Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

WILMER O. DE ANDRES,
Petitioner,

- versus -

DIAMOND H MARINE SERVICES & SHIPPING AGENCY, INC., WU CHUN HUA and RUBEN J. TURINGAN,
Respondents.

G.R. No. 217345

Present:

CARPIO, *J., Chairperson,*
VELASCO, JR.,*
MENDOZA,
LEONEN,** and
MARTIRES, *JJ.*

Promulgated:

12 JUL 2017

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DECISION

MENDOZA, *J.*:

This is a petition for review on *certiorari* seeking to reverse and set aside the July 31, 2014 Decision[1] and the March 12, 2015 Resolution[2] of the Court of Appeals *(CA)* in CA-G.R. SP No. 124862, which affirmed the January 18, 2012 Decision[3] of the National Labor Relations Commission *(NLRC),* in NLRC LAC No. OFW-(M)-09-000825-11, which, in turn, reversed and set aside the May 20, 2011 Decision[4] of the Labor Arbiter *(LA)* in NLRC OFW Case No. (M) 02-02844-10, a case for total and permanent disability benefits of a seafarer.

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* Designated additional member per Raffle dated July 10, 2017.
** On leave but left his vote.
1 *Rollo,* pp. 31-39.
2 Id. at 54.
3 Penned by Commissioner Angelo Ang Palana, with Presiding Commissioner Herminio V. Suelo and Commissioner Numeriano D. Villena, concurring; id. at 77-85.
4 Penned by Executive Labor Arbiter Fatima Jambaro-Franco; id. at 289-302.

The Antecedents

Petitioner Wilmer O. De Andres *(De Andres)* was hired by respondent agency Diamond H Marine Services & Shipping Agency, Inc. *(Diamond H)* for and in behalf of its Taiwanese principal, Wu Chun Hua. On February 1, 2008, he entered into an Employment Contract,[5] wherein it was stipulated that he would be working in the fishing vessel, Yi Man En No. 2; that he would receive a monthly salary of NT$17,280.00; and that the duration of the contract was for two years.

De Andres claimed that before he departed for Taiwan, he was made to sign a Contract of Agreement.[6] At the vessel, he was tasked to work as a wiper, messman and bosun, and was also required to throw the fishnet, dive in the sea, and repair the nets. De Andres added that he and his Filipino crewmates were made to work for almost twenty-four hours a day. They later discovered that the document they signed before leaving for Taiwan set aside the POEA-approved contract. He averred that this agreement reduced their salaries, increased their workload, and showed that the Filipino crewmates were abused and taken advantage of.

On February 27, 2009, at around 10:00 o'clock in the evening, De Andres was tasked by the master to lower the nets for the shipping operation. While he was lowering the nets, he was accidentally hit by big waves, which caused him to be thrown out of the vessel together with the fishing nets. While struggling from the big waves, De Andres was pulled by the moving vessel with his left leg entangled by the fishing nets. As a consequence, he sustained an open fracture of the *distal tibia* and *fibula*.

De Andres was brought to Keelong Hospital in Taiwan and underwent surgical operation. The medical findings of the said hospital are as follows:

> Left Tibial shaft lower third fracture, open type III
> Left Tibial shaft lower third fracture, open type III S/P ESF & K-PIN
> Painful disability of left lower leg with active bleeding and bone exposure was noted
> He sustained injury over left lower leg when he work on a fishboat
> Deformity of left lower leg with an 8 cm in size open wound with bone exposure and active bleeding was noted. He was sent to ER and was admitted for further treatment
> An 8 cm in size open wound over left lower leg
>
> Active bleeding (+)

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[5] Id. at 169-173.
[6] Id. at 407.

Active bleeding (+)
Visible bone exposure (+)
Limited range of left ankle and knee due to pain
Palpable pulsation over left ankle.[7]

After twenty (20) days of confinement at the Keelong Hospital, De Andres was transferred to the nearest lodge. On March 23, 2009, he was brought to Zueifang Hospital due to pain and swelling over his left leg. Moreover, his exterior fixator had to be readjusted.

De Andres averred that after the operation, he was placed in a dormitory, instead of a hospital. There, he was left alone with no one to assist him in his recovery. On September 4, 2009, De Andres underwent another operation because of the non-union of his tibia. Buttress plating with autonomous bone grafting harvested from the left iliac was done on the tibia to unite the fractured tibia. He said that he repeatedly asked for repatriation as no one would attend to his needs in Taiwan, but his plea fell on deaf ears.

On February 4, 2010, almost a year after his accident, De Andres was informed by the respondents that he was free to go home. He was surprised by this decision because he had been requesting for his repatriation since his injury. De Andres later discovered that his repatriation was not due to his medical condition, but due to the expiration of his employment contract.

Before he was repatriated, De Andres was made to sign a Memorandum of Agreement[8] *(MOA),* stipulating that the respondents agreed to pay him NT$40,000.00 and gave him a plane ticket back to the Philippines, and that, in return, he would not file any complaint against the respondents in the future. De Andres claimed, however, that he was forced to sign the agreement as he would not be able to return to the Philippines if he would not sign it. On February 5, 2010, he arrived in Manila, but no representatives from Diamond H fetched him.

On February 8, 2010, the next working day, De Andres reported to Diamond H where he was met by Ellen Purification *(Purification)*, Operations Manager. He averred that Purification invited him to go to the nearest fast-food restaurant to discuss his predicament. There, she told him that Diamond H would not entertain any claim and that he should find a lawyer instead. De Andres could not believe what he heard from Purification because the company could not simply declare that he had no claim against them.

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[7] Id. at 120.
[8] Id. at 177.

On February 23, 2010, De Andres filed the subject complaint against the respondents before the LA for permanent and total disability benefits, sickness allowances, salary differentials, labor insurance as provided in the contract, moral damages, exemplary damages, and attorney's fees. In his Position Paper,[9] he attached the Medical Assessment,[10] dated March 5, 2010, of Dr. Renato P. Runas *(Dr. Runas),* his physician of choice, which stated:

> The patient is unable to stand with the left foot in plantigrade position. In this case, he will not be able to assume good balance and cannot ambulate properly because of the inability of the ankle to dorsiflex. The presence of calcifications around the ankle joint will hinder its normal movement that will be hard to correct or improve even with extended physical therapy.
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> Since the patient is working on a fishing vessel, the above condition is no longer suitable on his working environment. He can no longer withstand the strenuous activities onboard which require that both feet can assume a plantigrade position in order to maintain his balance and support his body particularly during ship rolling when the vessel will enter rough seas. In this regard, [I] recommend that he shall not be allowed to work on board permanently since he is already physically unfit for sea duties. In addition, he may already qualify for permanent total disability.[11] [Boldface omitted]

For their part, the respondents countered that the injury sustained by De Andres was due to his negligence; that he was paid his salaries in full during his period of medication; that he voluntarily signed a valid MOA which stated that he would no longer file any case against them in exchange for the amount of NT$40,000.00; that the MOA was notarized by the Manila Economic Cultural Office *(MECO)* in Taiwan; and that before he was repatriated to the Philippines, he was declared fit to work by Dr. Chien Hua Huang *(Dr. Huang)* as indicated in the Certificate of Diagnosis,[12] dated January 21, 2010. They also asserted that De Andres forfeited his claim for disability benefits when he failed to subject himself to the respondents for the mandatory medical examination within three working days upon his arrival in the Philippines.

The LA Ruling

In its Decision, dated May 20, 2011, the LA ruled in favor of De Andres. It explained that even though his contract expired, the respondents

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[9] Id. at 89-104.
[10] Id. at 137-138.
[11] Id.
[12] Id. at 176.

still had the obligation to provide medical attention because he suffered permanent and total disability. The LA was of the view that De Andres was forced to sign the MOA so he could be repatriated. Hence, there was no valid quitclaim. The LA likewise awarded De Andres insurance compensation based on the terms of the employment contract; sickness allowance because the respondents did not pay the same; salary differential due to the smaller amount of salary received in Taiwan; and 10% attorney's fees. The LA disposed the case in this wise:

> **WHEREFORE,** premises considered, judgment is hereby rendered ordering respondents **Diamond H Marine Services & Shipping Agency Inc./Wu Chun Hua/Ruben J. Turingan** to pay jointly and severally complainant **Wilmer O. De Andres,** the following:
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> 1. **SIXTY THOUSAND US DOLLARS (US$60,000.00)** representing his total permanent disability benefits;
> 2. **SIX THOUSAND US DOLLARS (US$6,000.00)** – attorney's fees;
> 3. **THREE HUNDRED THOUSAND NEW TAIWAN DOLLARS (NT$300,000.00)** – compensation benefits (Clause 10 of his contract);
> 4. **SIXTY NINE THOUSAND ONE HUNDRED TWENTY NEW TAIWAN DOLLARS** (NT$69,120.00) – sickness allowance;
> 5. **EIGHTY THOUSAND THREE HUNDRED TWENTY NEW TAIWAN DOLLARS (NT$80,320.00)** – salary differential; and
> 6. **FORTY FOUR THOUSAND NINE HUNDRED FORTY FOUR NEW TAIWAN DOLLARS (NT$44,944.00)** – attorney's fees.
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> or the equivalent in Philippine Peso at the prevailing rate of exchange at the time of actual payment.
>
> All other claims are **DISMISSED** for lack of merit.
>
> **SO ORDERED.**[13]

Aggrieved, the respondents elevated an appeal to the NLRC.

The NLRC Ruling

In its January 18, 2012 Decision, the NLRC *reversed* and *set aside* the LA ruling. It stated that De Andres failed to comply with the mandatory reportorial requirement. The NLRC observed that although he went to

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[13] Id. at 301-302.

Diamond H on the next working day of his repatriation, he did not submit himself to the medical examination of the company-designated physician. Thus, the NLRC concluded that he was barred from demanding disability benefits. The other awards granted by the LA were also deleted by the NLRC due to insufficient basis. The *fallo* reads:

> **IN VIEW WHEREOF**, the respondents' appeal is **GRANTED** and the appealed Decision is hereby **REVERSED** and **SET ASIDE**. The Complaint is DISMISSED for lack of cause of action.
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> **SO ORDERED.**[14]

The CA Ruling

In its assailed July 31, 2014 Decision, the CA *affirmed* the NLRC ruling. It wrote that De Andres indeed failed to comply with the mandatory reportorial requirement. The CA stressed that the failure of the seafarer to report to the company-designated physician within three (3) working days upon return shall forfeit his right to claim any benefit. It also opined that the MOA, wherein De Andres waived all claims against the respondents, was valid and binding because it was duly explained and notarized by the MECO to him. The dispositive portion reads:

> **WHEREFORE,** premises considered, the instant Petition is DISMISSED. The Decision of the NLRC is **AFFIRMED**.
>
> **SO ORDERED.**[15]

De Andres moved for reconsideration, but his motion was denied by the CA in its assailed March 12, 2015 Resolution.

Hence, this petition.

ISSUES

I

THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERROR WHEN IT DISMISSED THE PETITION ON THE GROUND THAT THE PETITIONER FAILED TO COMPLY WITH THE REPORTORIAL REQUIREMENT PROVIDED UNDER THE POEA CONTRACT.

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[14] Id. at 84.
[15] Id. at 38.

II

THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERROR WHEN IT DISMISSED THE PETITION ON THE GROUND THAT THE PETITIONER WAIVE[D] HIS RIGHT BY RECEIVING THE SUM OF NT$40,000 (MORE OR LESS PHP 50,000 IN PHILIPPINE CURRENCY) WHICH IS HIGHLY UNCONSCIONABLE AND UNREASONABLE COMPARED TO US$60,000 WHICH HE [WAS] SUPPOSED TO RECEIVE UNDER THE POEA CONTRACT. [16]

De Andres argued that the mandatory reportorial requirement should not be strictly applied in his case because it was the respondents who prevented him from complying with the same. He underscored that on the next working day from his repatriation, he immediately reported to Diamond H. Its Operations Manager, however, directly told him that the respondents would not entertain any of his claims. De Andres emphasized that such incident was never denied by the respondents.

De Andres also claimed that the MOA was an invalid quitclaim because its consideration was unreasonable. He explained that from the gravity of his condition, which necessitated almost a year of medical treatment and operation, it could be shown that the amount of NT$40,000 or more or less ₱50,000, was insufficient consideration for disability compensation. Moreover, De Andres pointed out that the MOA was neither notarized nor explained by the MECO, which simply stamped it.

Position of Respondents

In their Comment,[17] the respondents argued that De Andres failed to comply with the mandatory reportorial requirement because he did not present himself to a company-designated physician for medical examination within three (3) working days from his repatriation. They also stressed that while De Andres was in Taiwan, he was declared fit to work by Dr. Huang, as indicated in the certificate of diagnosis, dated January 21, 2010.

The respondents pointed out that the medical assessment of Dr. Runas was insignificant because his medical diagnosis was not referred to a third doctor, which was required under the POEA Standard Employment Contract *(POEA-SEC)*. They also underscored that the MOA was valid as there was a reasonable consideration of NT$40,000.00 in addition to the monthly salary received by De Andres while he was under medical treatment in Taiwan.

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[16] Id. at 17.
[17] Id. at 305-326.

Reply of Petitioner

In his Reply,[18] De Andres stressed that it was the respondents' primary responsibility to immediately repatriate him when he sustained a severe injury. He opined that the evil sought to be avoided by the reportorial requirement did not exist in his case because the respondents were fully aware of his medical condition while he was in Taiwan. De Andres reiterated that the MOA was an invalid quitclaim because it did not provide for a reasonable compensation and it was not signed in front of a MECO official.

The Court's Ruling

The petition is meritorious.

The present controversy involves the claim of permanent and total disability benefits of a seafarer. De Andres avers that he reported on time to the respondents with respect to his disability claims upon repatriation but they refused to acknowledge his claim and failed to subject him to medical examination. On the other hand, the respondents counter that it was De Andres who neglected to submit himself to the post-medical examination through the company-designated physician. As this case involves the reportorial requirement under the POEA-SEC, the said requirement must be scrutinized.

Compliance with the reportorial requirement; Exceptions

Section 20 (B) (3) of the 2000 Amended POEA Standard Terms and Conditions Governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessels *(Section 20 (B) (3))*, which was incorporated in the POEA-SEC, lays down the procedure to be followed by a seafarer in claiming disability benefits, to wit:

> COMPENSATION AND BENEFITS FOR INJURY OR ILLNESS
>
> The liabilities of the employer when the seafarer suffers work-related injury or illness during the term of his contract are as follows:

[18] Id. at 669-678.

x x x x

> 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 this period exceed one hundred twenty (120) days.
>
> 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 result in his forfeiture of the right to claim the above benefits.** 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. [Emphases supplied]

The rationale for this requirement is that reporting the illness or injury by the seafarer within three (3) working days from repatriation fairly makes it easier for a physician to determine the cause of the illness or injury. Ascertaining the real cause of the illness or injury beyond the period may prove difficult. To ignore the rule might set a precedent with negative repercussions, like opening floodgates to a limitless number of seafarers claiming disability benefits, or causing unfairness to the employer who would have difficulty determining the cause of a claimant's illness because of the passage of time. The employer would then have no protection against unrelated disability claims.[19]

Moreover, the provision mandated a period of three (3) working days within which the seafarer should report so that the company-designated physician can promptly arrive at a medical diagnosis. It must be underscored that the company-designated physician has either 120 or 240 days, depending on the circumstances, within which to complete the medical assessment of the seafarer; otherwise, the disability claim shall be granted.[20] Due to the express mandate on the reportorial requirement, the failure of the seafarer to comply with the same shall result in the forfeiture of his right to claim the above benefits.

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[19] *Scanmar Maritime Services, Inc. v. De Leon*, G.R. No. 199977, January 25, 2017, citing *Wallem Maritime Services, Inc. v. Tanawan*, 693 Phil. 416 (2012).

[20] See *Elburg Shipmanagement Phils., Inc. v. Quiogue, Jr.*, G.R. No. 211882, July 29, 2015, 764 SCRA 431.

In *Musnit v. Sea Star Shipping Corporation,*[21] the seafarer therein only submitted himself to the company-designated physician after seven (7) months from repatriation. As he failed to comply with the mandatory three working day-period, the Court denied his claim for permanent and total disability benefits.

Similarly, in *Cootauco v. MMS Phil. Maritime Services, Inc.,*[22] the seafarer therein only submitted himself to a post-employment medical examination after fifteen (15) months from repatriation. The Court ruled that the seafarer's explanation was insufficient to justify an exemption from the application of the reportorial requirement rule.

Nevertheless, while the requirement to report within three (3) working days from repatriation appears to be indispensable in character, there are some established exceptions to this rule.

First, Section 20 (B) (3) expressly provides that a seafarer is not required to submit himself to post-employment medical examination by a company-designated physician within three (3) working days from repatriation when he is physically incapacitated to do so. In such event, a written notice to the agency within the same period is deemed as compliance.

This exception was applied in *Wallem Maritime Services, Inc. v. National Labor Relations Commission,*[23] where the repatriated seafarer was terminally ill. The Court ruled that it could not be expected that the seafarer would immediately submit himself to post-employment medical examination due to his condition and it was understandable that he would first go home to his family. Moreover, the seafarer's wife sufficiently notified the employer therein about the condition and confinement of the seafarer.

Second, another exception is when the seafarer failed to timely submit himself to post-employment medical examination due to the employer's fault. In *Interorient Maritime Enterprises, Inc. v. Remo*[24] *(Interorient),* the Court recognized and addressed the unscrupulous practice of employers of deliberately or inadvertently refusing to refer the seafarer to the company-designated physician to deny his disability claim. In *Interorient,* the seafarer therein reported to the employer for post-employment medical examination within three (3) working days from repatriation. The employer, however, did not refer him to a company-designated physician because he already signed

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[21] 622 Phil. 772 (2009).
[22] 629 Phil. 506 (2010).
[23] 376 Phil. 738 (1999).
[24] 636 Phil. 240 (2010).

a quitclaim, releasing it from liability. The Court ruled that the absence of post-employment medical examination should not be taken against the seafarer because the employer declined to provide the same. Likewise, the quitclaim therein was declared void due to lack of consideration and unconscionable terms. Hence, the Court granted full disability benefits to the seafarer's family.

Recently, in *Apines v. Elburg Shipmanagement Philippines, Inc.*[25] *(Apines),* the repatriated seafarer reported to the employer. He was, however, not referred to the company-designated physician. The Court emphasized that the employer, and not the seafarer, has the burden to prove that the seafarer was referred to a company-designated doctor. It was also stated that without the assessment of the said doctor, there was nothing for the seafarer's own physician to contest, rendering the requirement of referral to a third doctor superfluous. The seafarer therein was granted total and permanent disability benefits.

To recapitulate, a seafarer claiming disability benefits is required to submit himself to a post-employment medical examination by a company-designated physician within three (3) working days from repatriation. Failure to comply with such requirement results in the forfeiture of the seafarer's claim for disability benefits. There are, however, exceptions to the rule: (1) when the seafarer is incapacitated to report to the employer upon his repatriation; and (2) when the employer inadvertently or deliberately refused to submit the seafarer to a post-employment medical examination by a company-designated physician.

Accordingly, the issue at hand is whether De Andres sufficiently complied with the reportorial requirement under Section 20 (B) (3). After a judicious scrutiny of the records, the Court answers in the affirmative.

The respondents failed to provide a post-employment medical examination by a company-designated physician

In this case, De Andres' accident occurred on February 27, 2009. He sustained an open fracture injury over his left lower leg with an 8 cm. open wound, which resulted in bone exposure and active bleeding. Instead of immediately repatriating him when his condition permitted, the respondents kept him in Taiwan for almost a year and they waited for his contract to expire. Obviously, the delayed repatriation was intended to show that he

[25] G.R. No. 202114, November 9, 2016.

returned due to his expired contract, and not for medical reasons. Nonetheless, even if a seafarer's contract expired, it does not release the employer from its obligations under the POEA-SEC when there is a claim for disability benefits due to an injury suffered during the term of the employment contract.[26] Accordingly, Section 20 (B) (3) must still be complied with.

De Andres was repatriated on February 5, 2010. On the next working day, February 8, 2010, he reported to the office of Diamond H where he met Ellen Purification, the Operations Manager. This is an undisputed fact as uniformly found by the LA, the NLRC and the CA.

De Andres claims that Purification invited him to go to the nearest fast-food restaurant to discuss his claim. There, she told him that Diamond H would not entertain any of his claims and that he should find a lawyer instead. Thus, he left the meeting. On the other hand, the respondents assert that while De Andres reported to Diamond H and met with its Operations Manager, he did not submit himself to post-employment medical examination by a company-designated physician. The LA upheld the position of De Andres; while the NLRC and the CA sided with the respondents. As the findings of fact are conflicting, the Court can entertain a question of fact.[27]

The Court is of the view that the account of De Andres is more credible. The fact that he reported to Diamond H on the next working day from his repatriation and met Purification show that he was sincere in asserting his claim against the respondents for disability benefits. Before he could even commence the procedure laid down under Section 20 (B) (3), however, Purification pre-empted him and bluntly told him that Diamond H would not entertain any of his claims and that he should find a lawyer instead. Thus, De Andres was no longer given an opportunity to submit himself to a post-employment medical examination by a company-designated physician.

The assertion of the respondents that De Andres merely reported to Diamond H but did not submit himself to a post-employment medical examination is highly dubious. It is quite absurd for a seafarer, who has a legitimate disability claim, to immediately report to his employer within three (3) working days from repatriation, only to leave the said place without any demand and without even requesting a referral from a company-designated physician. Evidently, the purpose of De Andres' reporting to

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[26] See Section 20 of the 2000 Amended POEA Standard Terms and Conditions Governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessels which states that the employer has liabilities when the seafarer suffers work-related injury or illness during the term of his contract.

[27] *Carbonell v. Carbonell-Mendes*, G.R. No. 205681, July 1, 2015, 762 SCRA 260.

Diamond H was to seek medical examination and treatment from the company-designated physician in order to initiate his claim for disability benefits. As stated in *Apines,* it is illogical that a seafarer would seek treatment from other doctors immediately after his disembarkation when he could avail of the services of the company-designated physician.

Moreover, the *onus* of establishing that the seafarer was referred to a company-designated physician is on the employer. The Court in *Apines* declared that the burden to prove with evidence whether the seafarer was referred to a company-designated doctor rests on the employer as the latter has custody of the documents, and not the seafarer. Here, the respondents could have easily presented proof that they referred De Andres to a company-designated physician, but they did not. Interestingly, they could not even cite the name of their company-designated physician who would have assessed the medical condition of De Andres. Thus, it is clear that it was the respondents who prevented the submission of De Andres to a post-employment medical examination.

Indeed, De Andres did his part when he immediately reported to Diamond H within three (3) working days from repatriation. Consequently, it was the duty of the employer to refer him to a company-designated physician for a post-employment medical examination knowing fully well that he had a claim for disability benefits. The respondents, however, failed to do so. Instead, they outrightly denied his claims because of the quitclaim he signed. The validity of the said quitclaim shall be discussed *infra.*

In fine, the exception to the reportorial requirement applies in this case because the seafarer was prevented by the employer from submitting himself to a post-employment medical examination by a company-designated physician. Thus, the disability claim of De Andres is not forfeited.

The quitclaim presented by the respondents is invalid

The primary reason for the respondents' upfront denial of De Andres' disability claims was the MOA signed by the latter which, to them, constituted as a quitclaim. It stated that the respondents agreed to pay De Andress NT$40,000.00 and gave him a plane ticket back to the Philippines; and that, in return, he would not file any complaint or sue the respondents in the future. De Andres asserted, however, that he was forced to sign the agreement.

To be valid, a Deed of Release, Waiver and/or Quitclaim must meet the following requirements: (1) that there was no fraud or deceit on the part of any of the parties; (2) that the consideration for the quitclaim is sufficient and reasonable; and (3) that the contract is not contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law. Courts have stepped in to invalidate questionable transactions, especially where there is clear proof that a waiver, for instance, was obtained from an unsuspecting or a gullible person, or where the agreement or settlement was unconscionable on its face. A quitclaim is ineffective in barring recovery of the full measure of a worker's rights, and the acceptance of benefits therefrom does not amount to estoppel. Moreover, a quitclaim in which the consideration is scandalously low and inequitable cannot be an obstacle to the pursuit of a worker's legitimate claim.[28]

The Court finds that the MOA is not a valid quitclaim.

First, the MOA had an unreasonable consideration which was greatly disproportionate to the injury that De Andres suffered. To recall, he sustained an open fracture injury on his left lower leg with an 8 cm in size open wound which had bone exposure and active bleeding. Due to the seriousness of his injury, he was subjected to three (3) separate operations. The gravity of his injury left him incapacitated for almost a year until he was repatriated on February 5, 2010. Even in the Philippines, De Andres continued to suffer from his injury and his physician of choice, Dr. Runas, concluded that he was permanently unfit for sea duty.

In spite of the severity and prolonged injury of De Andres, the respondents gave him only NT$40,000.00, or its equivalent of ₱57,000.00.[29] The said amount is even smaller than the lowest disability benefit granted to a seafarer under the POEA-SEC in the amount of US$1,870.00, or its equivalent of ₱87,220.15.[30] Manifestly, the meager consideration provided by the MOA is not commensurate to the grave and protracted injury endured by De Andres.

Second, De Andres was not given any other option aside from signing the MOA. He claims that he was required to execute the MOA; otherwise, he would not be allowed to return home. On the other hand, the respondents did not categorically state that De Andres could return to the Philippines

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[28] *City Government of Makati v. Odeña*, 716 Phil. 284, 319 (2013).

[29] Based on the exchange rate of NT$1 = ₱1.425 on February 4, 2010, the date of the execution of the MOA.

[30] Under the Schedule of Disability Allowances, the lowest impediment grade, which is Grade 14, has a disability allowance of 3.74% of US$50,000.00 or US$1,870.00.

even without signing the MOA. They could not argue that the execution of the MOA was optional and that De Andres had the bargaining power to disregard the agreement or any provisions therein. In other words, he was not given any freedom to decline the execution of the MOA, and he could not be faulted for signing it as it was the only way for him to go home. Thus, the execution of the MOA was a precondition before De Andres could be repatriated.

Lastly, the respondents claim that the MOA was explained to De Andres by a MECO representative and was duly notarized therein. A reading of the MOA, however, reveal that the same merely contained a stamp at the blank space provided for the MECO.[31] The one (1) page document did not bear any signature or the name of the alleged MECO representative. In addition, there was nothing in the MOA which stated that the contents thereof had been explained to De Andres. Alone in the dormitory, De Andres was guileless as to the contents of the MOA and he had no other option but to sign the same. Again, this renders suspect the legitimacy of its execution.

Accordingly, the MOA cannot be considered as a valid quitclaim because it lacks a reasonable consideration; De Andres was not given any freedom to reject it; and the document was not properly explained and notarized by any Philippine government representative. The present case is similar with *Interorient* where the employer declined to refer the seafarer to the company-designated physician upon repatriation due to a quitclaim which was declared null and void by the Court.

It is a time-honored rule that, in controversies between a laborer and his master, doubts reasonably arising from the evidence or in the interpretation of agreements and writings should be resolved in the former's favor. The policy is to extend the applicability to a greater number of employees who can avail of the benefits under the law, which is in consonance with the avowed policy of the State to give maximum aid and protection to labor.[32]

The respondents failed to provide a medical assessment of a company-designated physician

Under Section 20 (B) (3), the first procedure to determine the validity of a seafarer's claim for disability benefits is to refer him to a company-designated physician of the employer who shall conduct the medical

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[31] *Rollo,* p. 177.

[32] *Metropolitan Bank and Trust Co. v. National Labor Relations Commission*, 607 Phil. 359, 375 (2009).

examination. As earlier mentioned, the respondents did not comply with the initial stage because they failed to refer De Andres to a company-designated physician despite his timely reporting. They blindly relied on the MOA to cast away De Andres even though he was clearly asserting his disability claim. As discussed earlier, the MOA was an invalid quitclaim. Thus, the respondents cannot shield themselves from liability. Moreover, they could not present any medical assessment of a company-designated physician. The respondents have no legitimate means to refute his claim for permanent and total disability benefits.

The respondents insist that De Andres was declared fit to work by Dr. Huang as indicated in the Certificate of Diagnosis,[33] dated January 21, 2010. A reading of the said certification, however, shows that there was nothing therein which stated that De Andres was fit to work. It simply stated that the fracture had been healing, but there was neither a categorical declaration that he was fit for sea duty nor a disability grading for his injury.

Further, under Section 20 (B) (3), only upon repatriation may the company-designated physician examine the seafarer. Dr. Huang could not be considered as a company-designated physician because he was a doctor who assessed De Andres in Taiwan, before his repatriation. The medical diagnosis of Dr. Huang could not be considered as that of a company-designated physician.

On the other hand, De Andres proved that he sustained the injury on February 27, 2009 while on board the vessel. He suffered a severe open fracture leg injury which had bone exposure and active bleeding. He was incapacitated for almost a year and he underwent three (3) surgeries. Moreover, De Andres presented a medical assessment of his physician of choice, Dr. Runas, who found that he is unable to stand with the left foot in plantigrade position and the presence of calcifications around the ankle joint hindered its normal movement, which would be hard to correct or improve even with extended physical therapy. As such, Dr. Runas concluded that he was permanently unfit for sea duty.

Between the non-existent medical assessment of a company-designated physician of the respondents and the medical assessment of De Andres' physician of choice, the latter evidently stands. The permanent and total disability claim of De Andres remains unchallenged and must be granted by the Court. The respondents had the opportunity to refer De Andres to a company-designated physician, but they chose to escape their responsibility by relying on an illegal quitclaim.

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[33] Id. at 176.

Further, there was no need to refer the medical assessment of De Andres to a third doctor. Absent a certification from the company-designated physician, the seafarer had nothing to contest and the law steps in to conclusively characterize his disability as total and permanent.[34]

Claims for sickness allowance, salary differentials, insurance compensation, and attorney's fees not raised on appeal

In its Decision, dated May 20, 2011, the LA granted De Andres sickness allowance, payment for salary differentials, insurance compensation, and attorney's fees. The said decision, however, was set aside by the NLRC. Notably, when the petition for *certiorari* was filed before the CA, these deleted awards were not included in the issues.[35] When the case eventually reached this Court, De Andres no longer raised the issue of whether he was entitled to these benefits. Thus, these matters cannot be tackled as only issues raised on appeal may be entertained by the appellate court. Basic is the rule that issues or grounds not raised below cannot be resolved on review by the Supreme Court, for to allow the parties to raise new issues is antithetical to the sporting idea of fair play, justice and due process.[36]

The only issues raised by De Andres in this petition are whether the MOA was a valid quitclaim and whether he is entitled to permanent and total disability benefits under the POEA-SEC. As the Court finds in the affirmative, De Andres is entitled to the amount of US$60,000.00 as permanent and total disability benefits.

Final Note

The Court laments that the employer of a seafarer resorted to insensitive quitclaims to avoid any disability claims. Section 20 (B) (3) specifically outlines the procedure in determining the proper compensation of a seafarer's disability. The rigorous process therein aims to provide a fair and definitive assessment on the seafarer's medical condition and to ensure that they will receive a just compensation for their injuries. At the same time, it protects the interest of the employer by ensuring that only genuine disability or injuries shall be entitled to compensation.

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[34] *Island Overseas Transport Corp. v. Beja*, G.R. No. 203115, December 7, 2015.
[35] *Rollo*, pp. 64-65.
[36] *Asian Terminals, Inc. v. Malayan Insurance Co., Inc.*, 662 Phil. 473, 486 (2011).

Although there is nothing in the law which prevents the employer and the seafarer from entering into a quitclaim to avoid legal controversies, the same must be fair, reasonable, and properly explained to the seafarer. To frustrate the provisions of the POEA-SEC by forging erroneous and prejudicial quitclaims would defeat its expedient and systematic processes and lead to protracted litigation. The Court will not think twice in striking down invalid agreements in order to uphold the constitutional obligation of the State to give fullest aid and protection to labor.

WHEREFORE, the petition is **GRANTED.** The July 31, 2014 Decision and the March 12, 2015 Resolution of the Court of Appeals in CA-G.R. SP No. 124862 are hereby **REVERSED** and **SET ASIDE**. The May 20, 2011 Decision of the Labor Arbiter in NLRC OFW Case No. (M) 02-02844-10 is hereby **REINSTATED** but **MODIFIED** to read as follows:

> **WHEREFORE,** judgment is hereby rendered ordering respondents Diamond H Marine Services & Shipping Agency Inc., Wu Chun Hua, Ruben J. Turingan to pay jointly and severally complainant Wilmer O. De Andres SIXTY THOUSAND US DOLLARS (US$60,000.00), or the equivalent in Philippine Peso at the prevailing rate of exchange at the time of actual payment, representing his total and permanent disability benefits.
>
> All other claims are **DISMISSED** for lack of merit.

SO ORDERED.

JOSE CATRAL MENDOZA
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

PRESBITERO J. VELASCO, JR.
Associate Justice

J. Leonen left his vote concurring with the ponencia (On Leave)
MARVIC M.V.F. LEONEN
Associate Justice

SAMUEL R. MARTIRES
Associate Justice

ATTESTATION

I attest 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.

ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

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

MARIA LOURDES P. A. SERENO
Chief Justice