security and employees' compensation benefits provided that the Philippine registered vessel and any vessel bareboat — chartered to a Philippine Shipping Company shall be manned by full Filipino crews. (Emphasis and brackets supplied).

It is the argument of Eastern here that NSB Memorandum Circular No. 71 collides with the public law principle of non-delegation of legislative power. Eastern also argues that assuming the validity of the Circular, its provisions (specifically paragraph 1) do not cover Eastern.

These arguments again do not persuade. Concerning the alleged unconstitutionality of NSB Memorandum Circular No. 71, Article 20 of the Labor Code before its repeal by Executive Order No. 797, provided in salient part:

“Art. 20. National Seamen Board. — A National Seamen Board is hereby created which shall develop and maintain a comprehensive program for Filipino seamen employed overseas. It shall have the power and duty:

X X X

2. To regulate and supervise the activities of agents or representatives of shipping companies in the hiring of seamen for overseas employment; and secure the best possible terms of employment for contract seamen workers and secure compliance therewith;

X X X

(Emphasis supplied)

The question of validity of the delegation of quasi-legislative power in favor of NSB's successor, respondent POEA, embodied in the article quoted above, was addressed and resolved in the affirmative by the Court in *Eastern Shipping Lines, Inc. vs. Philippine Overseas Employment Administration, et al.*<sup>[10]</sup> On the authority of this case, we hold that NSB Memorandum Circular No. 71 was issued in a valid exercise by the NSB of its “power and duty to secure the best possible

terms of employment for contract seamen workers and [to] secure compliance therewith.”

We consider next petitioner’s argument that it is not covered by the provisions of NSB Memorandum Circular No. 71. Eastern submitted in evidence Certificate of Philippine Register Nos. ICGD-78-0428 dated 28 December 1978<sup>[11]</sup> and ICGD-84-0288 dated 7 August 1984<sup>[12]</sup> to show that the M/V Eastern Meteor was registered with the Philippine Coast Guard in 1978 and again in 1984. Eastern further maintained that M/V Eastern Meteor had always been fully manned by a Philippine crew. The record also shows, however, that this vessel was at the same time also registered in the Republic of Panama as evidenced by the Patente Permanente de Navegacion Servicio Internacional Nos. 7708-77 (dated 31 March 1977)<sup>[13]</sup> and 770877-A (dated 27 February 1987).<sup>[14]</sup> Petitioner had in fact paid taxes to the Panamanian government in 1978, 1979, 1981, 1982 and 1983,<sup>[15]</sup> presumably because the M/V Eastern Meteor was during those years operating under a valid Panamanian navigation license. It, therefore, appears that at the time of the death of Manuel Zaragoza, the Eastern Meteor was both foreign-owned and foreign-registered on one hand and upon the other hand, simultaneously registered in the Philippines. Interpreting Section D of Memorandum Circular No. 71, it appears clear that paragraph 1 covers Philippine seamen working in foreign-registered ships while paragraph 2 applies to Philippine seamen working on Philippine-registered vessels. The parenthetical phrase “except foreign-owned vessels bare boat-chartered to a Philippine shipping company” in paragraph 2 precisely covers the situation of the Eastern Meteor, that is, a foreign-owned vessel registered in a foreign country (Panama), with a second registration in the Philippines; such a vessel is excepted from coverage by paragraph 2, and hence covered by paragraph 1 instead. If the M/V Eastern Meteor had been registered only in Panama, there would have been no question that it was covered by paragraph 1 of NSB Memorandum Circular No. 71. It is well-known that foreign-owned and foreign-registered vessels have frequently also secured Philippine registration where the interest or convenience of the owners dictated such second or dual registration. The effect of the parenthetical phrase in paragraph 2 is, as already indicated, to bring such dual-registered vessel within the scope not of paragraph 2, but of paragraph 1. The fact that POEA Memorandum Circular No. 5 (Series

of 1986) in upgrading death benefits (P250,000.00 for master and chief engineers) specified that such upgraded benefits “shall be applicable to all Filipino seamen on board any ocean-going vessel provided the cause of action occurs on March 1 and thereafter” suggests to us the correctness of our above reading of NSB Memorandum Circular No. 71. The underlying regulatory policy, as we see it, is that Filipino seamen working on ocean-going vessels should receive the same wages and benefits, without regard to the nationality or nationalities of the vessels on which they serve. We hold the POEA correctly held private respondent Mrs. Zaragosa entitled to the benefits given to Philippine seamen under the provisions of Section D, paragraph 1 of NSB Memorandum Circular No. 71, i.e. (1) P100,000.00 death benefit, and in addition, (2) death and related benefits provided under applicable ordinary laws of the Philippines administered by the Social Security System.

**WHEREFORE**, the Petition for Certiorari is **DISMISSED** and the Decision of the POEA in POEA Case No. L-86-01-026 is hereby affirmed. The Temporary Restraining Order of 8 April 1987 is hereby **LIFTED**.

**SO ORDERED.**

**Fernan, C.J., Gutierrez, Jr., Bidin, and Cortes, JJ., concur.**

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- [1] Rollo, p. 71.  
[2] Id., pp. 66-68. Annex “E” of Petition.  
[3] Id., pp. 96-102, Annex “G” of Petition.  
[4] Id., pp. 153-155.  
[5] Id., p. 164.  
[6] Id., pp. 180-186.  
[7] *Bagatsing vs. Ramirez*, 74 SCRA 306 (1976).  
[8] Rollo, pp. 121-123.  
[9] *Eastern Shipping Lines, Inc. vs. Philippine Overseas Employment Administration, et al.*, G.R. No. 76633, promulgated on October 18, 1988.  
[10] *Supra*, note 9.  
[11] Rollo, p. 64, Annex “C” of Petition.  
[12] Id., p. 120.  
[13] Id., p. 75.  
[14] Id., p. 76.

[15] Id., pp. 79-89; Surveys Tax Receipts Nos. 13120 (1978), 16151 (1979), 20175 (1981), 32306 (1982) and 39585 (1983); and Consular and Annual Taxes Receipts Nos. 04465-A (1981), 26269-A (1982) and 31724-A (1983).

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