

Republic of the Philippines Supreme Court Manila

THIRD DIVISION

OSM MARITIME INC. and/or MAILY		G.R. No. 238128
BORILLO,*		Present:
	Petitioners,	
		LEONEN, J.,
- versus -		Chairperson,
		HERNANDO,
		INTING
		DELOS SANTOS, and
		LOPEZ, J., JJ.
		Promulgated:
NELSON A. GO,	Respondent.	February 17, 2021
¥		MistocBatt

DECISION

DELOS SANTOS, J.:

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision¹ dated January 5, 2018 and the Resolution² dated March 14, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 151145.

The Facts

The antecedent facts, as summarized by the CA, are as follows:

Petitioner Nelson Go has been working as oiler/motorman for respondent OSM Maritime Services, Inc. since 2009. His last employment

of the Court) and Victoria Isabel A. Paredes, concurring; *rollo*, pp. 13-23.

 ^{*} Also referred to as "Mailyn Perena Borillos" and "Mailyn Perena Borillob" in some parts of the *rollo*.
¹ Penned by Associate Justice Romeo F. Barza, with Associate Justices Mario V. Lopez (now a Member

² Id. at 25-26.

contract with OSM was signed on March 31, 2015 with a duration of nine (9) months and a basic salary of US\$709.00. Petitioner's employment was also covered by a Collective Bargaining Agreement (CBA).

On December 16, 2015, while on board the vessel M/V Trinity Arrow, petitioner suddenly experienced dizziness accompanied by vomiting, chest pain and shortness of breath. His blood pressure was also elevated to 160/90. He was then brought to a hospital in Singapore where he was diagnosed with sub-acute myocardial infarction with new onset hypertension. On December 22, 2015, petitioner was repatriated. He was immediately seen the following day by the company-designated physician Dr. Nicomedes Cruz.

In a medical certificate dated January 20, 2016, Dr. Cruz considered Meniere's Disease part of his diagnosis of petitioner. Nevertheless, in a separate medical certificate, Dr. Cruz also declared that the illness is not work-related. After several check-ups, Dr. Cruz issued on March 28, 2016, a medical certificate diagnosing petitioner with hypertension, Meniere's Disease and [myofascial] spasm. He was also certified fit to resume sea duties.

Petitioner claims that when he was referred to the Maritime Clinic for International Seafarers (MCIS) on June 8, 2016 for his Pre-Employment Medical Examination (PEME), he was thereafter found unfit for sea duty due to his Meniere's Disease. In an email sent by Dr. Olivia Salve T. Sales of the MCIS to respondent OSM, Dr. Sales explained that petitioner could not be cleared due to his Meniere's Disease which is "a disease of unknown cause affecting the membranous labyrinth of the ear, causing progressive deafness and attacks of tinnitus and vertigo which is an UNFIT CASE FOR SEAFARERS," making petitioner unfit for sea duty as of June 16, 2016.

On July 26, 2016, petitioner consulted his own doctor, Dr. Radentor Viernes, who issued a medical certificate finding petitioner's Meniere's Disease as work-related and work-aggravated, to wit –

"The work of Mr. Go as an Oiler/Motorman onboard the vessel exposed him to loud and deafening engine noises, engine heat and harmful chemicals inherent in engine oils. Considering the continued exposure of Mr. Go to these health hazards onboard the vessel taking into account his length of service as an Oiler/Motorman, had contributed mainly to a very great possibility, for him to contract these illnesses and/or have aggravated the same while onboard the vessel.

In my opimion, the nature of Mr. Go's employment as Oiler/Motorman onboard the vessel is the cause of his illness and/or aggravated the same. His illnesses are, therefore, work-related and work-aggravated as the same were caused and had developed due to the nature of his job and in the performance of his duties as a seaman. He is no longer fit to go back to work as a seaman in any capacity." On September 9, 2016, petitioner filed the instant complaint for permanent and total disability benefits in the amount of US90,000.00 in accordance with the parties' CBA as well as moral and exemplary damages plus attorney's fees.³

The Labor Arbiter's Ruling

On December 27, 2016, the Labor Arbiter (LA) rendered a Decision⁴ in favor of Nelson A. Go (respondent) in ruling that his illness is work-related and therefore compensable. However, the LA only granted him US\$3,366.00 plus 10% attorney's fees instead of US\$90,000.00 which he sought for because the LA ruled that respondent was not permanently and totally incapacitated to be entitled to the full amount of the disability compensation. The dispositive portion of which reads:

WHEREFORE, judgment is rendered ordering OSM Maritime Services, Inc. and OSM Crew Management and Individual respondent Mailyn Perena [Borillo] to pay, jointly and severally, complainant Nelson Go the amount of US\$3,702.60.

SO ORDERED.⁵ (Citations omitted)

Hence, respondent made a partial appeal on the LA's Decision with the National Labor Relations Commission (NLRC). Respondent insisted that he is entitled to the full disability compensation of US\$90,000.00 plus attorney's fees and damages in the amount of P500,000.00 because of his permanent disability.⁶

The NLRC's Ruling

In its February 27, 2017 Decision,⁷ the NLRC denied respondent's appeal for lack of merit declaring that respondent's Meniere's Disease is not work-related. The NLRC opined that while the illness is presumably work-related under Section 20(B)(4) of the 2010 Philippine Overseas Employment Administration-Standard Employment Contract (POEA-SEC), the said provision does not exempt respondent from proving the work relation of the said illness. The NLRC noted that respondent's evidence failed to prove that the said illness was work-related by citing the findings of respondent's own doctor, Dr. Radentor Viernes (Dr. Viernes), who, according to the NLRC, based his medical opinion on general allegations/observations and was not derived from a sustained medical examination and testing unlike the findings

³ Id. at 13-15.

 $[\]frac{4}{5}$ Id. at 92-98.

⁵ Id. at 97-98.

⁶ Id. at 16.

⁷ Id. at 100-112.

of the company-designated physician who oversaw respondent's treatment for a period of more or less three months.

Nevertheless, the NLRC desisted from deleting the award of US\$3,702.60 granted by the LA for failure of OSM Maritime Services, Inc. and Mailyn Perena Borillo (collectively, petitioners) to appeal the Decision of the LA, thereby rendering the award final and executory.

Respondent filed a Motion for Reconsideration, but the same was denied in the NLRC's Resolution⁸ dated March 31, 2017. Thereafter, respondent filed a Petition for *Certiorari* in the CA.

The CA's Ruling

On January 5, 2018, the CA rendered the assailed Decision⁹ reversing the Decision and the Resolution of the NLRC. It declared that respondent's disease is work-related. The dispositive portion of the Decision reads:

WHEREFORE, finding merit in the petition, the same is hereby GRANTED. The assailed decision and resolution of the NLRC are hereby SET ASIDE, and a new judgment is hereby entered GRANTING permanent disability benefits to petitioner in the amount of Ninety Thousand US Dollars (US\$90,000.00) or its equivalent in Philippine currency at the time of payment plus 10% thereof as attorney's fees. Private respondent OSM Maritime Services, Inc. is hereby ORDERED to pay the said amount to petitioner.

SO ORDERED.¹⁰

Dissatisfied by the CA Decision, petitioners filed a Motion for Reconsideration, but was denied in a Resolution¹¹ dated March 14, 2018.

Thereafter, petitioners filed before the Court a Petition for Review on *Certiorari*.¹²

In their Petition, petitioners posed the following issues, to wit:

I.

[WHETHER OR NOT] THE [CA] COMMITTED GRAVE ABUSE OF DISCRETION IN RULING THAT THE NLRC

⁸ Id. at 17.

⁹ Supra note 1.

¹⁰ *Rollo*, pp. 21-22.

¹¹ Supra note 2.

¹² *Rollo*, pp. 28-53.

THIRD DIVISION OVERSTEPPED WHEN IT RULED THAT RESPONDENT'S ILLNESS IS NOT WORK-RELATED.

II.

[WHETHER OR NOT] THE [CA] COMMITTED GRAVE ABUSE OF DISCRETION IN AWARDING RESPONDENT TOTAL AND PERMANENT DISABILITY BENEFITS [EVEN THOUGH RESPONDENT'S] CONDITION DOES NOT MERIT A GRADE 1 DISABILITY AND THERE IS NO SHOWING THAT HE IS PERMANENTLY UNFIT FOR SEA DUTIES.

III.

[WHETHER OR NOT] THE [CA] COMMITTED GRAVE ABUSE OF DISCRETION IN AFFIRMING THE AWARD OF ATTORNEY'S FEES.¹³

In support of their Petition, petitioners argue, in summary, that respondent's Meniere's Disease is not work-related and therefore not compensable. Petitioners point out that the issue of respondent's entitlement to the full amount of disability benefits necessarily includes the question of work-relation of respondent's illness which is also directly related to the main issue on appeal. Consequently, it cannot attain finality as long as it is being raised as an issue on appeal.¹⁴

Furthermore, petitioners reiterate that it is erroneous to award respondent with permanent and total disability benefits when his condition does not merit a Grade 1 disability and there is no showing that he is permanently unfit for sea duties. Petitioners contend that respondent has not shown any evidence that his Meniere's Disease was work-related or at least work-aggravated to be entitled to total and permanent disability benefits and merely relies on the presumption that his illness is work-related. Aside from that, respondent's failure to refer the conflicting medical opinions to a third doctor rendered the assessment of the company-designated physician binding.¹⁵

On the other hand, respondent, in his Comment,¹⁶ answered that he is entitled to total and permanent disability benefits considering the report of the company-designated physician that respondent's illness, Meniere's Disease, is an "unfit case for seafarers," which signifies that he is already permanently unfit for further services at sea which was confirmed by respondent's own physician. Additionally, respondent insists that the issue

¹³ Id. at 33.

¹⁴ Id. at 34-35.

¹⁵ Id. at 36-41.

¹⁶ Id. at 115-122.

of whether or not respondent's illness is work-related was already settled when petitioners did not appeal from the Decision of the LA and accordingly, the only remaining issue to be settled it whether respondent is entitled to total permanent disability benefits or not.

Subsequently, a Reply¹⁷ dated October 4, 2019 was filed by petitioners.

The essential issue for the Court's resolution is whether or not the CA erred in granting respondent's Petition for *Certiorari*, thereby setting aside the NLRC's Decision and Resolution holding that respondent is not entitled to full disability compensation.

The Court's Ruling

The petition is not meritorious.

To rationalize the grant of the extraordinary remedy of *certiorari*, petitioners must show that the court or the quasi-judicial authority gravely abused the discretion bestowed upon them. Grave abuse of discretion is defined, thus:

By grave abuse of discretion is meant such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction. The abuse of discretion must be grave as where the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility and must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law.

Grave abuse of discretion refers not merely to palpable errors of jurisdiction; or to violations of the Constitution, the law and jurisprudence. It refers also to cases in which, for various reasons, there has been a gross misapprehension of facts.¹⁸

In labor disputes, grave abuse of discretion may be ascribed to the NLRC when its findings and conclusions are not supported by substantial evidence, which refers to that amount of relevant evidence that a reasonable mind might accept as adequate to justify a conclusion.¹⁹

In view of the foregoing considerations, the Court finds that the CA correctly granted respondent's Petition for *Certiorari* since the NLRC

¹⁷ Id. at 127-149.

¹⁸ Pascual v. Burgos, 776 Phil. 167, 185 (2016).

¹⁹ UST v. Samahang Manggagawa ng UST, 809 Phil. 212, 220 (2017).

gravely abused its discretion when it held that respondent was not entitled to full disability compensation of US\$90,000.00 and also ruled on the issue of work relation of the illness which was already deemed resolved for failure of petitioners to appeal the Decision of the LA.

As correctly ruled by the CA, the findings of the LA regarding work relation of respondent's Meniere's Disease is already final and therefore, the NLRC should have limited its Decision to the issues raised by respondent. This is clearly indicated under Section 4(d),²⁰ Rule VI of the 2011 NLRC Rules of Procedure, thus:

In the case at bar, only petitioner appealed the decision of the Labor Arbiter to the NLRC. Petitioner did not raise the issue of whether his illness is work-related for the obvious reason that the Labor Arbiter ruled the issue in his favor. The only issues that were submitted to the NLRC for resolution were (1) whether petitioner was totally and permanently unfit for sea duties to entitle him to permanent disability benefits of US\$90,000.00 and (2) whether private respondents should pay damages in the amount of Php500,000.00. The NLRC should have limited its decision to these two issues only. Nonetheless, while the NLRC overstepped in ruling that petitioner's illness is not work-related when the same was not raised as an issue by petitioner, We note that the NLRC retained the disability benefit determined by the Labor Arbiter. The NLRC itself admitted that the issue on work relation has already become final and executory due to private respondents' failure to appeal the same, to wit-

"However, despite the absence of any causal relationship between Complainant-Appellant's illness and employment, [we] cannot delete the award of US\$3,702.60 granted by the Labor Arbiter. Respondents-Appellees' failure to file an appeal has rendered the award final and executory.

WHEREFORE, premises considered, this instant Appeal is DENIED for failure to prove that Complainant-Appellant's Meniere's Disease is work-related. However, the Labor Arbiter's award of US\$3,702.60 is RETAINED."

Thus, while the NLRC opined that petitioner's disease is not work-related, it still respected the final and executory finding of work relation by the Labor Arbiter by affirming the award of US\$3,702.60.²¹

The consequence of petitioners' failure to appeal the Decision of the LA to the NLRC is that the latter may only limit its review on the issues raised before it. All other matters, including the issue of work relation to the illness, are final. If petitioners wanted to challenge the finding of work relation, they should have appealed their case seasonably to the NLRC and

²⁰ Rule VI, Sec. 4(d) – Subject to the provisions of Article 218 of the Labor Code, once the appeal is perfected in accordance with these Rules, the Commission shall limit itself to reviewing and deciding only the specific issues that were elevated on appeal.

²¹ *Rollo*, pp. 18-19.

not challenge the same in this Court.

Anent the propriety of respondent's entitlement to full disability benefits, the Court finds no reversible error on the part of the CA when it declared that respondent is entitled to full disability benefits plus 10% thereof as attorney's fees.

According to respondent's Collective Bargaining Agreement (CBA) with OSM Maritime Services, Inc., a seafarer who is declared permanently disabled as a result of an occupational injury or an occupational disease, and who is assessed at less than 50% permanent disability, but permanently unfit for further service at sea in any capacity, shall also be entitled to a 100% compensation, thus:

Article 13

Disability Compensation

If a seafarer due to no fault of his own, suffers an occupational injury as a result of an accident or an occupational disease while traveling to or from the vessel on Company's business or due to marine peril, and as a result his ability to work is permanently reduced, partially or totally and never be declared fit, the Company shall pay him a disability compensation which including the amounts stipulated by the POEA's rules and regulations shall be maximum:

Radio Officers Chief Stewards, Electrician Electro Technicians Ratings

USD110,000 USD90,000

хххх

A seafarer who is declared permanently disabled as a result of an occupational injury or occupational disease, and whose permanent disability in accordance with the POEA schedule is assessed at 50% or more, shall for the purpose of this paragraph be regarded as permanently disabled and be entitled to 100% compensation (USD110,000 for officers and USD90,000 for ratings and cadets).²²

It is important to note that it is a fundamental doctrine in labor law that the CBA is the law between the parties and they are obliged to comply with its provisions. Thus, in the case of *Honda Phils., Inc. v. Samahan ng Malayang Manggagawa sa Honda*,²³ it was ruled that:

A collective bargaining agreement or CBA refers to the negotiated contract between a legitimate labor organization and the employer

²² Id. at 19-20.

²³ 499 Phil. 174, 179-180 (2005).

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concerning wages, hours of work and all other terms and conditions of employment in a bargaining unit. As in all contracts, the parties in a CBA may establish such stipulations, clauses, terms and conditions as they may deem convenient provided these are not contrary to law, morals, good customs, public order or public policy. Thus, where the CBA is clear and unambiguous, it becomes the law between the parties and compliance therewith is mandated by the express policy of the law.

Moreover, if the terms of a contract, as in a CBA, are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of their stipulations shall control.²⁴

Likewise, also controlling is the 2010 POEA-SEC²⁵ which provides different grading for different types of occupational disabilities and prescribes the corresponding disability allowances, thus, under Section 32:

EARS

1.	For complete loss of sense of hearing on both ears Gr.	3
2.	Loss of two (2) external ears Gr.	
3.	Complete loss of the sense of hearing in one ear Gr.	
4.	Loss of one external ear Gr.	
5.	Loss of one half (1/2) of an external ear Gr.	

 $\mathbf{x} \mathbf{x} \mathbf{x} \mathbf{x}$

SCHEDULE OF DISABILITY ALLOWANCES

IMPEDIMENT	-	IMPEDIMENT	
GRAD			
1	US\$50,000	X	120.00%
2	دد	X	88.81%
3	دد	X	78.36%
4	66	X	68.66%
5	٢٢	X	58.96%
6	66	X	50.00%
7	CC	X	41.80%
8	54	X	33.59%
9	64	X	26.12%
10	دد	X	20.15%
11	25	X	14.93%
12	22	X	10.45%
13	\$4	X	6.72%
14	دد	X	3.74%

To recall, the LA awarded only US\$3,702.60 to respondent after it opined that the latter is entitled to disability rating of Grade 14.

²⁴ TSPIC Corp. v. TSPIC Employees Union (FFW), 568 Phil. 774, 784 (2008).

²⁵ <https://www.poea.gov.ph/memorandumcirculars/2010/10.pdf> (visited January 10, 2021).

For starters, Meniere's Disease is described as an incurable disorder of the inner ear which causes severe dizziness, ringing sound in the ears, intermittent hearing loss, and feeling of ear pressure or pain.²⁶

It is undisputed that respondent suffers from Meniere's Disease as diagnosed by both the company-designated physician, Dr. Cruz, and respondent's private physician, Dr. Viernes. However, according to Dr. Cruz's assessment, respondent is fit to return to sea duties which is contrary to the findings of Dr. Viernes that respondent is no longer fit to work as a seaman in any capacity.

The NLRC gave credence to the opinion of Dr. Cruz over that of the medical findings of Dr. Viernes, citing that the opinion of Dr. Cruz is more credible because he witnessed and had first-hand information regarding the whole recovery process of respondent. However, the overall situation of the respondent proves otherwise.

While it is true that, generally, it is the company-designated physician's task to determine the fitness of a seafarer for sea duties, the fitto-work assessment of Dr. Cruz does not mirror the true condition of respondent in terms of his ability to resume seafarer duties. First of all, respondent failed his PEME because he was found to be unfit for sea duties due to Meniere's Disease. This means that, ultimately, respondent cannot be given the proper clearance to resume his occupation even if he was found to be fit to work by Dr. Cruz. Secondly, the medical findings in the PEME regarding respondent's unfitness to return to work was verified and confirmed by the assessment of Dr. Viernes when the latter issued his medical certificate. This clearly shows the unfitness to work of respondent, to wit:

The work of Mr. Go as an Oiler/Motorman onboard the vessel exposed him to loud and deafening engine noises, engine heat and harmful chemicals inherent in engine oils. Considering the continued exposure of Mr. Go to these health hazards onboard the vessel taking into account his length of service as an Oiler/Motorman, had contributed mainly to a very great possibility, for him to contract these illnesses and/or having aggravated the same while onboard the vessel.

In my opinion, the nature of Mr. Go's employment as Oiler/Motorman onboard the vessel is the cause of his illness and/or aggravated the same. His illnesses are, therefore, work-related and work-aggravated as the same were caused and had developed due to the nature of his job and in the performance of his duties as a seaman. He is no longer fit to go back to work as a seaman in any capacity.²⁷

²⁶ <https://medlineplus.gov/menieresdisease.html> (visited January 10, 2021).

²⁷ *Rollo*, p. 15.

In the case of *Vicente v. Employees' Compensation Commission*,²⁸ it was held that the test of whether or not an employee suffers from "permanent total disability" is a showing of the capacity of the employee to continue performing his work notwithstanding the disability he incurred. Thus, if by reason of the injury or sickness he sustained, the employee is unable to perform his customary job for more than 120 days and does not come within the coverage of Rule X of the Amended Rules on Employees Compensability, then said employee undoubtedly suffers from "permanent total disability" regardless of whether or not he loses the use of any part of his body. What is necessary is that the injury must be such that the employee cannot pursue his usual work and earn therefrom.²⁹

In the instant case, due to the permanent and incurable nature of the Meniere's Disease which would indefinitely deprive respondent gainful employment and the opportunity to earn therefrom, we resolve to grant respondent the full amount of disability benefits contained in the CBA.

Lastly, we resolve to delete the award of attorney's fees.

Attorney's fees under the context of labor law partake of the nature of an extraordinary award granted to the victorious party as an indemnity for damages. As a general rule, it is payable to the client, not to his counsel, unless the former decides to give the amount to the latter as an addition to, or part of the counsel's compensation.³⁰

Both the Labor Code and the Civil Code provide that attorney's fees may be recovered in the following instances, namely, (1) in cases involving the unlawful withholding of wages;³¹ (2) when the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;³² (3) in actions for the recovery of wages of household helpers, laborers and skilled workers;³³ (4) in actions for indemnity under workmen's compensation and employer's liability laws;³⁴ and (5) in cases where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.³⁵

²⁸ 271 Phil. 196 (1991).

²⁹ Austria v. Court of Appeals, 435 Phil. 926, 932 (2002).

³⁰ Kaisahan at Kapatiran ng mga Manggagawa at Kawani sa MWC-East Zone Union v. Manila Water Co., Inc., 676 Phil. 262, 275 (2011), citing PCL Shipping Philippines, Inc. v. National Labor Relations Commission, 540 Phil. 65, 84 (2006).

³¹ LABOR CODE OF THE PHILIPPINES, Art. 111.

 $^{^{32}}$ Civil Code of the Philippines, Art. 2208 (2).

³³ Id., Art. 2208 (7).

³⁴ Id., Art. 2208 (8).

³⁵ Id., Art. 2208 (11).

The grant of attorney's fees is more of an exception to the declared policy of strict construction in the award of attorney's fees.³⁶ Hence, it must only be granted to serious and grave infractions which clearly show disregard to the rights of labor.

In the case at bar, it must be highlighted that petitioners have not shown bad faith in any of its dealing with respondent which compelled the latter to litigate. Moreover, it acted under the premise of a valid and justifiable ground under labor law which was not meant to harass respondent or avoid any of its legal obligations.

WHEREFORE, premises considered, the Petition is **DENIED**. The Decision dated January 5, 2018 and the Resolution dated March 14, 2018 of the Court of Appeals in CA-G.R. SP No. 151145 are **AFFIRMED** with **MODIFICATION**. Petitioner OSM Maritime Services, Inc. is **ORDERED** to **PAY** respondent Nelson A. Go permanent disability benefits in the amount of US\$90,000.00 or its equivalent in Philippine currency at the time of payment. The grant of attorney's fees is **DELETED**.

SO ORDERED.

EDGARDO L. DELOS SANTOS Associate Justice

³⁶ Tangga-an v. Philippine Transmarine Carriers, Inc., 706 Phil. 339, 353 (2013), citing PCL Shipping Philippines, Inc. v. National Labor Relations Commission, supra note 30.

WE CONCUR:

MARVIČ MARIO VICTOR F. LEONEN

Associate Justice Chairperson

RAMON . HERNANDO **Associate** Justice

HENRI'JE PAUL B. INTING

Associate Justice

OPEZ JHOSE 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.

MARVIC MARIO VICTOR F. LEONEN

Associate Justice Chairperson, Third 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.

DIOSDADO M. PERALTA Chief Justice