SECOND DIVISION

[G.R. No. 223246, June 26, 2019]

JAN FREDERICK PINEDA DE VERA, PETITIONER, V. UNITED PHILIPPINE LINES, INC. AND/OR HOLLAND AMERICA LINE WESTOUR, INC., AND DENNY RICARDO C. ESCOBAR, RESPONDENTS.

D E C I S I O N

J. REYES, JR., J.:

This is a Petition for Review on *Certiorari* seeking to reverse and set aside the August 20, 2015 Decision[1] and the February 5, 2016 Resolution[2] of the Court of Appeals (CA) in CA-G.R. SP No. 135608, which affirmed the February 21, 2014 Decision[3] and the March 27, 2014 Resolution[4] of the National Labor Relations Commission (NLRC) in NLRC LAC No. (OFWM) 01-000050-14, which in turn reversed and set aside the November 28, 2013 Decision[5] of the Labor Arbiter in NLRC-Case No. (M)NCR-04-05863-13, a case for permanent and total disability benefits claim by a seafarer.

The Facts

On July 13, 2012, respondent United Philippine Lines, Inc. (UPLI), a local manning agency and domestic corporation engaged in the business of recruitment and placement of seafarers, employed petitioner Jan Frederick Pineda De Vera (De Vera) to work as a Bar Attendant on board the vessel "*M/S Statendam*" for a period of 10 months. UPLI engaged the services of De Vera for and on behalf of its foreign principal, the respondent Holland America Line Westour, Inc. The contract was verified and approved by the Philippine Overseas Employment Administration (POEA) on the same day.[6] De Vera joined his vessel sometime in July 2012.

On December 15, 2012 and while on board the vessel, De Vera complained of experiencing pain on his lower back. He was placed under medication for two weeks which only provided temporary relief.

On January 18, 2013, De Vera was brought to East Coast Orthopaedics in Pompano Beach, Florida, USA, where he underwent Magnetic Resonance Imaging (MRI) of his lumbar spine. An MRI Final Report[7] was issued containing the following: "Impression: Moderate degenerative disc disease at L5-S1, with a 5 mm right paramedian disc protrusion causing mass effect on the descending S1 nerve root on the right."[8] On the same day, a physical therapy prescription[9] was issued by Dr. John P. Malloy, recommending De Vera to undergo the "McKenzie Program" for his back pains and to engage in "ROM/strengthening exercises, core strengthening, and lumbar stabilization."

On January 22, 2013, Holland issued a Crew Home Referral Request[10] stating that De Vera's early repatriation had been requested. Consequently, De Vera was medically repatriated to Manila on February 3, 2013. Upon his arrival, De Vera was referred by UPLI to the company-designated physicians at Shiphealth, Inc. in Ermita, Manila, for further evaluation and management of his condition. On February 13, 2013, De Vera had his initial consultation with the company-designated physicians, Dr. Abigael T. Agustin (Dr. Agustin) and Dr. Maria Gracia K. Gutay (Dr. Gutay).[11] After the initial consultation, the company-designated physicians referred De Vera for evaluation by an orthopedic spine surgeon.[12]

It would appear that De Vera was referred to Dr. Adrian Catbagan (Dr. Catbagan), an orthopedic spine surgeon at the Philippine General Hospital. On February 15, 2013, De Vera was examined by Dr. Catbagan, who did not note any neurologic deficit on the patient. Dr. Catbagan advised conservative management and rehabilitative treatment. He also prescribed medicines for the pain. Consequently, De Vera was referred to a physiatrist on February 18, 2013 for physical therapy.[13]

De Vera completed six sessions of physical therapy. His physical examination also showed improved range of motion of the back and absence of neurologic deficits. Nevertheless, another set of six physical therapy sessions was still recommended for further pain relief.[14] After completing the second set of physical therapy sessions, the company-designated physicians noted full range of motion of De Vera's back and trunk. They also noted that Dr. Catbagan and the physiatrist cleared De Vera. Thus, rehabilitative therapy was discontinued.[15]

On March 11, 2013, De Vera received the following amounts from UPLI: (1) P26,537.20 representing sickness allowance from February 1, 2013 to March 1, 2013;[16] (2) P2,500.00 representing reimbursement of travel expenses;[17] and (3) P2,500.00 representing reimbursement of medical expenses.[18]

On April 2, 2013, the company-designated physicians issued their 5th and Final Medical Summary Report[19] where it was stated that "*Physical Capacity Evaluation on March 23, 2013 showed physical examination findings that were normal, and material and nonmaterial handling tests that were completed without complaints of lumbar or back pain.* ***Overall recommendation revealed [that] patient was fit to work***."[20]

On April 18, 2013, apparently not convinced with the fit to work declaration, De Vera filed a complaint for total and permanent disability benefits, underpayment and non-payment of wages, non-payment of two months sick wages, moral and exemplary damages, and attorney's fees.[21]

However, on April 19, 2013, De Vera acknowledged receipt from UPLI of the amount of P21,614.96 representing the second and final payment of his sickness allowance and maintenance pay.[22] Further, on April 22, 2013, De Vera executed a Deed of Release and Quitclaim[23] wherein in consideration of the amount of P40,808.16, he released and discharged the respondents from any and all claims arising from his employment on board M/S Statendam.

On July 25, 2013, De Vera sought the medical opinion of Dr. Cesar H. Garcia (Dr. Garcia), an orthopedic surgeon. On the same day, after examining De Vera, Dr.

Garcia concluded that the former is "unfit to work as a seaman in any capacity."[24]

The Labor Arbiter Ruling

In its Decision dated November 28, 2013, the Labor Arbiter ruled that De Vera has been rendered totally and permanently disabled to perform his duties as a seafarer. The Labor Arbiter adjudged the respondents to pay De Vera the full coverage of his disability benefits in the amount of US$60,000.00. It also awarded De Vera attorney's fees equivalent to 10% of the total monetary award. In ruling for De Vera, the Labor Arbiter ratiocinated that despite the company-designated physicians' declaration of fitness for sea duty, De Vera has never been gainfully employed by the respondents thereby impairing his earning capacity. The dispositive portion of the decision states:

> WHEREFORE, PREMISES CONSIDERED, judgment [is] rendered ordering respondents jointly and severally to pay complainant Sixty Thousand U.S. Dollars (US$60,000.00) or its peso equivalent at the time of payment, plus 10% of the total award as attorney's fees.
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> SO ORDERED.[25]

Unconvinced, the respondents elevated an appeal to the NLRC.

The NLRC Ruling

In its Decision dated February 21, 2014, the NLRC reversed and set aside the November 28, 2013 Labor Arbiter Decision. It stressed that the company-designated physicians examined and treated De Vera for 58 days before finally clearing him of his medical condition. On the other hand, Dr. Garcia made his declaration of unfitness for work after a single consultation. Thus, unlike the company-designated physicians, Dr. Garcia did not have the chance to closely monitor De Vera's illness. It also noted that Dr. Garcia made his conclusion on the basis of previous findings and examinations performed by the company-designated physicians, as well as on the statements supplied by De Vera. As such, his findings were unsupported by sufficient proof.

The NLRC also observed that De Vera voluntarily executed a Deed of Release and Quitclaim in the respondents' favor right after the issuance of the final medical assessment. The NLRC explained that in executing the said document, De Vera impliedly admitted the correctness of the assessment by the company-designated physicians. It also pointed out that merely four days after filing the complaint, De Vera executed a Deed of Release and Quitclaim in favor of the respondents, which the former neither challenged nor refuted. Thus, the NLRC ruled that De Vera's cause of action is without merit. The dispositive portion of the NLRC Decision reads:

> WHEREFORE, premises considered, the Decision dated November 28, 2013 is hereby REVERSED and SET ASIDE.
>
> SO ORDERED.[26]

De Vera moved for reconsideration, but the same was denied by the NLRC in its March 27, 2014 Resolution.

Aggrieved, De Vera filed a petition for *certiorari* before the CA.

The CA Ruling

In its assailed August 20, 2015 Decision, the CA denied De Vera's petition and affirmed the February 21, 2014 Decision and the March 27, 2014 Resolution of the NLRC.

The appellate court ratiocinated that De Vera failed to comply with Section 20(A)(3) of the POEA-Amended Standard Terms and Conditions Governing the Overseas Employment of Filipino Seafarers on Board Ocean Going Ships or the POEA-Standard Employment Contract (POEA-SEC). It explained that the parties should have sought the opinion of an independent third doctor in view of the contradictory findings of the company-designated physicians and the seafarer's physician. It further noted that the respondents were not aware of De Vera's disagreement with the "fit to work" assessment by the company-designated physicians at the time he filed his complaint. Because of this and considering the failure to obtain the opinion of a third doctor, the appellate court ruled that the medical findings by the company-designated physicians must be upheld.

The appellate court further opined that even on the assumption that the third doctor's opinion may be dispensed with, the findings by the company-designated physicians deserve more credence than that of De Vera's personal physician. It pointed out that Dr. Garcia examined De Vera only once and merely interpreted the medical findings by the company-designated physicians. In contrast, the company-designated physicians examined De Vera several times for a period of two months even issuing a separate medical report after each examination. Thus, the appellate court ruled that the assessment made by the company-designated physicians is more reliable.

Lastly, the appellate court concurred with the NLRC's observation that De Vera impliedly admitted the correctness of the medical assessment by the company-designated physicians when he executed a Deed of Release and Quitclaim releasing and discharging the respondents from all claims arising from his employment.

In sum, the CA dismissed the contention that the NLRC committed grave abuse of discretion when it reversed the Labor Arbiter's November 28, 2013 Decision. The *fallo* of the assailed decision states:

> WHEREFORE, premises considered, the instant petition is DENIED. The assailed Decision dated February 21, 2014 and Resolution dated March 27, 2014, both rendered by public respondent NLRC, are AFFIRMED.
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> SO ORDERED.[27]

De Vera moved for reconsideration, but the same was denied by the CA in its assailed February 5, 2016 Resolution.

Hence, this petition.

The Issue

> **WHETHER THE CA ERRED WHEN IT AFFIRMED THE FEBRUARY 21, 2014 DECISION AND THE MARCH 27, 2014 RESOLUTION OF THE NLRC AND RULING THAT DE VERA IS NOT ENTITLED TO ANY DISABILITY COMPENSATION.**

De Vera maintains that he is entitled to total and permanent disability compensation. He asserts that resorting to the opinion of an independent third doctor is merely directory and not mandatory. He also argues that the final medical report by the company-designated physicians which stated that the patient has "maximally medically improved" is not similar to a declaration of fit to work. He also claims that Dr. Garcia, as a medical expert, may base his opinion on the clinical history of his patient. Thus, Dr. Garcia's assessment that he is now unfit to work as a seaman in any capacity deserves great consideration. Further, he contends that the NLRC and the CA erred in affirming the validity of the Deed of Release and Quitclaim alleging that the respondents committed fraud when they prepared the said document. Finally, he claims that he is entitled to damages and attorney's fees insisting that the respondents committed bad faith.

The Court's Ruling

The petition is bereft of any merit.

De Vera's complaint for total and permanent disability benefits was premature.

Entitlement to disability benefits by seafarers is a matter governed, not only by the medical findings of the respective physicians of the parties, but, more importantly, by the applicable Philippine laws and by the contract between the parties. By law, the material statutory provisions are Articles 191 to 193 of the Labor Code. By contract, the seafarers and their employers are governed, not only by their mutual agreements, but also by the provisions of the POEA-SEC which are mandated to be integrated in every seafarer's contract.[28] Thus, the issue of whether a seafarer can legally demand and claim disability benefits from his employers for an illness suffered is best addressed by the provisions of the POEA-SEC.[29]

In this case, records disclose that De Vera's employment with the respondents is governed by the 2010 POEA-SEC. On a seafarer's compensation and benefits after suffering from a work-related injury or illness, the last paragraph of Section 20(A)(3) of the 2010 POEA-SEC provides:

> SEC. 20. Compensation and Benefits.
>
> A. Compensation and Benefits for Injury or Illness
>
> x x x x
>
> 3. x x x x
>
> **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)

In this regard, in *C.F. Sharp Crew Management, Inc. v. Taok*,[30] the Court enumerated the instances where a seafarer's cause of action for total and permanent disability benefits may arise, to wit: