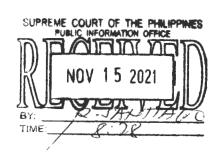


Republic of the Philippines Supreme Court Manila



FIRST DIVISION

PACIFIC OCEAN MANNING, HILL

- versus -

G.R. No. 230527

INC., ENTERPRISES,

BARKER **AND** S.A.,

Present:

ELMER PULUMBARIT.*

Petitioners,

GESMUNDO, C.J., Chairperson, CAGUIOA.

CARANDANG, ZALAMEDA, and

GAERLAN, JJ.

Promulgated:

FELICIANO M. CASTILLO,

Respondent.

JUN 14 2021 notable

DECISION

CAGUIOA, J.:

This is a Petition for Review¹ under Rule 45 of the Rules of Court (Petition) filed by Pacific Ocean Manning, Inc. (Pacific Ocean Manning), Barker Hill Enterprises, S.A. (Barker Hill), and Elmer Pulumbarit (collectively, petitioners) assailing the Court of Appeals, Eighth Division (CA) Decision² dated October 12, 2016 and Resolution³ dated March 7, 2017 in CA-G.R. SP No. 142420 which awarded total and permanent disability compensation in favor of respondent Feliciano M. Castillo (Castillo).

The Facts

Castillo was hired as a fitter by Pacific Ocean Manning for its foreign principal, Barker Hill. His employment was covered by the Philippine

Also spelled as "Pulombarit" in some parts of the rollo and CA rollos.

Id. at 36-45. Penned by Associate Justice Japar B. Dimaampao, with the concurrence of Associate Justices Franchito N. Diamante and Carmelita Salandanan-Manahan.

Id. at 47-48.

Overseas Employment Administration Standard Employment Contract⁴ (POEA-SEC) and ITF IBF TCC AMOSUP⁵ Collective Bargaining Agreement (CBA). Castillo boarded the vessel MT Tequila on May 9, 2012.⁶ Castillo consulted the on-board doctor on October 25, 2012 due to pain in his right knee. The on-board doctor diagnosed Castillo with "Damage of the Meniscus of the Right Knee." He was referred to a doctor in Poland, who made the same diagnosis and he was subsequently repatriated to the Philippines on October 28, 2012.⁸

Upon arrival in Manila, Castillo reported to Pacific Ocean Manning's office and was referred to company-designated physicians, namely: Dr. Fidel Chua (Dr. Chua), Dr. Tiong Sam Lim (Dr. Lim), an orthopedic surgeon, and Dr. Antonio Periquet, a rehabilitation doctor. On October 30, 2012, Castillo consulted with Dr. Lim and was diagnosed with *chondromalacia patella*, right or *patellofemoral* syndrome. He was prescribed medications and advised to undergo physical rehabilitation. Castillo had follow-up consultations on December 4, 2012, January 9, February 8, and March 7, 2013.

On March 27, 2013, Castillo consulted a personally-appointed physician, Dr. Manuel Magtira, who issued a medical report which stated that Castillo was unfit for sea duties as he was suffering from partial permanent disability with a disability rating of Grade 10.¹⁴ On April 11, 2013, Castillo had a check-up with the company-designated physician Dr. Chua, who issued an interim disability assessment also of Grade 10, and advised Castillo to continue physiotherapy.¹⁵ Castillo had another check-up on May 8, 2013, after which, Castillo's condition was declared to be work-related with a final disability rating of Grade 10.¹⁶ Castillo had follow-up check-ups on June 10,¹⁷ July 19,¹⁸ and August 2, 2013.¹⁹ During the last consultation on August 2, 2013, Dr. Chua advised that Castillo's physiotherapy be stopped and for Castillo to continue on a home exercise program.²⁰ On October 2, 2013, Castillo consulted a different personally-

Amended Standard Terms and Conditions Governing the Overseas Employment of Filipino Seafarers On-Board Ocean-Going Ships, POEA Memorandum Circular No. 10 (Series of 2010), October 26, 2010

International Transport Workers Federation (ITF), International Bargaining Forum (IBF), Total Crew Cost (TCC), Associated Marine Officers and Seamen's Union of the Philippines (AMOSUP).

⁶ Rollo, pp. 36-37.

⁷ Id. at 60; italics in the original.

⁸ Id.

⁹ Medical Report dated November 5, 2012, CA rollo, Vol. I, p. 109.

Medical Report, id. at 110.

¹¹ ld. at 111.

¹² Id. at 52.

¹³ Id. at 112.

¹⁴ Id. at 53-54.

¹⁵ Id. at 113.

¹⁶ Id. at 114.

¹⁷ Id. at 115.

¹⁸ ld. at 116.

¹⁹ Id. at 117.

appointed physician, Dr. Venancio Garduce, who gave a disability rating of Grade 6.²¹

Thereafter, Castillo filed a complaint before the Labor Arbiter (LA) for total and permanent disability compensation. During the preliminary conference, the parties agreed to refer Castillo to a third and independent physician, Dr. Edsel Arandia (Dr. Arandia), who diagnosed Castillo with valgus knee 2⁰ to moderate-severe degenerative osteoarthritis and declared him unfit to work as a seafarer, with a disability rating of Grade 7.²²

Petitioners offered to pay US\$20,900.00, equivalent to Grade 7 disability rating under the POEA-SEC but Castillo refused the offer. Thus, the parties were unable to reach an amicable settlement and they submitted their respective Position Papers and Replies.

In his Position Paper,²³ Castillo claimed that he was entitled to total and permanent disability compensation of US\$93,154.00 under the CBA as he was declared unfit to work as a seafarer by the third doctor, whose findings are final and binding on the parties. Castillo also argued that he was totally and permanently disabled as he had been incapacitated from working for more than 240 days. Castillo alleged that he had felt pain in his knee as early as July 2012 when he was carrying a heavy load. In his Reply²⁴ to petitioners' Position Paper, Castillo also claimed that his injury was the result of an accident, when he bumped his knee on the step of the stairs while on board the ship, thus, he was entitled to the higher amount under the CBA.²⁵

Herein petitioners refuted Castillo's claim that he was suffering from total and permanent disability. Petitioners maintained that Castillo was suffering from partial permanent disability with Grade 10 as declared by the company designated physician. Petitioners also countered that Castillo's condition of *patellafemoral* syndrome is a degenerative disease. They also argued that the alleged bumping of Castillo's knee on the step of the stairs is not an accident covered by the CBA.²⁶

The LA and NLRC Decisions

The LA rendered a Decision²⁷ dated October 30, 2014 granting total and permanent disability compensation to Castillo under the CBA in the total amount of US\$93,154.00 and ten percent (10%) attorneys' fees. The



²¹ Id. at 59.

²² Rollo, p. 62.

²³ CA *rollo*, Vol. I, pp. 63-75.

²⁴ Id. at 119-128.

²⁵ Id. at 122.

²⁶ Id at 80-91

²⁷ Rollo, pp. 49-56, rendered by Labor Arbiter Romelita N. Rioflorido.

LA held that Castillo was suffering from total and permanent disability despite the partial disability rating of Grade 7 because the third doctor had also declared him "unfit to work as a seaman." Citing jurisprudence, the LA held that the "disability should not be understood more on its medical significance but on the loss of earning capacity." The LA awarded the higher amount of the disability benefits under the CBA finding that the bumping of Castillo's knee was an accident which contributed, accelerated or aggravated the underlying injury of chronic degenerative osteoarthritis therefore entitled Castillo to the benefits under the CBA.³⁰

On appeal, however, the NLRC reversed and set aside the LA Decision in its Resolution³¹ dated June 26, 2015. The NLRC held that Castillo was entitled only to Grade 7 disability compensation of US\$ 20,900.00 under the POEA-SEC. The NLRC ruled that the medical report of the third doctor is final and binding. Thus, Dr. Arandia's diagnosis of Grade 7 partial permanent disability must be upheld in its entirety.³² The NLRC also held that the higher rate under the CBA was not applicable because Castillo's condition was not the result of an accident.³³ The NLRC maintained the award of attorneys' fees of 10% because Castillo was constrained to litigate to seek payment of his claim.³⁴ Castillo filed a motion for reconsideration (MR) which was denied by the NLRC in its Resolution³⁵ dated July 29, 2015.

Thus, Castillo filed a Petition for *Certiorari*³⁶ under Rule 65 to the CA maintaining that he was entitled to the total and permanent disability compensation with the higher rate under the CBA and not merely Grade 7 disability compensation under the POEA-SEC.

The CA Decision

The CA granted Castillo's Petition for *Certiorari*, reversed and set aside the NLRC Resolutions, and reinstated the LA Decision.³⁷

The CA agreed with the LA that despite the Grade 7 disability rating given by Dr. Arandia, Castillo's disability is total and permanent based on Dr. Arandia's medical report which stated that Castillo is "unfit to work as a seaman." The CA also subscribed to the LA's finding that "bumping of the



²⁸ Id. at 53; italics in the original.

²⁹ Id.

³⁰ Id. at 55.

Id. at 58-70. Penned by Commissioner Alan A. Ventura, with the concurrence of Presiding Commissioner Gregorio O. Bilog III and Commissioner Erlinda T. Agus.

³² Id. at 66.

³³ Id. at 67.

³⁴ Id. at 68.

³⁵ Id. at 72-74.

³⁶ CA *rollo*, Vol. I, pp. 3-21.

³⁷ *Rollo*, p. 44.

knee on the stair" was an accident which entitled Castillo to the maximum disability compensation of US\$93,154.00 under the CBA.³⁸

The CA held that the May 8, 2013 medical report issued by the company-designated physician, Dr. Chua, was not a final and definite assessment because Castillo's treatment continued after it was issued and his physiotherapy treatment was only discontinued on August 2, 2013. Since no final medical assessment was issued by the company-designated physician, the CA held that Castillo's disability is already considered total and permanent. The CA also held that Castillo was considered totally and permanently disabled because he was unable to perform his usual sea duties for more than 240 days.³⁹

Petitioners filed a Motion for Reconsideration of the CA Decision, but this was denied in the CA Resolution dated March 7, 2017.

The Petition and Comment

Petitioners filed the instant Petition asserting that the CA committed grave and patent errors in awarding total and permanent disability compensation to Castillo. They claim that Castillo is not entitled to the full amount under the CBA, but only to Grade 7 disability compensation as declared by Dr. Arandia, whose medical report is final and binding. Petitioners also point out that none of the doctors who examined Castillo gave a disability rating of Grade 1, not even his personally-appointed physicians. They also maintain that the award should be based on the medical findings of the third doctor and not the mere lapse of 120 or 240 days. Petitioners also challenge the application of the rates under the CBA since Castillo's condition was not caused by an accident. Lastly, petitioners allege that the CA erred in awarding attorney's fees. As

Castillo filed his Comment⁴⁴ maintaining that the CA correctly ruled that he was suffering from total and permanent disability as he had been declared "unfit to work as a seaman" by Dr. Arandia.⁴⁵ He also contends that the application of the higher rate under the CBA is proper because his injury was caused by the accident which was the bumping of his knee on the step of the stairs.⁴⁶ Castillo also states that the CA Decision is correct in holding that he is entitled to total and permanent disability benefits as he had been

³⁸ Id. at 43.

³⁹ Id. at 43-44.

⁴⁰ Id. at 13.

⁴¹ Id. at 23.

⁴² Id. at 26.

⁴³ Id. at 27.

⁴⁴ Id. at 78-88.

⁴⁵ Id. at 80-82.

⁴⁶ Id. at 80.

unable to return to his usual work as a seafarer beyond 240 days.⁴⁷ He also alleged that he only received the company-designated physician's medical report when it was attached to petitioners' Position Paper.⁴⁸ Since there was no final medical disability and/or certification of fitness issued by the company-designated physician within 120/240 days from his repatriation, Castillo claims that his condition is deemed total and permanent disability by operation of law.⁴⁹

Petitioners filed a Reply to the Comment⁵⁰ reiterating their arguments in the Petition. With regard to Castillo's allegation that no certification of fitness to work or final medical report had been issued, they maintain that the company-designated physician had assessed Castillo to be suffering from Grade 10 disability within the 120/240 days.⁵¹

Issue

Whether the CA correctly ruled that Castillo is entitled to the full amount of total and permanent disability compensation under the CBA and attorney's fees.

The Court's Ruling

The Court partially grants the Petition.

The third doctor's finding that Castillo's condition is Grade 7 disability is final and binding

The last paragraph of Section 20(A)(3) of the POEA-SEC provides the mandatory conflict resolution procedure when the findings of the company-designated physicians and the seafarer's appointed physician are different:

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 doctor's decision shall be final and binding on both parties. (Emphasis supplied)

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⁴⁷ Id. at 83-84.

⁴⁸ See id. at 84.

⁴⁹ Id. at 84-85.

⁵⁰ Id. at 94-115.

⁵¹ Id. at 110-111.

In the instant case, the company-designated physician and seafarer's appointed physician were consistent in their diagnoses that Castillo was suffering from partial permanent disability. They differed only as to the disability rating. On the one hand, Dr. Chua, the company-designated physician issued a disability rating of Grade 10. On the other hand, the seafarer-appointed physician, Dr. Garduce, gave a disability rating of Grade 6. The Court notes however, that the first seafarer-appointed physician consulted by Castillo, Dr. Magtira, also gave a disability rating of Grade 10, consistent with the disability rating given by the company-designated physician. In any event, the parties agreed to refer Castillo's condition to a third independent doctor in compliance with the mandatory conflict resolution procedure under the POEA-SEC. The parties' jointly chosen doctor, Dr. Arandia, issued a medical report which states in part:

Patient [Castillo] was given a diagnosis of Valgus Knee 2° to Moderate-Severe Degenerative Osteoarthritis.

My recommendation is unfit to work as a seaman with disability grade 7 (complete immobility of the knee joint in strong flexion). 52 (Emphasis supplied)

As certified by Dr. Arandia, Castillo's condition is a Grade 7 disability which is a **partial permanent disability** under the POEA-SEC. Section 32 of the POEA-SEC provides a schedule of disability from Grade 1 to Grade 14. The provision states in part:

x x x Any item in the schedule classified under Grade 1 shall be considered or shall constitute total and permanent disability.

Only disabilities classified as Grade 1 are considered total permanent disability. Thus, disabilities with a rating from Grade 2 to Grade 14 are classified as partial permanent disability. The CA and LA focused only on the phrase "unfit to work as a seaman" and interpreted this as total and permanent disability and completely disregarded the Grade 7 rating given by Dr. Arandia.

The CA committed reversible error in its interpretation of Dr. Arandia's medical report. As correctly held by the NLRC, Dr. Arandia's medical report must be viewed and upheld in its entirety. Dr. Arandia's medical report does not indicate that Castillo was suffering from total and permanent disability. If so, Dr. Arandia would have rated his disability as Grade 1. The phrase "unfit to work as a seaman" should be understood in the context of Dr. Arandia having also given a Grade 7 rating. Thus, the rational understanding of this phrase is that it merely indicates that Castillo is suffering from a disability which renders him physically incapable for sea duties. The report clearly did not declare that Castillo was suffering from

⁵² CA *rollo*, Vol. I, p. 60.

total and permanent disability but rather, that he was suffering only from Grade 7 partial permanent disability.

As to the CA's reasoning that Dr. Chua's medical report was not a final and conclusive assessment of Castillo's condition because his treatment continued even after its issuance, this is also mistaken. It is but logical that Castillo's treatment was continued even after the final diagnosis because he was found to be suffering from a partial permanent disability. The continuation of treatment after the seafarer is found suffering from disability, does not automatically negate the finality of the company-designated physician's diagnosis as there may be illnesses, injuries, or other health conditions which require regular treatment, follow-up consultations, rehabilitation, and maintenance medication.

The CA also erred in holding that Castillo's condition is deemed total and permanent disability because he had not been redeployed within 240 days. Section 20(A)(6) of the POEA-SEC expressly states that the disability shall be based exclusively on the disability ratings under Section 32 and shall not be measured or determined by the number of days a seafarer is under treatment or the number of days in which sickness allowance is paid.

In his Comment, Castillo asserted that he is considered to have total and permanent disability by operation of law because he was not furnished a copy of Dr. Chua's final medical report until it was attached as an annex to petitioners' Position Paper. This is a novel allegation which had never been raised before the LA and NLRC. The Court cannot entertain this new factual allegation because of the doctrine that Rule 45 petitions are limited to questions of law. It is also axiomatic that points of law, theories, issues, and arguments not previously raised before the lower court or *quasi*-judicial tribunal cannot be raised for the first time on appeal or review. Parties are not permitted to belatedly raise new issues or arguments which had not been previously determined by the lower courts or tribunals. To allow parties to do so would be offensive to the tenets of fair play and due process. ⁵³ The Court is not a trier of facts and must decide the legal issues in the case based on the facts established by the LA, NLRC, and CA.

As clearly stated in Dr. Arandia's medical report, Castillo is suffering from a Grade 7 disability which is a partial permanent disability. Under Section 20(A)(3) of the POEA-SEC, Dr. Arandia's medical report is final and binding. There can be no other basis for the seafarer's medical condition as the third doctor's medical report is final and conclusive on the parties. Thus, the Grade 7 disability rating must be respected and upheld by the Court.

Pioneer Insurance & Surety Corp. v. Tan, G.R. No. 239989, July 13, 2020.

The POEA-SEC applies; Castillo's injury was not the result of an accident

Castillo's employment with petitioners was covered by the POEA-SEC and the CBA. The CBA provides a higher disability compensation when the injury or illness was caused by an accident. The CA upheld the LA Decision that Castillo was entitled to the higher rate under the CBA as his condition was caused by an accident. The NLRC, on the other hand, applied the POEA-SEC and held that Castillo was entitled to the Grade 7 disability compensation of US\$20,900.00 as his condition was not caused by an accident. The Court agrees with the NLRC.

The CBA provides:

26. Disability

- 26.1. If the seafarer suffers permanent disability while in service on board the ship, or while travelling to or from the ship, as a result of an accident, regardless of fault, but excluding injuries and consequent disability caused by his wilful act, and provided that his ability to work as a seafarer is consequently reduced, he shall be entitled to compensation in addition to his sick pay according to the provisions hereof.
- 26.2. The percentage degree of permanent disability suffered by the seafarer shall be determined by the owner's approved doctor and in accordance with the scale in Box 12. The owner shall pay that proportion of maximum disability compensation applicable to the rank of the seafarer corresponding to the percentage degree of disability so established.
- 26.3. Depending upon whether the seafarer is an officer or a rating, the compensation provided under this article for 100% disability shall not exceed the maximum limits specified in Boxes 10A and 10B for officers and in Box 11 for ratings. Lesser degrees of disability shall be compensated for proportionate to the maximum limit applicable.
- 26.4. If the seafarer is assessed at 50% disability in accordance with Article 26.2, or assessed at less than 50% disability but certified as being permanently unfit for further sea-service in any capacity by the owner's approved doctor he shall be regarded as being permanently unfit for sea-service in any capacity. Depending upon whether he is an officer or a rating he will be entitled to compensation at the relevant maximum limit specified in Article 26.3.⁵⁴ (Emphasis supplied)

Section 26.1 provides that the disability compensation scheme under the CBA applies only when the seafarer's disability or injury is caused by an accident. The Court has interpreted a similar provision in a CBA in the case

⁵⁴ CA *rollo*, Vol. I, p. 46

of Julleza v. Orient Line Philippines, Inc.,⁵⁵ to apply only when the seafarer's permanent disability was the result of an accident.

Castillo described the cause of his injury as "bumping [of the] knee on [the] stair." In NFD International Manning Agents, Inc. v. Illescas⁵⁷ the Court defined "accident" as follows:

Black's Law Dictionary defines "accident" as "[a]n unintended and unforeseen injurious occurrence; something that does not occur in the usual course of events or that could not be reasonably anticipated, x x x [a]n unforeseen and injurious occurrence not attributable to mistake, negligence, neglect or misconduct."

The Philippine Law Dictionary defines the word "accident" as "[t]hat which happens by chance or fortuitously, without intention and design, and which is unexpected, unusual and unforeseen."

"Accident," in its commonly accepted meaning, or in its ordinary sense, has been defined as:

"[A] fortuitous circumstance, event, or happening, an event happening without any human agency, or if happening wholly or partly through human agency, an event which under the circumstances is unusual and unexpected by the person to whom it happens x x x.

The word may be employed as denoting a calamity, casualty, catastrophe, disaster, an undesirable or unfortunate happening; any unexpected personal injury resulting from any unlooked for mishap or occurrence; any unpleasant or unfortunate occurrence, that causes injury, loss, suffering or death; some untoward occurrence aside from the usual course of events." (Emphasis and underscoring in the original)

Based on the definitions quoted above, the cause of Castillo's disability, described broadly as "bumping [of the] knee on [the] stair" cannot be considered an accident. Without any clarificatory details as to how the incident occurred or events that transpired before and after the incident, the Court cannot conclude that the same was an accident. It cannot be determined as an unlooked for mishap, occurrence, or fortuitous event. It did not arise from an unusual circumstance, calamity, casualty, catastrophe, disaster, or undesirable happening.

The Court also notes that Castillo did not report any accident while on board the ship. He alleged that he bumped his knee sometime in July 2012 but he only consulted the on-board physician on October 25, 2012. The Illness/Injury Report dated October 25, 2012 does not contain any information about an accident. Notably, there are inconsistencies in the cause of the illness or injury as relayed by Castillo to his doctors. The Medical Report dated March 27, 2013 of Dr. Magtira, the first seafarer-

⁵⁵ G.R. No. 225190, July 29, 2019.

⁵⁶ Castillo's Reply, CA rollo, Vol. I, p. 124.

⁵⁷ G.R. 183054, September 29, 2010, 631 SCRA 629.

⁵⁸ Id. at 645-646.

appointed physician consulted by Castillo, states that Castillo felt pain on his right knee after lifting a heavy load, but it does not mention bumping of the knee on the step of the stairs. The "bumping of the knee" is mentioned for the first time in Dr. Chua's Medical Report dated May 8, 2013 which states "the pain is on and off since October 2012 when [Castillo] bump his knee on [the] step of [a] stair last July 2012 and he did not mind it." In labor cases, parties who claim entitlement to a benefit or compensation must present substantial evidence to support their allegations. Substantial evidence has been defined as relevant evidence that a reasonable mind might accept as sufficient to support a conclusion. The lack of a clear corroborative report and inconsistencies in information given by Castillo to his doctors as to the cause of his injury, cast doubt on whether the "bumping of the knee" or any other accident really took place.

As there is no substantial evidence proving that Castillo's disability was caused by an accident, the CBA does not apply and the provisions of the POEA-SEC prevail. Under the Schedule of Disability Allowances therein, a seafarer diagnosed with Grade 7 disability is entitled to US\$20,900.00.

The award of attorney's fees of ten percent (10%) of the total monetary award is affirmed. Under Article 2208 of the Civil Code, attorney's fees may be awarded in actions for indemnity under workmen's compensation and employer's liability laws.⁶¹

WHEREFORE, premises considered, the Petition is hereby PARTIALLY GRANTED. The Court of Appeals Decision dated October 12, 2016 and Resolution dated March 7, 2017 in CA-G.R. SP No. 142420 are MODIFIED. The Court DECLARES that Feliciano M. Castillo is entitled to, and petitioners Pacific Ocean Manning Inc., Barker Hill Enterprises, S.A., and Elmer Pulumbarit are solidarily liable to PAY, partial permanent disability compensation of US\$20,900.00 and attorney's fees of US\$2,090.00. The total amount, if still unpaid, is subject to six percent (6%) interest per *annum* from finality of the National Labor Relations Commission Resolution until full satisfaction.⁶²

SO ORDERED.

ALFREDO BENJAMIN S. CAGUIOA

⁵⁹ CA *rollo*, Vol. I, p. 114.

⁶⁰ Jebsens Maritime, Inc. v. Undag, G.R. No. 191491, December 14, 2011, 662 SCRA 670, 478-479.

⁶¹ Cariño v. Maine Marine Phils., Inc., G.R. No. 231111, October 17, 2018, 884 SCRA 56, 81.

⁶² Trigo v. The Results Companies, G.R. No. 248408, September 8, 2020, p. 3 (Unsigned Resolution)

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

Chairperson

Associate Justice

RODIL V. ZALAMEDA
Associate Justice

SAMUEL H. GAERLAN Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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 Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice

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