G.R. No. 179802

FIRST DIVISION

MAGSAYSAY MARITIME CORP. and/or CONRADO N. DELA CRUZ and ODF JELL ASA, Petitioners,	**G.R. No. 179802**
	Present:
	PUNO, *C.J.*,[*]
	CARPIO,[**]
	AUSTRIA-MARTINEZ,[***]
-versus-	CORONA,
	CARPIO MORALES,[***] and
	LEONARDO-DE CASTRO, *JJ.*
JAIME M. VELASQUEZ and THE HONORABLE COURT OF APPEALS, Respondents.	Promulgated:
	November 14, 2008

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DECISION

LEONARDO-DE CASTRO, *J.*:

Before the Court is a petition for review of the Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 97098, which reversed and set aside the June 23, 2006 decision[2] and September 21, 2006 resolution[3] of the National Labor Relations Commission (NLRC) in NCR Case No. 044854-05.

The facts, as culled from the record, are as follows.

Respondent Jaime M. Velasquez was hired by petitioner Magsaysay Maritime Corporation as second cook for its foreign principal, co-petitioner ODF Jell ASA. The parties had a considerably long employment history covered by about ten (10) employment contracts wherein petitioners engaged respondents services on board vessels owned by ODF Jell ASA. On July 28, 2003, while on duty as second cook on board the vessel M/T Bow Favour, respondent suffered high fever and was unable to work.He took fever relieving medicine but his condition worsened. By the fourth day, his body temperature reached 40.9C. His extremities were swollen and he could not walk. He also had edema in the abdominal area. Respondent was brought to a hospital inSingapore where he was confined from August 12 to October 13, 2003. Thereafter, he was repatriated to the Philippines.

It is from this point onwards that the allegations of the parties differ.

In his pleadings, respondent alleged that upon his repatriation, he was not confined to St. Lukes Medical Center as he expected. He claimed that he was compelled to seek medical treatment from an independent doctor. On November 13, 2003, he consulted a certain Dr. Efren Vicaldo (Dr. Vicaldo) who diagnosed him to be suffering from *staphylococcal bacteremia, multiple metastatic abcesses, pleural effusion and hypertension* and declared his disability as Impediment Grade 1 (120%). Dr. Vicaldo further concluded that respondent was unfit to resume work as seaman in any capacity. Hence, respondent filed a claim for disability benefits, illness allowance/ reimbursement of medical expenses, damages and attorneys fees but petitioners refused to pay.

Petitioners, on the other hand, maintained that upon respondents repatriation on October 13, 2003, he was immediately referred to a company designated physician for further medical care and treatment; that the initial impression was *Systemic Staphylococcal Infections; Resolving*; that he was under the care of said physician for three (3) months during which he underwent extensive medications and treatment; that he was admitted and confined at St. Lukes Medical Center from October 13, 2003 to November 11, 2003; that progress reports on his recovery have been issued; that by January 5, 2004, respondent was declared as cleared to work resumption as seafarer; and that petitioners were the ones who shouldered respondents hospitalization expenses.

On March 29, 2005, the Labor Arbiter rendered a decision in favor of respondent. Dispositively, the decision reads:

> WHEREFORE, premises all considered, judgment is hereby rendered ordering the respondents Magsaysay Maritime Corporation and/or Conrado N. Dela Cruz and ODF Jell ASA to pay complainant Jaime M. Velasquez the amount of SIXTY TWO THOUSAND TWO HUNDRED SIXTY US DOLLARS (US$62,260.00) or its equivalent in Philippine Peso at the prevailing rate of exchange at the time of actual payment representing his disability benefits and sickness allowance and 10% of the total monetary award by way of attorneys fees.
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> All other claims are DISMISSED for lack of merit.
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> SO ORDERED.

From the foregoing decision, petitioners filed an appeal with the NLRC, alleging serious errors in the factual findings of the Labor Arbiter.

Upon review of the records, the NLRC made the following findings:

> A careful review of the records shows that, in not one instance did complainant, by way of a contrary medical finding, assail the diagnosis arrived at by the company designated physician, Dr. Natalio G. Alegre II. As noted, the findings of Dr. Efren Vicaldo, complainants private physician, and those of Dr. Alegre, bear consistency with each other save for his hypertensive condition. Above all these, complainants credibility suffered a serious setback when he declared that he was seen by Dr. Alegre only twice and that there was no treatment given to him since repatriation (Records, pp. 88-89). Records belie such assertion. Copies of the medical reports accomplished by the company accredited physician would show that he was examined and treated by the latter for no less than eight (8) times (Records, pp. 128-135). As gleaned therefrom, complainant was placed under the care and supervision of Dr. Alegre for about ninety (90) days, his admission at St. Lukes Medical Center being on 13 October 2003 and with his discharge being had only on 11 November 2003. This negates anew complainants claim that he was not treated at St. Lukes Medical Center. Further, on dates of 18 November 2003, 21 November 2003, December 1, 2003, December 4, 2003 and December 15, 2003, medical certificates of even dates bore results of complainants physical examination. Finally, on 5 January 2004, complainant was cleared for sea duties, on the basis of the following findings:
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> > His infection has already subsided and resolved.
> >
> > He has been off his anti-hypertensive medication for 1 week and his blood pressure is still acceptable at 140/90.

Regular intake of anti-hypertensive medications is advised for strict compliance so that hypertension is controlled to prevent complications.

Given the earlier adverted consideration on such want of credence on complainants part as gleaned from his assertions which were easily controverted by evidence on record, such notable conjectural tenor on the part of complainants private physician as to the possible effects of his alleged hypertensive condition cannot be taken as sufficient basis to overcome the correctness of the medical findings arrived at by Dr. Alegre, not to mention that complainant was examined by his chosen physician only once. Aside from his alleged hypertensive condition which could be addressed to by oral medication, there exists no evidence that there is a direct causal connection between said alleged hypertensive condition and a condition of permanent and total disability being claimed by the complainant. Accordingly, the claim must be denied.

On June 23, 2006, the NLRC rendered a decision reversing that of the Labor Arbiter and dismissed respondents complaint for lack of merit. The dispositive portion of the NLRC decision reads:

WHEREFORE, premises considered, the decision under review is hereby **REVERSED** and **SET ASIDE** and another entered,**DISMISSING** the complaint for lack of merit.

SO ORDERED.

In arriving at such a disposition, the NLRC held:

Weighty considerations anchored on principles governing contracts and jurisprudence in support thereof find the complainant to observe its commitments under the POEA Standard Employment Contract (Article 1159, Civil Code of the Philippines). Said contract of employment specifically mentions that fitness to work or the degree of disability of a seafarer is within the competence of a company designated physician to establish (Section 20 (b), No. 2, paragraph 2 of the POEA Standard Employment Contract). Stated otherwise, the seaman is bound by the declaration of the company designated physician concerning his physical condition in relation to his work. Given this situation, the burden of proof rests upon him in order to establish the disability alleged in such findings. Whether complainant was successful in countering the declaration of fitness to work by the company designated physician, is a matter that merits serious concern.

Aggrieved, respondent elevated the matter to the CA *via* petition for certiorari.

On April 25, 2007, the CA rendered the herein challenged Decision setting aside the decision of the NLRC and reinstating that of the labor arbiter. The CA ratiocinated thus:

> That the company-designated physician did declare that petitioner is fit to sea duty should not prejudice petitioners claim for disability benefits. In the first instance, it is well to note that there is doubt and question as to the accuracy of the declaration of the Dr. Alegres cleared to work resumption as seafarer. Such certification should not be taken as the only primary consideration, especially when there is contra finding by another doctor giving doubt to the findings of the company-designated physician. As held in the case of *Wallem Maritime Services, Inc. vs. NLRC*, opinions of petitioners doctor to this effect should not be given evidentiary weight as they are palpably self-serving and biased in favor of petitioners, and certainly could not be considered independent. The medical findings of Dr. Alegre, unsubstantiated by any other evidence, are suspect for being biased in favor of the private respondent. In the present case, petitioner has been rendered incapable of further pursuing his usual work because of his weakened bodily condition due to illness contracted during his employment. It is undisputed that petitioner had been under the employ of respondents since 1992 and had finished ten (10) contracts with them on board as second cook. While considering this long stint with the respondent, his non-redeployment more so puts in doubt the claim of respondent that petitioner was indeed fit to work. Moreover, it is well settled that strict rules of evidence are not applicable in claims for compensation and disability benefits. Petitioner having substantially established that he could not able to perform the same work as he used to before his repatriation, and was found both by his independent physician and Gleneagles Hospital in Singapore suffering from severe hypertension as well as other diagnosed illnesses which were contracted as a result of his exposure to the risks involved in the performance of his job, we find the NLRC to have acted in grave abuse of discretion in reversing and setting aside the decision of the Labor Arbiter awarding disability claims to petitioner.

Petitioners are now before the Court principally contending that the CA committed reversible error when it upheld the findings of respondents private physician rather than the findings of the company-designated physician.

We grant the petition.

The standard employment contract for seafarers was formulated by the Philippine Overseas Employment Agency (POEA) pursuant to its mandate under Executive Order No. 247 to "secure the best terms and conditions of employment of Filipino contract workers and ensure compliance therewith" and

to "promote and protect the well-being of Filipino workers overseas."[4] Section 29 of the 1996 POEA Standard Employment Contract (POEA Contract) itself provides that "[a]ll rights and obligations of the parties to [the] Contract, including the annexes thereof, shall be governed by the laws of the Republic of the Philippines, international conventions, treaties and covenants where the Philippines is a signatory." Even without this provision, a contract of labor is so impressed with public interest that the New Civil Code expressly subjects it to "the special laws on labor unions, collective bargaining, strikes and lockouts, closed shop, wages, working conditions, hours of labor and similar subjects."[5]

The POEA Contract is clear in its provisions when it provided who should determine the disability grading or fitness to work of seafarers. The POEA contract recognizes only the disability grading provided by the company-designated physicians. Section 20 B.3 of the POEA contract provides:

> 3. Upon sign-off from the vessel for medical treatment, the seafarer is entitled to sickness allowance equivalent to his basic wage until he is declared fit to work or the degree of permanent disability has been assessed by the company-designated physician but in no case shall exceed one hundred twenty (120) days.
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> xxx
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> For this purpose the seafarer shall submit himself to a post-employment medical examination by a company designated physician within three working days upon his return except when he is physically incapacitated to do so, in which case, a written notice to the agency within the same period is deemed as compliance. Failure of the seafarer to comply with the mandatory reporting requirement shall resort in his forfeiture of the right to claim the above benefits.

Moreover, Section 20 (B), no. 2, paragraph 2 of the POEA Contract provides:

> However, if after the 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.

These provisions clearly illustrate that respondents disability can only be assessed by the company-designated physician. If the company-designated physician declares him fit to work, then the seaman is bound by such declaration.

Further, it should be noted that the claim for sickness and permanent disability benefits arose from the stipulations in the standard format contract of employment pursuant to a circular of the POEA. Such circular was intended for all parties involved in the employment of Filipino seamen on board any ocean-going vessel.[6] The POEA Contract, of which the parties are both signatories, is the law between them and as such, its provisions bind both of them.[7] Thus, the parties are both bound by the provisions of the POEA Contract which declares that the degree of disability or fitness to work of a seafarer should be assessed by the company-designated physician.

In *German Marine Agencies v. NLRC,* [8] the Court explicitly laid that it is the company-designated physician who should determine the degree of disability of the seaman or his fitness to work, thus:

> x x x In order to claim disability benefits under the Standard Employment Contract, it is the company-designated physician who must proclaim that the seaman suffered a permanent disability, whether total or partial, due to either injury or illness, during the term of the latters employment. x x x It is a cardinal rule in the interpretation of contracts that if the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulation shall control. There is no ambiguity in the wording of the Standard Employment Contract the only qualification prescribed for the physician entrusted with the task of assessing the seamans disability is that he be company-designated.

Again, in *Benjamin L. Sarocam v. Interorient Maritime Ent., Inc., and Demaco United Ltd,* [9] the Court ruled that the opinion of the company-designated physician should be upheld over that of the doctors appointed by the seafarer considering that the basis of the findings of the seafarers doctor are the medical findings of the company physician.

Undoubtedly, jurisprudence is replete with pronouncements that it is the company-designated physicians findings which should form the basis of any disability claim of the seafarer. In this particular case, respondent refused to accept the assessment made by the company-designated physician that he is fit to work.

Under the Standard Terms and Conditions Governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessel or the POEA Contract issued pursuant to DOLE Department Order No. 4 and POEA Memorandum Circular No. 9, both Series of 2000, respondent could not disregard the findings of the

company-designated physician. Section 20-B, paragraph 3 of the POEA Contract provides:

> 3. xxx
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> xxx
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> If a doctor appointed by the seafarer disagrees with the assessment, a third doctor may be agreed jointly between the employer and the seafarer. The third doctors decision shall be final and binding on both parties.

It is beyond cavil that it is the company-designated physician who is entrusted with the task of assessing the seamans disability. But under the aforecited provision, when the seamans private physician disagrees with the assessment of the company-designated physician, as here, a third doctors opinion may be availed of in determining his disability. This however was not resorted to by the parties. As such, the credibility of the findings of their respective doctors was properly evaluated by the NLRC.

The Court has applied the Labor Code concept of permanent total disability to the case of seafarers. In a catena of cases,[10] the Court declared that disability should not be understood more on its medical significance but on the loss of earning capacity.Permanent total disability means disablement of an employee to earn wages in the same kind of work, or work of similar nature that he was trained for or accustomed to perform, or any kind of work which a person of his mentality and attainment could do. In addition, the Court in *GSIS v. Cadiz*[11] and *Ijares v. CA*[12] held that permanent disability is the inability of a worker to perform his job for more than 120 days, regardless of whether or not he loses the use of any part of his body.

Here, petitioner suffered from *Staphylococcal bacteremia*, a type of bacteria which usually infects the skin entering the bloodstream. Staphylococci normally grow in the nose and on the skin of 20% to 30% of healthy adults (and less commonly in the mouth; mammary glands; and urinary, intestinal, and upper respiratory tracts). These bacteria do not harm most of the time.However, a break in the skin, burn, or other injury may allow the bacteria to penetrate the bodys defenses and cause infection.Commonly, staphylococcal infections produce collections of pus (abscesses), which can appear not only on the skin but also in internal organs. If properly treated with antibiotics, most healthy people who develop staphylococcal infections recover fully within a short time.[13]

The company-designated physician cleared respondent for work resumption upon finding that his infection has subsided after successful medication. We agree with the NLRC that the doctor more qualified to assess the disability grade of the respondent seaman is the doctor who regularly monitored and treated him. The company-designated physician possessed personal knowledge of the actual condition of respondent. Since the company-designated physician in this case deemed the respondent as fit to work, then such declaration should be given credence, considering the amount of time and effort the company doctor gave to monitoring and treating respondents condition. It is undisputed that the recommendation of Dr. Vicaldo was based on a single medical report which outlined the alleged findings and medical history of respondent despite the fact that Dr. Vicaldo treated or examined respondent only once. On the other hand, the company-designated physician outlined the progress of respondents successful treatment over a period of several months in several reports, as can be gleaned from the record. As between the findings of the company-designated physician (Dr. Alegre) and the physician appointed by respondent (Dr. Vicaldo), the former deserves to be given greater evidentiary weight.

All told, the Court finds and so rules that the CA committed reversible error in ignoring the medical assessment of the company-designated physician that respondent was cleared for work resumption as a seafarer and granting respondents claim for disability on the basis of a single medical examination report of respondents appointed physician contrary to the clear, unambiguous provisions regarding disability benefit claims contained in the POEA Contract between the parties.

WHEREFORE, the instant petition is GRANTED. The assailed decision of the Court of Appeals in CA-G.R. SP No. 97098 is REVERSED and SET ASIDE. The decision of the NLRC, 2nd Division, is hereby REINSTATED.

SO ORDERED.

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Acting Chairperson

MA. ALICIA AUSTRIA-MARTINEZ
Associate Justice

RENATO C. CORONA
Associate Justice

CONCHITA CARPIO MORALES
Associate Justice

A T T E S T A T I O N

I attest that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Courts Division.

ANTONIO T. CARPIO
Associate Justice
Acting Chairperson, First Division

C E R T I F I C A T I O N

Pursuant to Section 13, Article VIII of the Constitution, and the Acting Division Chairpersons Attestation, I certify that the conclusions in the above decision had been reached in consultation before the case was assigned to the writer of the opinion of the Courts Division.

LEONARDO A. QUISUMBING
Acting Chief Justice

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[*] On Official Leave.
[**] Acting Chairperson of the First Division as per Special Order No. 534.
[***] Additional Member as per Special Order No. 535.
[1] Penned by Associate Justice Arturo G. Tayag, with Associate Justices Martin S. Villarama Jr. and Arcangelita Romilla-Lontok, concurring, *rollo*, pp.11-23.
[2] *Id*., at pp. 111-121.
[3] *Id*., at pp. 123-125.
[4] E.O. No. 247, Sec. 3(i) and (j).
[5] Art. 1700, New Civil Code. The relations between capital and labor are not merely contractual. They are so impressed with public interest that labor contracts must yield to the common good. Therefore, such contracts are subject to the special laws on labor unions, collective bargaining, strikes and lockouts, closed shop, wages, working conditions, hours of labor and similar subjects.

[6] *Seagull Shipmanagement and Transport, Inc. v. NLRC,* G.R. No. 123619, June 8, 2000, 333 SCRA 236.
[7] *Metropolitan Bank and Trust Co. v. Wong*, G.R. No. 120859, June 26, 2001, 359 SCRA 608.
[8] 403 Phil. 572, 588 (2001).
[9] G.R. No. 167813, June 27, 2006, 493 SCRA 502.
[10] *ECC v. Sanico*, G.R. No. 134028, December 17, 1999, 321 SCRA 268, 270-271; *GSIS v. CA*, G.R. No. 117572, January 29, 1998, 285 SCRA 430, 436; *GSIS v. CA,* G.R. No. 116015, July 31, 1996, 260 SCRA 133, 138; *Bejerano v. ECC*, G.R. No. 84777, January 30, 1992, 205 SCRA 598, 602.
[11] G.R. No. 154093, July 8, 2003, 405 SCRA 450, 454.
[12] G.R. No. 105854, August 26, 1999, 313 SCRA 141, 149-150.
[13] http://www.answers.com/topic/staphylococcal_infection_3, citing Bennett, J. Claude, and Fred Plum, eds. Cecil Textbook of Medicine. Philadelphia, PA: W.B. Saunders Company, 1996.