LABOR LAW AND SOCIAL LEGISLATION

DOLORES GALLEVO RODRIGUEZ, SUBSTITUTING HER LATE HUSBAND EDGAR A. RODRIGUEZ *v.* PHILIPPINE TRANSMARINE CARRIERS, INC., NORWEGIAN CREW MANAGEMENT A/S, AND MR. CARLOS SALINAS

G.R. NO. 218311, *SECOND DIVISION*, 11 OCTOBER 2021, (HERNANDO, *J.*)

DOCTRINE OF THE CASE

A claim for permanent and total disability benefits may prosper after the lapse of the 120-day period, but less than 240 days, from the time the seafarer reported for medical treatment if the company-designated physician failed to declare within the 120-day period that the seafarer requires further medical attention.

FACTS

Edgar Rodriguez was employed as an ordinary seaman by respondent Philippine Transmarine Carriers, Inc. (PTC).

Upon reaching a convenient port in Taiwan in 2012, he underwent a medical examination and was initially diagnosed with *Hepatomegaly; L5 Spondylosis with Lumbar Spondylosis.* He was repatriated on October 2, 2012. Two days later, he reported to PTC and was immediately referred to the Metropolitan Medical Center under the care of the company-designated physician, Dr. Robert D. Lim.

Rodriguez was subsequently diagnosed with *Antral Gastritis; H Pylori Infection; Non-Specific Hepatic Nodule; L2-S1 Disc Protrusion and incidental finding of Specific Colitis Cholecystitis.*

Dr. Lim issued a medical report indicating Rodriguez's final disability assessment as equivalent to Grade 8.

Rodriguez subsequently consulted his personal orthopedic surgeon, Dr. Cesar H. Garcia (Dr. Garcia) who found him to be afflicted with multiple disc profusion. In his Medical Certificate, Dr. Garcia assessed the seafarer to be

permanently unfit for sea duty in whatever capacity with a corresponding Grade 1 disability or a permanent total disability. In view of Dr. Garcia's assessment, Rodriguez claimed from PTC permanent total disability benefits. However, PTC insisted that as per Dr. Lim's findings, Rodriguez was only suffering from a Grade 8 disability, and thus, he was only entitled to partial and permanent disability benefits. Thus, Rodriguez filed a complaint for permanent total disability benefits, sickness allowance, medical reimbursement, damages and attorney's fees.

The Labor Arbiter (LA) awarded the seafarer permanent and total disability benefits. PTC filed an appeal with the National Labor Relations Commission (NLRC). The NLRC modified the arbiter's ruling by deleting the award of moral damages, but affirming the award of total and permanent disability benefits and attorney's fees.

PTC then appealed with the Court of Appeals (CA), which partly found their petition meritorious. It noted that, from October 5, 2012 when Rodriguez underwent MRI up to April 26, 2013 when Dr. Lim issued the final assessment, only 203 days had lapsed, and therefore, within the 240-day period.

ISSUE

Is Rodriguez entitled to permanent and total disability?

RULING

NO. The Court dismissed the petition. It is undisputed that the illness of Rodriguez, osteoarthritis, is an occupational disease, and thus, compensable under Section 32-A(21) of the Philippine Overseas Employment Administration's Standard Employment Contract, series of 2010 (20 l O POEA-SEC).

Disability claims of seafarers are governed by the Labor Code, its implementing rules and by contract such as the 2010 POEA-SEC, which governed Rodriguez's period of employment.

Article 192(c)(l) of the Labor Code defines permanent and total disability of laborers, to wit:

> ART. 192. Permanent Total Disability...

> (c) The following disabilities shall be deemed total and permanent:
>
> (1) Temporary total disability lasting continuously for more than one hundred twenty days, except as otherwise provided in the Rules;

The rule referred to in the foregoing provision, i.e., Rule X, Section 2 of the Amended Rules on Employees' Compensation, which implemented Book IV of the Labor Code (IRR), states:

> Sec. 2. Period of entitlement. -(a) The income benefit shall be paid beginning on the first day of such disability. If caused by an injury or sickness it shall not be paid longer than 120 consecutive days except where such injury or sickness still requires medical attendance beyond 120 days but not to exceed 240 days from onset of disability in which case benefit for temporary total disability shall be paid. However, the System may declare the total and permanent status at any time after 120 days of continuous temporary total disability as may be warranted by the degree of actual loss or impairment of physical or mental functions as determined by the System.

The foregoing provisions should be read together with Section 20(A) of the 2010 POEA-SEC:

xxxx

> 2. xxx However, if after repatriation, the seafarer still requires medical attention arising from said injury or illness, he shall be so provided at cost to the employer until such time he is declared fit or the degree of his disability has been established by the company-designated physician.
>
> 3. In addition to the above obligation of the employer to provide medical attention, the seafarer shall also receive sickness allowance from his employer in an amount equivalent to his basic wage computed from the time he signed off until he is declared fit to work or the degree of disability has been assessed by the company-designated physician. The period within which the

> seafarer shall be entitled to bis sickness allowance shall not exceed 120 days. Payment of the sickness allowanc;e shall be made on a regular basis, but not less than once a month

Prior to 2008, the prevailing rule then, as enunciated in *Crystal Shipping, Jnc. v. Natividad* (Crystal Shipping), was that "permanent and total disability consists mainly in the inability of the seafarer to perform his customary work for more than 120 days." However, *Vergara v. Hammonia Maritime Services, Inc.* (Vergara) was promulgated which modified the ruling in Crystal Shipping such that the doctrine laid down in the latter cannot be simply applied as a general rule for all cases in all contexts. In Vergara, the Court harmonized the abovementioned provisions. The Court clarified that even though the 120-day period for medical evaluation was exceeded, the seafarers may not automatically claim permanent and total disability because it was possible to extend the evaluation or treatment period until 240 days.

Therefore, the prevailing rule is that, "if the complaint for maritime disability compensation was filed prior to October 6, 2008, the 120-day rule enunciated in Crystal Shipping applies. However, if such complaint was filed from October 6, 2008 onwards, the 240-day rule as clarified in the case of Vergara applies.

A claim for permanent and total disability benefits may prosper after the lapse of the 120-day period, but less than 240 days, from the time the seafarer reported for medical treatment if the company-designated physician failed to declare within the 120-day period that the seafarer requires further medical attention.

The court found Dr. Lim's assessment as sufficient justification to extend the seafarer's medical treatment beyond the 120-day period, since the latter still had to undergo further treatment and evaluation in view of his persistent back problems. Since Dr. Lim's final medical assessment was justifiably issued beyond the 120-day period but within 240 days from the time Rodriguez first reported to him, the Court found Rodriguez not entitled to his claim for permanent and total disability benefits.

SANTOS VENTURA HOCORMA FOUNDATION, INC. *v.* DOMINGO M. MANLANG, RENATO D. GARCIA, RONALDO D. GARCIA and JESUS M. GALANG, represented by Attorney-in-fact LUCENA M. DE LEON

G.R. No. 213499, *FIRST DIVISION*, 13 October 2021, (Lopez, *J.*)

DOCTRINE OF THE CASE

Simply put, the prerogative and authority with regard to the classification and identification of lands included or exempted from coverage under the CARP vests exclusively in the DAR Secretary and no one else. Applying this to the present case, it cannot be said that the DARAB encroached on the authority of the DAR Secretary in the latter's determination of which lands fall under the coverage of the CARP.

FACTS

Santos, Ventura, Hocorma Foundation, Inc. (SVHFI) is the registered owner of a parcel of land in Pampanga, identified as Lot No. 554-D-3 and covered by Transfer Certificate of Title (TCT).

In 2002, Lot No. 554-D-3 was placed under the coverage of the CARP. The Department of Agrarian Reform (DAR) caused the annotation of Subdivision Plan on certain TCTs, including the title covering Lot No. 554-D-3. Domingo Manalang, Renato Garcia, Ronaldo Garcia and Jesus M. Galang (Domingo Manalang, *et al.*) then applied as beneficiaries of the land.

In 2004, SVHFI and the Bases Conversion Development Authority (BCDA) executed a Deed of Absolute Sale for the acquisition of two portions of Lot No. 554-D-3 for the construction of Clark North 2 interchange of the Subic-Clark-Tarlac Expressway (SCTEX).

In 2005, Certificates of Land Ownership (CLOA) were issued to Domingo Manalang, *et al.* The Registry of Deeds thereafter registered TCTs in favor of Domingo Manalang, *et al.*

Domingo Manalang, *et al.* filed a petition for Nullification of Sale before the Office of the Regional Agrarian Reform Adjudicator (RARAD). According to them, the parcels of land sold by SVHFI were under the coverage of the CARP

pursuant to Republic Act (RA) No. 6657 and they are the farmer beneficiaries thereof.

SVHFI filed before the RARAD a petition for the Cancellation of the CLOAs issued to Domingo Manalang*, et al.*. The DAR Secretary granted the application for exemption filed by SVHFI. According to the Secretary, Domingo Manalang, *et al.* could not have derived any vested rights over the property despite the CLOAs awarded to them because the subject property was reclassified into non-agricultural land before June 15, 1988, thus, it is exempt from coverage of the CARP. The Motion for Reconsideration filed by Domingo Manalang, *et al.* was likewise denied.

Meanwhile, in 2007, the RARAD upheld the validity of the CLOAs issued to Domingo Manalang*, et al.* and declaring the sale between SVHFI and BCDA as null and void ab initio. SVHFI and BCDA thereafter filed a Joint Motion for Reconsideration. In the said motion, they informed the RARAD that the DAR Secretary had already granted their application for exemption. Their efforts, however, were futile as the RARAD denied their motion.

In a Resolution in 2011, the DARAB reversed its earlier ruling and granted SVHFI's motion. It declared the subject property exempt from the coverage of the CARP and consequently ordered the cancellation of the CLO As issued in the name of Domingo Manalang, *et al.*. Later, the Office of the President issued an Order where it affirmed the findings of the DAR Secretary concerning SVHFI's Application for Exemption.

Domingo Manalang, *et al.* appealed to the Court of Appeals (CA). They argued that the DARAB committed an error when the latter set aside its own Decision and rendered a Resolution which effectively caused the cancellation of the CLO As awarded to them.

ISSUE

Is Lot No. 554-D-3 covered by CARP pursuant to R.A. 6657?

RULING

YES. The Court granted the petition. In cases involving the implementation of agrarian laws, the determination of the land's classification as agricultural or non-agricultural (e.g., industrial, residential, commercial, etc.) and,

in turn, whether or not the land falls under agrarian reform exemption, must be preliminarily threshed out before the DAR, particularly, the DAR Secretary, pursuant to DAR Administrative Order No. 6, Series of 1994.

Citing Section 3, Rule II of the DARAB 2003 Rules of Procedure, the CA correctly explained that the DAR Secretary has exclusive jurisdiction over matters involving the classification and identification of landholdings for coverage under the CARP, as well as applications for exemptions. Issues of exclusion or exemption partake the nature of Agrarian Law Implementation (ALI) cases which are well within the competence and jurisdiction of the DAR Secretary. Towards this end, the latter is ordained to exercise his legal mandate of excluding or exempting a property from CARP coverage based on the factual circumstances of each case and in accordance with the law and applicable jurisprudence. Thus, considering his technical expertise on the matter, courts cannot simply brush aside his pronouncements regarding the status of the land in dispute, i.e., as to whether or not it falls under CARP coverage.

Simply put, the prerogative and authority with regard to the classification and identification of lands included or exempted from coverage under the CARP vests exclusively in the DAR Secretary and no one else. Applying this to the present case, it cannot be said that the DARAB encroached on the authority of the DAR Secretary in the latter's determination of which lands fall under the coverage of the CARP.

As correctly explained by the CA, the DARAB merely relied on and adopted the Order of the DAR Secretary which granted SVHFI's previous Application for Exemption of Lot No. 554-D-3 from the coverage of the CARP.

It is, however, essential to point out that the CA erred when it stated that the DARAB committed an error when the latter reversed its earlier Decision on the basis of the Orders of the DAR Secretary.

A closer scrutiny of the records shows that the revocation orders cited by the CA and on which it based the assailed decision, pertain to a different Order of Exemption which covers an entirely different lot (Lot 530), albeit originating from the same certificate of title.

Generally speaking, agricultural lands, although reclassified, have to go through the process of conversion. As succinctly explained in Department of Justice (DOJ) Opinion No. 44, the DAR must approve the conversion of agricultural lands covered by R.A. No. 6657 to non-agricultural uses. The exceptions to this rule are agricultural lands which have already been reclassified prior to the effectivity of R.A. No. 6657 on June 15, 1988. These lands are exempt from coverage of the CARP and no longer require a conversion clearance, provided that the reclassification and resulting exemption do not defeat vested rights of tenant-farmers under Presidential Decree (P.D.) No. 27.

In *Natalia Realty, Inc. v. Department of Agriculture*, the Court held that undeveloped portions of a subdivision that were intended for residential use pursuant to a special law ceased to be agricultural lands upon approval of their reclassification by competent authorities. In other words, land already classified for residential, commercial or industrial use, as approved by the HLURB and its precursor agencies prior to June 15, 1988, as in this case, are exempt from the coverage of RA No. 6657.

Apropos herein is the Court's pronouncement in *Heirs of Deleste v. Land Bank of the Philippines*, where it explained that a valid classification of land from agricultural to non-agricultural by a duly authorized government agency before June 15, 1988 shall exempt the land from coverage under the CARP, notwithstanding lack of a conversion clearance. Nevertheless, it emphasized that *Natalia* should be cautiously applied in light of A.O. No. 04, Series of 2003, which outlines the rules on the Exemption of Lands from CARP Coverage under Section 3 of R.A. No. 6657, and DOJ Opinion No. 44, Series of 1990.

With regard to the claim of Domingo Manalang, *et al.* that they have been tilling the land since 1960, it must be emphasized that eligibility to be considered for benefits under the CARP, by itself, does not automatically make farmer-beneficiaries' bona fide owners of the land under P.D. No. 27 or R.A. No. 6657.

In *Del Castillo v. Orciga*, the Court explained that land transfer under P.D. No. 27 is affected in two stages. The first stage is the issuance of a Certificate of Land Transfer to a farmer-beneficiary as soon as the DAR transfers the landholding to the farmer-beneficiary in recognition that said person is its "deemed owner." At this stage, what the tenant-farmers have, at most, is an inchoate right over the land they are tilling. The second stage refers to the issuance

of an Emancipation Patent (EP) as proof of full ownership of the landholding upon full payment of the annual amortizations or lease rentals by the farmer-beneficiary.

Under R.A. No. 6657, the procedure has been simplified. Only CLOAs are issued, in lieu of EPs, after compliance with all prerequisites. Upon presentation of the CLOAs to the Register of Deeds, TCTs are issued to the designated beneficiaries.

Here, as discovered by the CLUPPI Inspection Team during the ocular inspection, the CLOAs were distributed to Domingo Manalang, et al. only in 2005. Therefore, it was only in 2005 that Domingo Manalang, et al., as farmer-beneficiaries, were recognized to have a right over the subject property. Considering that the land had been reclassified by the local government of Mabalacat, Pampanga through its CLUP/ZO and subsequently ratified by the HSRC (now HLURB) in a Resolution in 1980, Domingo Manalang, et al. clearly had no vested rights to speak of during said period, as the CLOAs were issued only in 2005. Since reclassification had taken place before the passage of RA No. 6657 and more than 20 years prior to issuance of the CLOAs, no vested rights accrued.

Consequently, the subject property, particularly Lot No. 554-D-3, is outside the coverage of the agrarian reform program. To the Court's mind, the resolution of the DAR Secretary in DARCO Order No. EX-0712-489 was precisely the reason why the DARAB reversed its earlier decision and upheld the exemption granted to SVHFI. As correctly found by the DAR Secretary, Domingo Manalang, et al. could not have derived any vested right over the subject property despite the issuance of CLOAs in their favor because the coverage of the property was erroneous to begin with. SVHFI, as original owner of Lot No. 554-D-3, was never divested of its rights over the same, including the right to apply for exemption. What is more, the results of the ocular inspection revealed that majority of the portions of Lot No. 554-D-3 have already been developed into what is now known as the SCTEX. This, in itself, is a clear indication that the land had indeed been reclassified into non-agricultural purposes and was no longer feasible for agricultural production. To hold otherwise would not only be a waste of government resources, but also expand the scope of the agrarian reform program which has been limited to lands devoted to or suitable for agriculture.