

## Philippine Shipping Law Developments: 2<sup>nd</sup> Quarter of 2020

### Introduction

This is the Second Quarter 2020 issue of the Regional Shipping Update of Rajah & Tann Asia's Shipping & International Trade Practice, a publication that provides a snapshot of the key legal developments in various jurisdictions where our member firms have regional presence. In each quarter, we cover one jurisdiction, and for this issue, we focus on the Philippines with the following updates:

- Supreme Court Issues Rules of Procedure for Admiralty Cases
- Department of Transportation Creates the Shippers' Protection Office
- *Heirs of Licuanan v. Singa Ship Management, Inc.*: A Seafarer's Heirs are Entitled to Death Benefits for Work-related Illness Even if Death Occurs After the Term of Contract

### Supreme Court Issues Rules of Procedure for Admiralty Cases

On 17 September 2019, the Philippine Supreme Court ("**SC**") issued Administrative Matter No. 19-08-14-SC, which is also known as the Rules of Procedure for Admiralty Cases ("**Rules**"). The Rules took effect on 1 January 2020.

The Rules are intended to:

- (a) provide the Regional Trial Courts ("**RTCs**") with a special and summary procedure for admiralty cases;
- (b) provide parties in admiralty cases fast, reliable and efficient means of recourse to Philippine courts; and
- (c) enhance the administration of justice in admiralty cases in the Philippines through the development of judicial expertise.

The Rules govern the procedure in civil actions relating to admiralty laws in the country, including the issuance of a warrant of arrest of a vessel. The Rules also provide that some of the existing RTCs would be selected to act as admiralty courts.

### Department of Transportation Creates the Shippers' Protection Office

On 24 June 2020, the Department of Transportation issued Department Order No. 2020-008 creating the Shippers' Protection Office ("**SPO**") "for the protection and assistance to shippers, both international and domestic, against unreasonable fees and charges imposed by international and domestic shipping lines".

The following are the functions of the SPO:

- (a) assist the public with matters concerning the operations of, including the fees and charges collected by, international and domestic shipping lines;
- (b) collect and consolidate all relevant data and information regarding the operation and the fees and charges collected by international and domestic shipping lines;
- (c) require international and domestic shipping lines to submit comments or position on complaints/issues against them, and to appear before the SPO, as may be necessary;
- (d) coordinate with the appropriate government agencies having jurisdiction and authority to regulate and/or resolve matters communicated with the SPO;
- (e) submit reports, information, documents and other relevant materials for the approval and consideration of the Chairperson of the SPO; and
- (f) perform other related functions as may be directed or as the need arises.

## A Seafarer's Heirs are Entitled to Death Benefits for Work-related Illness Even if Death Occurs After the Term of Contract

The SC ruled in *Heirs of Licuanan v. Singa Ship Management, Inc.* (G.R. No. 238261, June 26, 2019) ("**Heirs of Licuanan v Singa Ship**") that a seafarer's heirs are entitled to receive death benefits even if the seafarer died after the term of the employment contract.

### Brief Facts

Under a nine-month contract, Manolo Licuanan ("**Licuanan**") was a seafarer assigned to work as a *chef de partie* on board Queen Mary 2, a ship owned by Singa Ship Management Pte. Ltd. During the term of the employment contract, Licuanan complained of difficulty in swallowing solid food, which subsequently developed into persistent dry cough. During Licuanan's deployment at the vessel, a doctor diagnosed him with a mass in his nasopharynx. For this reason, Licuanan was medically repatriated to the Philippines and the employment contract was terminated.

In the Philippines, the employer's doctor diagnosed Licuanan with nasopharyngeal carcinoma. The employer's doctor initially declared the illness as not work-related. Afterwards, the same doctor issued a Grade 7 disability assessment on Licuanan. Licuanan died after two years, or long after the employment contract was terminated.

### Are the heirs entitled to death benefits even if the seafarer died after the term of the contract?

Under the Philippine Overseas Employment Administration Standard Employment Contract ("**POEA SEC**"), an issuance which is incorporated in the employment contracts of Filipino seafarers, a seafarer's heirs may claim death benefits if the death (a) was caused by a work-related illness or injury, and (b) occurred during the term of the seafarer's contract. In this case, even if Licuanan died after the term of the employment contract, the SC ruled that Licuanan's heirs were entitled to death benefits. Some key points of the judgement include:

- Licuanan's illness, nasopharyngeal carcinoma, was work-related. Although nasopharyngeal carcinoma is not among the occupational illnesses stated in the POEA SEC, the SC ruled that the

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POEA SEC nonetheless provides that illnesses not listed therein are “disputably presumed work-related”. This statement is a deviation from the SC’s previous rulings that the seafarer has the burden to prove that an illness or injury is work-related despite that presumption provided for in the POEA SEC.

- The SC’s deviation from its rulings was likely justified by the employer’s doctor’s issuance of a grade 7 disability assessment on Licuanan. The SC ruled that the “issuance of a disability rating by the [employer’s doctor] negates any claim that the non-list illness is not work related”.
- Although Licuanan died after the term of his employment contract, his heirs are still entitled to death benefits. The SC stated that “the seafarer’s death occurring after the termination of his employment due to his medical repatriation on account of a work-related injury or illness constitutes an exception thereto”.

## Conclusion

The issuance of the Rules of Procedure for Admiralty Cases is a welcome development as it enhances the administration of justice in admiralty cases in the Philippines. The creation of the SPO provides assurance that domestic and international shippers are protected against unreasonable fees and charges that shipping lines impose.

The ruling of the SC in *Heirs of Licuanan v. Singa* will benefit the heirs of seafarers who are similarly situated.

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