

## THIRD DIVISION

[ G.R. NO. 157168, June 26, 2007 ]

**U-BIX CORPORATION. PETITIONER, VS. RICHEL BANDIOLA,  
RESPONDENT.**

### D E C I S I O N

**CHICO-NAZARIO, J.:**

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Decision,<sup>[1]</sup> dated 27 June 2002, rendered by the Court of Appeals, partially affirming the Resolution,<sup>[2]</sup> promulgated by the National Labor Relations Commission (NLRC) on 16 August 2000. The Court of Appeals, in its assailed Decision, sustained the award of actual damages in the amount of P7,742.50, moral damages in the amount of P25,000.00 and exemplary damages in the amount of P25,000.00 in favor of respondent Richel Bandiola (Bandiola), in relation to an injury sustained by the latter in the course of his employment with petitioner U-BIX Corporation, (U-BIX)

Sometime in April 1995, Bandiola was employed by U-BIX to install furniture for its customers. On 13 April 1997, Bandiola and two other U-BIX employees were involved in a vehicular accident on their way to Baguio, where they were assigned by U-BIX to install furniture for an exhibit. As a result of the accident, Bandiola sustained a fracture on his left leg.<sup>[3]</sup>

Bandiola and his co-employees were initially brought to the Rosario District Hospital. The next day, 14 April 1997, they were transferred to the Philippine Orthopedic Hospital (Orthopedic). After his broken leg was cemented, Bandiola was advised to go back for further medical treatment. U-BIX paid for the medical expenses incurred in both hospitals.<sup>[4]</sup>

Bandiola claims that he asked U-BIX for financial assistance but that the latter refused. As a consequence, he could no longer afford to go back to the Orthopedic in Quezon City, which is of considerable distance from his residence in Parañaque. Instead, he went to Medical Center Parañaque (MCP) where he had his leg cast in fiberglass.<sup>[5]</sup> He attached the receipts, issued by MCP and Dr. Celestino Musngi, for medical expenses with a total amount of P7,742.50.<sup>[6]</sup> He also attached a copy of the Roentgenological Report, dated 24 April 1997, of Amado V. Carandang, a Radiologist in MCP.<sup>[7]</sup> The said report affirmed that Bandiola's left leg was still fractured, even after the doctors at the Orthopedic put a plaster cast on his leg. Bandiola added that he paid for other medical expenses for which no receipts were issued.

Bandiola maintains that before his leg was cast in fiberglass, he asked Rey Reynes, U-BIX's Assistant Manager for Project Management, for financial assistance but was

refused. After the medical procedure, he again went to Reynes and presented a receipt for his medical expenses, but was told to pay for them in the meantime. Bandiola also avers that while he was waiting for his injuries to heal, he called the U-BIX office in Makati to ask for a salary advance, but was told by a secretary, a certain Ms. Clarisse, that this was not possible since he had not worked after 13 April 1997.<sup>[8]</sup>

On September 1998, Bandiola filed a Complaint before the Labor Arbiter, where he alleged underpayment of salary; non-payment of overtime pay; premium pay for work performed on holidays and rest days; separation pay; service incentive leave pay; 13th month pay; and the payment of actual, moral and exemplary damages.<sup>[9]</sup> The Labor Arbiter ordered in its Decision, dated 16 September 1998, that<sup>[10]</sup>:

*Accordingly, complainant is entitled to salary differential, service incentive leave pay and 13th month pay computed as follows:*

*x x x x*

*WHEREFORE, respondent is hereby ordered to pay complainant the following:*

*Salary Differential P20,424.00*  
*Service incentive leave 825.00*  
*13th Month pay 10,324.15*  
*GRAND TOTAL P31,573.15*

*All other claims are DISMISSED for lack of merit.*

Bandiola asserts that U-BIX failed to extend to him any financial assistance after he was injured in the performance of his duties, and that as a result, he suffered physical pain, mental torture, fright, sleepless nights, and serious anxiety. He claims that this entitles him to moral and exemplary damages.<sup>[11]</sup>

U-BIX, on the other hand, denies that Bandiola notified it of any medical expenses he purportedly incurred until the complaint was filed before the Labor Arbiter.<sup>[12]</sup>

As can be gleaned from above, the Labor Arbiter allowed Bandiola's claim for salary differential, service incentive leave pay and 13th month pay due to U-BIX's failure to present payrolls or similar documents. Incidentally, the award of these claims is no longer questioned in the present petition. The other claims, particularly those for medical expenses that Bandiola allegedly incurred and for moral and exemplary damages, were dismissed.

Bandiola filed an appeal before the NLRC. In a Resolution dated 16 August 2000, the NLRC amended the Decision rendered by the Labor Arbiter on 16 September 1998. It ruled that U-BIX should reimburse Bandiola the amount of P12,742.50 for the medical expenses he incurred in connection with his fractured leg. It further ruled that U-BIX is liable to pay Bandiola P25,000.00 in moral damages and P25,000.00 in exemplary damages for refusing to reimburse Bandiola for the medical expenses he incurred after it failed to report to the Social Security System (SSS) the injuries sustained by Bandiola.<sup>[13]</sup> The aforementioned NLRC Resolution decrees that<sup>[14]</sup>:

WHEREFORE, premises considered, [herein respondent Bandiola's] appeal is GRANTED. The Labor Arbiter's decision in the above-entitled case is hereby AFFIRMED with the MODIFICATION that in addition to the monetary award granted to [herein respondent Bandiola] by the Labor Arbiter, [herein petitioner UBIX] is ordered to reimburse [herein respondent Bandiola] the amount of P12,742.50 for the medical expenses which he incurred in line of duty. [Herein petitioner UBIX] is likewise ordered to pay [herein respondent Bandiola] the amount of Twenty-Five Thousand Pesos (P25,000.00) for moral damages and Twenty-five Thousand Pesos (P25,000.00) for exemplary damages.

Thereafter, U-BIX filed a Motion for Reconsideration, which was denied by the NLRC in another Resolution on 11 October 2000.<sup>[15]</sup>

On appeal, the Court of Appeals modified the NLRC Resolution, dated 16 August 2000. It affirmed Bandiola's entitlement to reimbursement of his medical expenses, but reduced the amount to P7,742.50, the amount of actual damages he was able to prove. It also affirmed without modification the award of moral and exemplary damages, and the monetary award granted by the Labor Arbiter.<sup>[16]</sup> In the dispositive portion of its Decision, dated 27 June 2002, the Court of Appeals ruled that<sup>[17]</sup>:

**WHEREFORE,** the instant petition is PARTIALLY GRANTED and the assailed resolution of the NLRC is accordingly AFFIRMED WITH MODIFICATION such that the actual damages in the form of reimbursement for the medical expenses incurred by [herein respondent Bandiola] is REDUCED to P7,742.50 instead of the P12,742.50 which was granted by the NLRC.

Hence, the present petition, in which the following issues were raised<sup>[18]</sup>:

## I

THE HONORABLE COURT OF APPEALS ERRED IN ORDERING PETITIONER U-BIX TO REIMBURSE RESPONDENT BANDIOLA FOR ALLEGED MEDICAL EXPENSES OF P7,742.50 WHEN THERE IS NO EVIDENCE SUBMITTED BY RESPONDENT IN SUPPORT THEREOF.

## II

THE HONORABLE COURT OF APPEALS ERRED IN AWARDING MORAL DAMAGES OF P25,000.00 AND EXEMPLARY DAMAGES OF P25,000.00 TO RESPONDENT BANDIOLA WITHOUT ANY FACTUAL OR LEGAL BASIS APART FROM THE FACT THAT THE SAME ARE EXORBITANT AND CLEARLY INTENDED TO ENRICH RESPONDENT.

The petition is without merit.

Contrary to the arguments put forward by U-BIX, it is liable to reimburse Bandiola the amount of P7,742.50 for medical expenses because its failure to comply with its duty to record and report Bandiola's injury to the SSS precluded Bandiola from

making any claims. Moreover, U-BIX, by its own admission, reimbursed its other employees who were involved in the same accident for their medical expenses.<sup>[19]</sup> Clearly, the reimbursement of medical expenses for injuries incurred in the course of employment is part of the benefits enjoyed by U-BIX's employees. The only justification for its refusal to reimburse Bandiola was that he intended to defraud the company by presenting spurious receipts amounting to P7,742.50 that were allegedly issued four months before their presentation.

Articles 205 and 206 of the Labor Code set the reportorial requirements in cases when an employee falls sick or suffers an injury arising in the course of employment. An injury is said to arise "in the course of employment" when it takes place within the period of employment, at a place where the employee may reasonably be, and while he is fulfilling his duties or is engaged in doing something incidental thereto.<sup>[20]</sup> The aforementioned provisions of the Labor Code provide that:

#### ART. 205 RECORD OF DEATH OR DISABILITY

(a) All employers shall keep a logbook to record chronologically the sickness, injury or death of their employees, setting forth therein their names, dates and places of the contingency, nature of the contingency and absences. Entries in the logbook shall be made within five days from notice or knowledge of the occurrence of contingency. Within five days after entry in the logbook, the employer shall report to the System only those contingencies he deems to be work-connected.

(b) All entries in the employers logbook shall be made by the employer or any of his authorized official after verification of the contingencies or the employees absences for a period of a day or more. Upon request by the System, the employer shall furnish the necessary certificate regarding information about any contingency appearing in the logbook, citing the entry number, page number and date. Such logbook shall be made available for inspection to the duly authorized representatives of the System.

x x x x

#### ART 206. NOTICE OF SICKNESS, INJURY OR DEATH

Notice of sickness, injury or death shall be given to the employer by the employee or by his dependents or anybody on his behalf within five days from the occurrence of the contingency. No notice to the employer shall be required if the contingency is known to the employer or his agents or representatives.

As a general rule, the injured employee must notify his employer, who is obligated to enter the notice in a logbook within five days after notification. Within five days after making the entry, the employer of a private company reports the work-related sickness or injury to the SSS. The claim is forwarded to the SSS, which decides on the validity of the claim. When the SSS denies the claim, the denial may be appealed to the Employees' Compensation Commission (ECC) within 30 days.

However, the law provides an exception to the rule requiring an employee to notify

his or her employer of his injuries. Under Section B of ECC Board Resolution No. 2127, issued on 5 August 1982, notice of injury, sickness or death of the employee need not be given to the employer in any of the following situations:

- (1) When the employee suffers the contingency within the employer's premises;
- (2) When the employee officially files an application for leave of absence by reason of the contingency from which he suffers;
- (3) When the employer provides medical services and/or medical supplies to the employee who suffers from the contingency; and
- (4) When the employer can be reasonably presumed to have had knowledge of the employee's contingency, in view of the following circumstances:
  - (4.1) The employee was performing an official function for the employer when the contingency occurred;
  - (4.2) The employee's contingency has been publicized through mass media outlets; or
  - (4.3) The specific circumstances of the occurrence of the contingency have been such that the employer can be reasonably presumed to have readily known it soon thereafter; or
  - (4.4) Any other circumstances that may give rise to a reasonable presumption that the employer has been aware of the contingency.

In the present case, there is no dispute that Bandiola's leg injury was sustained in the course of his employment with U-BIX. At the time of the accident, Bandiola was on the way to Baguio, where he was ordered by U-BIX to install furniture for an exhibit. Moreover, U-BIX was aware that Bandiola, as well as his other co-employees, were injured during the accident. U-BIX admitted to providing Bandiola and his co-employees with medical assistance and it even sent its representative, Rey Reynes, to Rosario District Hospital, where they were confined, and had them transferred to the Orthopedic. U-BIX was also aware that the Orthopedic instructed Bandiola to return for further medical treatment. It is implicit that Bandiola needed further treatment for his broken leg and was, thus, incapacitated to work.

Given the foregoing circumstances, U-BIX had the legal obligation to record pertinent information in connection with the injuries sustained by Bandiola in its logbook within five days after it had known about the injuries; and to report the same to the SSS within five days after it was recorded in the logbook, in accordance with Articles 205 and 206 of the Labor Code. Had U-BIX performed its lawful duties, the SSS, or the ECC on appeal, could have properly considered whether or not Bandiola was entitled to reimbursement for his medical expenses, as well as disability benefits while he was unable to work. However, U-BIX did not present any evidence showing that it had complied with these legal requirements. It had not even replied to Bandiola's allegations in his Position Paper, dated 13 April 1998, that