SECOND DIVISION

[G.R. No. 221250, October 10, 2018]

MAGSAYSAY MARITIME CORPORATION, FLEET MARITIME SERVICE INTERNATIONAL LTD. AND/OR MARLON ROÑO, AND M/V AZURA, PETITIONERS, V. MANUEL R. VERGA, RESPONDENT.

D E C I S I O N

CARPIO, J.:[*]

The Case

Before the Court is a petition for review on *certiorari*[1] under Rule 45 of the Rules of Court, assailing the 23 February 2015 Decision[2] and 22 October 2015 Resolution[3] of the Court of Appeals in CA-G.R. SP No. 129671. The Court of Appeals reversed the Decision[4] of the National Labor Relations Commission (NLRC) in NLRC LAC No. OFW (M) 07-000660-12 and reinstated the Decision[5] of the Labor Arbiter dated 25 June 2012 in favor of respondent Manuel R. Verga (Verga).

The Facts

In February 2010, Verga signed his 13th contract of deployment with petitioner Magsaysay Maritime Corporation for a nine-month stint as a "technical rating" aboard the vessel Azura-D/E with a basic monthly salary of US$495.00. He started his duties on board said vessel on 31 March 2010.[6]

On 20 October 2010, while on board the vessel, Verga slipped and fell on his back. He was taken to a medical center where he had an x-ray. He was found to be suffering from Stable Anterior Wedge Fracture T10. Because of this, Verga was repatriated to the Philippines on 29 October 2010.[7]

Upon his return, Verga was examined by the company-designated physician, Dr. Karen Frances Hao-Quan, at the Metropolitan Medical Center. The physician's initial evaluation was that Verga had a Compression Fracture T12 and was advised to use a Jewett brace for immobilization. He had another x-ray on 23 November 2010 and it was found that he had Thoracic Spine Spondylosis with Associated T12 Compression Fracture. Over the course of several months, he went for several more consultations with the company-designated physician.[8]

By February 2011, Verga was still complaining of some pain in his left lateral trunk area, and Dr. Hao-Quan assessed his condition to be Grade 8, with moderate rigidity or loss of motion or lifting power of the trunk. On 17 March 2011, Verga had another x-ray and evaluation with one of the company-designated physicians. With the continued pain in his back, he was advised to continue his rehabilitation and medication. He was told to come back on 31 March 2011 for another x-ray and re-evaluation.[9]

On 31 March 2011, Verga came back for re-evaluation. The company physician issued Verga a certification that he was fit to work. Verga also signed a pro forma Certificate of Fitness to Work. He then waited to be called back for re-deployment. [10]

By July 2011, Verga had still not been re-deployed, so he consulted with another doctor about the pain in his back. Dr. Alan Paul Quintero (Dr. Quintero) of the AMOSUP Seamen's Hospital assessed that Verga had Compression Fracture T10. According to the doctor, although the injury has partly healed, Verga still suffered through some back pain because of it, and diagnosed his impediment to be Grade 11. Dr. Quintero's recommendation was that Verga could return to work but was not allowed to lift heavy objects.[11]

On 31 August 2011, Verga consulted orthopedic surgeon Dr. Renato Runas. Dr. Runas concluded that Verga was "not fit for further sea duty permanently in whatever capacity."[12] He found that Verga still suffered from severe lower and middle back pain and could not move without his anterior brace. Such permanent disability, the doctor said, was a result of the injury Verga sustained while on board the ship. Verga was advised to undergo physical therapy and regular check-up.[13]

On 2 September 2011, Verga filed a complaint for total disability benefits and damages.[14]

The Decision of the Labor Arbiter

In a Decision dated 25 June 2012, the Labor Arbiter ruled in favor of Verga:

> WHEREFORE, premises considered, judgment is hereby rendered ordering respondents Magsaysay Maritime Corporation and/or the foreign principal Fleet Maritime Service International Ltd. to jointly and severally pay complainant Manuel R. Verga the amount of SIXTY THOUSAND US DOLLARS (US$66,00.00) (sic) Philippine Peso equivalent at the time of actual payment x x x representing total permanent disability benefits, plus ten percent (10%) thereof as and for attorney's fees.
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> All other claims are DISMISSED for lack of merit.
>
> SO ORDERED.[15]

The Labor Arbiter held that the medical certificate issued by the company-designated physician that Verga was fit to work was "equivocal and unsubstantiated" [16] while the medical certificate from the private doctor consulted by Verga was detailed as to the nature and extent of petitioner's disability and incapacity.[17] She also held that the certificate of fitness to work was proscribed and ineffectual because it contained a waiver of future claims. She also pointed out that the fact that Verga was not re-engaged supported the finding that the latter was not fit to resume his duties.

The Labor Arbiter also held that Verga did not abandon his right to claim disability compensation when he signed the Certificate of Fitness to Work because said certification is "characteristically a waiver of future claims which is proscribed in this jurisdiction."[18] The Labor Arbiter concluded that Verga signed the certification with the "expectation that he would be re-deployed, given his long and continued service

with the respondents under his previous contract"[19] and the fact that he was not re-engaged "further supports this disposition that complainant was not fit for re-deployment notwithstanding the fit to work assessment."[20]

The Decision of the NLRC

Petitioners appealed the decision to the NLRC. In its 21 November 2012 Decision, the NLRC reversed the Labor Arbiter's decision and dismissed the complaint:

> WHEREFORE, premises considered, the appealed Decision is hereby REVERSED and SET ASIDE, and another one entered DISMISSING the instant complaint for lack of merit.
>
> SO ORDERED.[21]

In reversing the Labor Arbiter's decision, the NLRC held that, since the findings of the company-designated physician differed from those of the private physicians consulted by respondent, the commission has to make its own evaluation based on the evidence presented.[22]

The NLRC gave more credence to the company-designated physician's diagnosis:

> [T]he evaluation of the company-designated physician was arrived at after a lengthy period of examination and treatment of complainant x x x. As such, the fit-to-work evaluation of the company-designated physician has solid basis, based as it were on a protracted period of evaluation and treatment that necessarily means that the company-designated physician is far more familiar with the condition of complainant than the latter's physician x x x.[23]

The NLRC also noted that "complainant did not immediately contest the fit-to-work finding because he found no issue with the same, which is shown by his expecting to be re-employed by respondents. Only when this did not materialize did he [seek] a second (and third) medical opinion."[24] Moreover, the NLRC pointed out that petitioners were under no obligation to re-hire Verga after his contract expired.[25]

The NLRC concluded that "the Executive Labor Arbiter erred in awarding [Verga] total permanent disability benefits, as the same has no legal basis, as discussed above. Neither is [he] entitled to any attorney's fees."[26]

Verga filed a motion for reconsideration, which was denied. He subsequently elevated the matter to the Court of Appeals.

The Decision of the Court of Appeals

In its assailed decision, the Court of Appeals reversed the NLRC's decision and reinstated that of the Labor Arbiter:

> WHEREFORE, premises considered, the petition is GRANTED. The assailed Decision dated November 21, 2012 and the Resolution dated February 8, 2013 of the National Labor Relations Commission in LAC No. OFW(M) 07-000660-12, are REVERSED and SET ASIDE. The Decision dated June 25, 2012 of the Labor Arbiter is REINSTATED.

SO ORDERED.[27]

It held that the NLRC gravely abused its discretion in setting aside the decision of the Labor Arbiter. The Court of Appeals noted that prior to the declaration by the company physician of Verga's fitness to work, the last assessment was a Grade 8 condition. There was no showing that a re-evaluation and another x-ray would have yielded a more positive result. However, the fact that petitioner company failed to re-deploy Verga, as it had regularly done for ten years, indicates his unfitness to resume his duties.[28]

The Court of Appeals also said that Verga signed the Certificate of Fitness to Work with the expectation of being re-deployed. Moreover, Verga cannot legally waive future claims. The Court of Appeals pointed out that more than 240 days had elapsed since Verga had been unable to work because of the accident.[29]

The Court of Appeals further held that jurisprudence which favors the certification by the company physician for being the result of a series of tests as against the one-time evaluation of a personal physician does not apply in this case since the facts of this case reveal that he did not undergo a repeat x-ray and re-evaluation on the day the certificate of fitness to work was issued. The abrupt issuance of the certification led the Court of Appeals to conclude that the haste to declare Verga fit to work was so that the presumption of permanent total disability will not arise.[30]

Petitioners filed a Motion for Reconsideration, which was subsequently denied.

Petitioners' Arguments

Petitioners are now before the Court assailing the Court of Appeals' decision and resolution, raising the following issues:

> 1. Whether the Court of Appeals erred in awarding the respondent seafarer total and permanent disability benefits when he was declared fit to work by the company-designated physician on 31 March 2011.
>
> 2. Whether the Court of Appeals erred in awarding the respondent seafarer total and permanent disability benefits when he has waived his right to claim disability benefits when he voluntarily executed the "Certificate of Fitness to Work["] dated 31 March 2011.
>
> 3. Whether the Court of Appeals erred in awarding attorney's fees considering that petitioners never acted with bad faith and malice in dealing with respondent seafarer.[31]

Petitioners argue that "the findings of the [company-designated physician] are supported by objective tests and reached after months of treatment x x x the manner by which the respondent seafarer was examined and assessed, are far from hasty."[32] The findings of the company-designated physician were reached after months of monitoring, treatment and therapy.[33]

Petitioners also aver that the findings of Verga's personal doctors should not be given weight by the Court as these were made 10 months after the Certificate of Fitness to Work was issued by the company-designated physician.[34]

Further, petitioners point out that "even assuming that the respondent seafarer's doctor states that he will be unable to return to work, mere allegation of inability to return to work does not automatically mean that a respondent seafarer is already entitled to total and permanent disability benefits."[35] They insist that the seafarer should have been assessed with Grade 1 disability by his doctor.[36]

Next, petitioners argue that the Court should uphold Verga's execution of a Certificate of Fitness to Work, which contains among others, a stipulation that he has waived all entitlements under his contract of employment.[37] They argue that there is no showing that respondent's "consent was vitiated, or he was otherwise coerced or incapacitated when he executed the certificate of fitness"[38]

Respondent's Arguments

Verga insists that the company-designated physician's conclusion that he was fit to return to work was based on pure conjectures and surmises, as pointed out by the Court of Appeals,[39] and thus, was not a definite declaration of his fitness to work.[40]

Verga also contends that since the Certificate of Fitness to Work was not a notarized document, it should not have been given weight and credence.[41] He also avers that quitclaims and waivers are "oftentimes frowned upon and are considered ineffective in barring recovery for the full measure of the worker's right and that acceptance of the benefits therefrom does not amount to estoppel."[42]

Lastly, Verga argues that the award of attorney's fees was valid because in labor law, the "withholding of wages need not be coupled with malice or bad faith to warrant the grant of attorney's fees under Article 111 of the Labor Code. All that is required is that lawful wages be not paid without justification, thus compelling the employee to litigate."[43]

The Ruling of the Court

The petition is impressed with merit.

Initially, the Court should determine whether it will uphold the findings of the company-designated physician and the subsequent issuance of a Certificate of Fitness to Work in favor of Verga. The veracity and weight to be given the certification is at the heart of this case's resolution.

There is no doubt that the company-designated physician's certification was issued within the extended 240-day period allowed for the seafarer's medical treatment.[44] This is not contested even by Verga. In fact, Verga did not challenge the certification when it was issued and for four months after that. That he signed the Certificate of Fitness to Work on the same day is proof of his concurrence with the company-designated physician's findings.[45]

Likewise, within those four months before filing the complaint, he did not return to the company-designated physician or see a doctor of his choice to complain of any lingering affliction. It was only when he was not deployed that he consulted with two doctors – both of his own choosing.