



Republic of the Philippines
Supreme Court
 Manila

FIRST DIVISION

**TEEKAY SHIPPING
 PHILIPPINES, INC., TEEKAY
 SHIPPING LIMITED and ALEX
 VERCHEZ,**

Petitioners,

- versus -

G.R. No. 195598

Present:

SERENO, C.J.,
Chairperson,
 LEONARDO-DE CASTRO,
 BERSAMIN,
 VILLARAMA, JR., and
 REYES, JJ.

Promulgated:

EXEQUIEL O. JARIN,
 Respondent.

JUN 25 2014

X-----X

RESOLUTION

REYES, J.:

This is an appeal under Rule 45 of the Rules of Court filed by Teekay Shipping Philippines, Inc. (Teekay Phils.), Teekay Shipping Limited (Teekay Ltd.), and Alex Verchez (Verchez) (petitioners) assailing the Decision¹ dated November 26, 2010 and Resolution² dated February 9, 2011 of the Court of Appeals (CA) in CA-G.R. SP. No. 114882 awarding permanent disability benefits and sickness allowance in favor of Exequiel O. Jarin (Jarin).

¹ Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Celia C. Librea-Leagogo and Michael P. Elbinias, concurring; *rollo*, pp. 32-42.

² Id. at 44-45.

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Facts of the Case

Teekay Phils. is a domestic corporation engaged in the recruitment of maritime personnel for its foreign principal, Teekay Ltd. Verchez is the president of Teekay Phils.

After passing the standard Pre-Employment Medical Examination, the petitioners hired Jarin as Chief Cook on July 6, 2006 for a period of eight months with a basic monthly salary of US\$722.40.³ Jarin was deployed on July 9, 2006 onboard *M.T. Erik Spirit*, a crude oil tanker.

During the third week of February 2007, *M.T. Erik Spirit* was in Canada when Jarin complained of swelling in the joints of his two elbows. Jarin was taken to a Canadian hospital where he was diagnosed with *rheumatoid arthritis*. Steroid-based medications were administered to him and they caused him the side effects of puffiness of the face and edema.⁴ Despite of this, however, Jarin was able to complete his employment contract. He was repatriated on March 24, 2007.

Upon arrival in the Philippines, Jarin immediately reported to the petitioners. On March 27, 2007, he was referred to company-designated physician, Dr. Christine O. Bocek whose Post-Medical Report showed that Jarin has “*moon facies and bipedal edema secondary to steroid intake, [r]heumatoid arthritis, resolving and upper respiratory tract infection.*”⁵

On April 12, 2007, Jarin was referred to another company-designated physician at the Metropolitan Medical Center (MMC) for further assessment under the care of Dr. Wilanie Romero-Dacanay (Dr. Dacanay), whose medical report⁶ dated April 13, 2007 stated:

Rule Out Rheumatoid Arthritis
To Consider Pleural Base Mass, Right
Chronic Obstructive Pulmonary Disease in remission
Cushingoid features secondary to Prednisone intake.⁷

After a series of medical management procedures,⁸ Dr. Dacanay opined in a medical report⁹ dated June 22, 2007, that Jarin’s rheumatoid

³ Id. at 60.

⁴ Id. at 33.

⁵ Id. at 61.

⁶ Id. at 63-65.

⁷ Id. at 65.

arthritis was not work-related because it is “an auto-immune disease in which joints, usually those of hands and feet, are symmetrically affected, resulting in swelling, pain and often eventual destruction of the joints interior.” Jarin’s cushingoid features was also declared as not work-related since it is “secondary to prednisone intake as medical management for his rheumatoid arthritis.”

In the same report, Dr. Dacanay noted that chronic obstructive pulmonary disease is almost always the result of cigarette smoking to which Jarin admitted to have been engaged in since he was in high school with a daily consumption rate of 10 sticks. Jarin’s pulmonary status was declared stable and his still persisting joint pains was assessed with interim disability grading of Grade 11 (disturbance of the normal carrying angle or weakness of arm or forearm due to deformity or moderate atrophy of muscles).

On July 24, 2007, Dr. Dacanay’s evaluation¹⁰ cleared Jarin of his pulmonary ailment although he still complained of joint pains. Jarin was advised to continue his medications and to undergo remicade infusion. He was due for re-evaluation on July 31, 2007, in which date he was recommended for admission for his remicade infusion.¹¹ In the follow-up report¹² dated August 2, 2007, Jarin was admitted in the MMC. The following day, Jarin was discharged from the hospital and was prescribed medications.¹³

On August 16, 2007, Jarin underwent laboratory tests and was advised to come back on September 17, 2007.¹⁴ The following day,¹⁵ Dr. Mylene Cruz-Balbon (Dr. Balbon) issued a private and confidential evaluation stating that rheumatoid arthritis is a chronic illness “which can become progressive that has the potential to cause joint destruction and functional disability.”¹⁶ Jarin was “no longer recommended for further sea duties.”¹⁷

Without any knowledge of Dr. Balbon’s recommendation, Jarin received a call on September 10, 2007 from Teekay Phils. directing him to report at Pandiman Phils., Inc. (Pandiman) at Intramuros, Manila.

⁸ Id. at 67-72.

⁹ Id. at 66.

¹⁰ Id. at 74.

¹¹ Id. at 75.

¹² Id. at 76.

¹³ Id. at 77.

¹⁴ Id. at 78.

¹⁵ Id. at 79.

¹⁶ Id.

¹⁷ Id.

On the following day, Jarin went to Pandiman where he was informed that his illness is not work-related and that Teekay Phils. stopped paying for his medical treatments. Jarin asked for a medical report supporting such conclusion but he was not furnished any.

On September 13, 2007, he was directed to process his Clearance¹⁸ which read:

“UNFIT – PEME”

“MEDICAL TREATMENT (TERMINATED) – NO LONGER RECOMMENDED FOR FURTHER SEA DUTIES – NON WORK REL.”¹⁹

Subsequently, Jarin became a partial disability pensioner of the Social Security System²⁰ and no longer worked as seaman in view of his illness.

On April 18, 2008, Jarin filed a complaint before the Arbitration Branch of the National Labor Relations Commission (NLRC) claiming US\$60,000.00 as permanent total disability benefit, US\$2,889.60 as sickness allowance for his incapacity to work for 120 days pursuant to the Philippine Overseas Employment Agency-Standard Employment Contract for Filipino Seafarers (POEA-SEC), US\$10,000.00 as moral damages and exemplary damages and ten percent (10%) of the total monetary award as attorney’s fees.

The petitioners refused to pay and maintained that Jarin’s illnesses are **not work-related**; that his chronic obstructive pulmonary disease was assessed by their physicians to have resulted from his years of heavy smoking; that their liability as employer would arise only “when the seafarer suffers [a] work-related injury or illness during the term of his contract,” as indicated in Section 20(B) of the POEA-SEC.²¹

Jarin, on the other hand, stressed that the cause of rheumatoid arthritis is not yet known to medical science based on medical articles that he read online;²² that pursuant to *GSIS v. Court of Appeals, et al.*,²³ where the evidence of a causal relation of an illness to the working conditions of an employee is unavailable to medical science, the doubt should be resolved in

¹⁸ Id. at 185.

¹⁹ Id.

²⁰ Id. at 187.

²¹ Id. at 402.

²² Id. at 212-213.

²³ 566 Phil. 361 (2008).

favor of the compensability of the illness;²⁴ and that the medical reports issued to him are bias and inconclusive.²⁵

Decision of the Labor Arbiter

In a Decision²⁶ dated September 23, 2008, the Labor Arbiter (LA) ruled that the seafarer's clearance issued to Jarin stating that he is "unfit and no longer recommended for further sea duties" signifies his incapacity to work as a seaman. The petitioners' evidence was found inadequate to dispute the presumption that illnesses not listed in Section 32²⁷ of the POEA-SEC are work-related. Thus, Jarin's money claims were granted and he was awarded US\$50,000.00 for suffering an illness categorized as Grade 1 Impediment based on the Schedule of Disability Allowances²⁸ of the POEA-SEC. He was also awarded US\$2,889.60 for failure of the petitioners to show payment of his 120-day sickness allowance. The *fallo* of the decision reads:

WHEREFORE, foregoing premises considered, judgment is hereby rendered finding [Jarin] entitled to his money claims.

[Petitioners] Teekay Shipping Phil., Inc. and Alex Verchez [are] hereby ordered to pay [Jarin] the total amount of **FIFTY-TWO THOUSAND EIGHT HUNDRED EIGHTY-NINE US DOLLARS and 60/100 (US\$52,889.60)** representing his disability benefit and 120-day sickness benefits.

All other claims are dismissed for lack of merit.

SO ORDERED.²⁹

Both parties appealed from the foregoing ruling. Jarin argued that his permanent total disability benefits should be US\$60,000.00 or 120% of US\$50,000.00, pursuant to the Schedule of Disability Allowances of the POEA-SEC.³⁰ He reiterated his claims for damages and attorney's fees on the ground that the petitioners stopped his medical treatments despite knowledge that he is still ill.³¹

Jarin denied that he was a heavy smoker during his high school years and maintained that the cause of rheumatoid arthritis is still unknown in medical science. He averred that his chronic obstructive pulmonary disease

²⁴ Id. at 365.

²⁵ *Rollo*, pp. 207-208.

²⁶ Issued by Labor Arbiter Corazon C. Borbolla; id. at 215-219.

²⁷ Id. at 408-412.

²⁸ Id. at 412.

²⁹ Id. at 219.

³⁰ Id. at 260-261.

³¹ Id. at 261-262.

was caused by his rheumatoid arthritis because the latter affects other parts of the body like the heart and lungs.³²

The petitioners, on the other hand, challenged the LA's reliance on the clearance issued to Jarin as it did not state that his illnesses are work-related or that he was suffering from a compensable disability.³³

Decision of the NLRC

In a Decision³⁴ dated October 23, 2009, the NLRC Seventh Division ruled in favor of the petitioners. The NLRC considered Jarin's rheumatoid arthritis as the cause of his disability while his chronic obstructive pulmonary disease was disregarded for it has nothing to do with his muscular discomforts.

The NLRC stated that while rheumatoid arthritis is disputably presumed work-related pursuant to Section 20(B)(4) of the POEA-SEC, the petitioners, however, were able to successfully overturn such presumption through the consistent medical reports of its designated physicians that such illness is not work-related. Their medical opinions bear greater evidentiary weight than the internet information presented by Jarin to prove that his illness has reasonable connection to his work. The NLRC also noted Jarin's failure to seek medical opinion from a physician of his choice to counter the company-designated physicians' assessment.

Jarin moved for reconsideration³⁵ but his motion was denied in the NLRC Resolution³⁶ dated June 7, 2010. Feeling aggrieved, Jarin elevated the matter to the CA *via* a petition for *certiorari*.

Decision of the CA

In a Decision³⁷ dated November 26, 2010, the CA reversed the NLRC and reinstated the LA's ruling. The CA found the petitioners liable for permanent and total disability benefits because Jarin was able to adduce substantial evidence that the risk of contracting rheumatoid arthritis was increased by his exposure to the working conditions in the vessel. The CA admitted Jarin's sworn narration that he was often required to work for long periods of time, constantly exposed to extreme temperatures while

³² Id. at 266-277.

³³ Id. at 232-233.

³⁴ Penned by Commissioner Angelo Ang Palaña, with Presiding Commissioner Herminio V. Suelo and Commissioner Numeriano D. Villena, concurring; id. at 279-291.

³⁵ Id. at 292-313.

³⁶ Id. at 315-316.

³⁷ Id. at 32-42.

performing his functions and was made to carry heavy loads which caused so much stress to his joints and muscles. The CA held that such factors prove the causal connection between Jarin's work and the increased risk of developing rheumatoid arthritis. The CA faulted the NLRC for failing to consider such sworn narration considering that what the law requires is not direct proof but reasonable proof of the causal connection between the work and ailment.

Accordingly, the CA awarded Jarin with US\$60,000.00 permanent disability benefits, sickness allowance of not more than 120 days, and attorney's fees of ten percent (10%) of the monetary award, *viz*:

WHEREFORE, the petition is **GRANTED**. Accordingly, the assailed Decision dated October 23, 2009 and Resolution dated June 7, 2010 of public respondent NLRC in NLRC-LAC No. 11-000896-08 NLRC-Case No.-OFW-M-04-05618-08 are hereby **ANNULLED** and **SET ASIDE** and a new one entered ordering private respondents to pay petitioner Jarin the sums of US\$60,000.00 as disability benefit; US\$2,889.60 or the equivalent thereof in Philippine Currency as sickness benefit for 120 days; and ten percent (10%) of the monetary award as attorney's fees.

SO ORDERED.³⁸

The petitioners filed a motion for reconsideration³⁹ which the CA denied⁴⁰ for lack of merit. Hence, this petition anchored on the following grounds:

- A. THE [CA] SERIOUSLY ERRED IN FINDING [JARIN] TO HAVE SUFFERED A WORK-RELATED DISABILITY BASED ON HIS UNSUBSTANTIATED ALLEGATIONS THAT HIS TASKS ONBOARD THE VESSEL *M.T. ERIK SPIRIT* CAUSED HIS ILLNESS.
- B. THE [CA] GRAVELY ERRED IN AWARDING SICKNESS ALLOWANCE DESPITE THE FACT THAT [JARIN] WAS NOT MEDICALLY REPATRIATED.
- C. THE [CA] GRIEVOUSLY ERRED WHEN IT ORDERED THE PAYMENT OF ATTORNEY'S FEES TO [JARIN].⁴¹

Ruling of the Court

The petition has no merit.

³⁸ Id. at 41.

³⁹ Id. at 376-388.

⁴⁰ Id. at 44-45.

⁴¹ Id. at 12.

Under the 2000 POEA-SEC,⁴² a work-related illness is “any sickness resulting to disability or death as a result of an occupational disease listed under Section 32-A with the conditions set therein satisfied.”

The Court has held, however, that the enumeration in Section 32-A does not preclude other illnesses/diseases not so listed from being compensable. The POEA-SEC cannot be presumed to contain all the possible injuries that render a seafarer unfit for further sea duties.⁴³ This is in view of Section 20(B)(4)⁴⁴ of the POEA-SEC which states that “(t)hose illnesses not listed in Section 32 of this Contract are disputably presumed as work-related.” Concomitant with such presumption is the burden placed upon the claimant to present substantial evidence that his working conditions caused or at least increased the risk of contracting the disease.⁴⁵ “[I]t is not sufficient to establish that the seafarer’s illness or injury has rendered him permanently or partially disabled; it must also be shown that there is a causal connection between the seafarer’s illness or injury and the work for which he had been contracted.”⁴⁶

Substantial evidence consists of such relevant evidence which a reasonable mind might accept as adequate to justify a conclusion that there is a causal connection between the nature of his employment and his illness, or that the risk of contracting the illness was increased by his working conditions.⁴⁷ Only a reasonable proof of work-connection, not direct causal relation is required to establish compensability of a non-occupational disease.⁴⁸

In the case at bar, Jarin was able to prove that his rheumatoid arthritis was contracted out of his daily duties as Chief Cook onboard *M.T. Erik Spirit*. The narration of facts in his position paper detailed the nature of his work as Chief Cook and the daily working conditions on sea duty.

⁴² Department Order No. 4, series of 2000 is entitled Amended Terms and Conditions Governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessels.

⁴³ *Maersk Filipinas Crewing Inc./Maersk Services Ltd., and/or Mr. Jerome Delos Angeles v. Mesina*, G.R. No. 200837, June 5, 2013, 697 SCRA 601.

⁴⁴ Sec. 20. COMPENSATION AND BENEFITS

x x x x

B. 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:

x x x x

4. Those illnesses not listed in Section 32 of this Contract are disputably presumed as work-related.

x x x x (Emphasis supplied)

⁴⁵ *Spouses Aya-ay, Sr. v. Arpaphil Shipping Corp.*, 516 Phil. 628, 639 (2006).

⁴⁶ *Magsaysay Maritime Corporation v. NLRC (Second Division)*, G.R. No. 186180, March 22, 2010, 616 SCRA 362, 373-374.

⁴⁷ *Id.* at 376.

⁴⁸ *Government Service Insurance System v. Besitan*, G.R. No. 178901, November 23, 2011, 661 SCRA 186, 194.

Sa bawat kada-dalawang buwan kami ay nagkakaroon ng food supply or provision sa aming kompanya. Sa araw na ito dumating sa puerto ang aming provision iyon ay aming hinahakot o binubuhat at ipapasok sa loob ng freezer. Kahit na kami ay pawis na pawis ay hindi kami tumitigil hangga't hindi natatapos ang mga hakutin at pagkatapos ng aming maghaponing trabaho sa galley sa mga 7:00 ng gabi ay aming isasalansan sa kanya-kanyang lalagyan ang bawat isa na aming natanggap na provision sa mga dry store at sa malamig na freezer at lalo na yong mga manok, karne, baboy at kung ano-ano pa. Palagiang ganun ang aking ginagawa sa bawat buwan. Sa pang-araw-araw na gawain sa pagluluto sa paghahanda ng mga pagkain sa araw-araw. Sa tuwing 3:00 ng hapon kaming dalawa ni cook 2/cook ay pumapasok sa loob ng freezer upang ihanda para sa araw ng kinabukasan ang karne o isda at gulay. Palagi ganoon ang aking ginagawa araw-araw. Kami ay nagkakaroon ng food inventory bago magkatapusan ng buwan, ang lahat ng mga stock na mga karne, manok, gulay at kung ano-ano pa ay aming tinitimbang para malaman kung magkano ang aming consumption sa loob ng isang buwan, at maging ang mga canned goods ay aming binibilang. Sa loob ng freezer kami ay tumatagal ng tatlong oras o apat na oras sa pagtitimbang ng mga stock doon. Sa loob sobrang lamig ang aming nadarama roon, bagamat nakasuot kami ng winter jacket ay tumatagos pa rin ang lamig sa aming katawan. Palaging ganoon ang aking ginagawa sa bawat barko ng Teekay Shipping sa mahabang panahon na aking tinitigil doon may mga kapitan akong nakasama sa tuwing kami ay nagkakaroon ng food inventory sa mga 1:00 ng hapon kami ay magsisimula na magtimbang ng mga karne, baboy sa loob ng freezer. Titigil lamang kami sa pagtitimbang kapag 3:00 ng hapon dahil magsisimula na naman akong magluto para sa paghahanda sa hapunan at sa pagsapit ng 7:00 ng gabi kami ay magsisimula na namang magtimbang, hanggang sa matapos kami ay umaabot ng 10:00 ng gabi sa pagtitimbang. At sa pagbibilang ng mga canned goods palaging ganoon ang aking ginagawa sa bawat barko na aking nasakyan sa Teekay Shipping at doon ko nakuha ang rheumatoid arthritis dahil darang na darang ako sa init ng kalan at pagkatapos ay papasok ako sa freezer.⁴⁹

Further, a careful study of the medical opinions issued by the petitioners' doctors strikes this Court to declare that as early as February 2007, Jarin's rheumatoid arthritis was already detected by a doctor in Canada. This was fully verified by the medical opinions issued by the petitioners' company-designated physicians in Manila which all indicated that Jarin has rheumatoid arthritis. This is why an intensive medical treatment was administered to him under their care. To recall, even the medical report dated August 16, 2007⁵⁰ advised Jarin to continue his medication and to come back to them on September 17, 2007 considering that his body did not respond well to the enbrel injections already given him. On August 17, 2007, Dr. Balbon issued an opinion declaring him uncommendable for further sea duties coupled with the drastic withdrawal of the medical treatment given to him by the petitioners. It is unmistakable from such recommendation that Jarin's rheumatoid arthritis has rendered him permanently incapacitated to work as a seaman. Also, by the very same

⁴⁹ *Rollo*, p. 39.

⁵⁰ *Id.* at 78.

clarity of Dr. Balbon's recommendation, it became unnecessary for Jarin to consult the opinion of his own doctors.

The Court further agrees with the LA, as affirmed by the CA, that the petitioners failed to present any evidence showing that they paid Jarin's sickness allowance. The petitioners cannot escape such liability on the mere fact that Jarin finished his contract and was not medically repatriated. It must be borne in mind that when Jarin arrived in the Philippines, he was still suffering from rheumatoid arthritis, moon facies and bipedal edema and upper respiratory track infection, as confirmed by the petitioners' physician.⁵¹

The award of attorney's fees was correct as it finds legal justification in Article 2208(8)⁵² allowing the grant thereof in actions for indemnity under workmen's compensation and employer's liability laws.⁵³

It is well to note that in resolving disputes on disability benefits, the fundamental consideration has been that the POEA-SEC was designed primarily for the protection and benefit of Filipino seamen in the pursuit of their employment onboard ocean-going vessels. As such, its provisions must be construed and applied fairly, reasonably and liberally in their favor because only then can its beneficent provisions be fully carried into effect.⁵⁴

WHEREFORE, in view of the foregoing premises, the petition is hereby **DENIED**. The Decision dated November 26, 2010 and Resolution dated February 9, 2011 of the Court of Appeals in CA-G.R. SP No. 114882 are **AFFIRMED**.

SO ORDERED.


BIENVENIDO L. REYES
 Associate Justice

⁵¹ Id. at 7.

⁵² Art. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

x x x x

(8) In actions for indemnity under workmen's compensation and employer's liability laws;

x x x x

⁵³ *Leonis Navigation Co., Inc. v. Villamater*, G.R. No. 179169, March 3, 2010, 614 SCRA 182, 201.

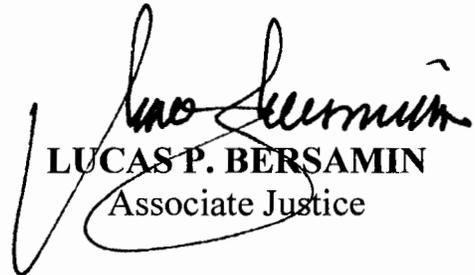
⁵⁴ *Seagull Maritime Corp. v. Dee*, 548 Phil. 660, 671-672 (2007).

WE CONCUR:



MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

Teresita Leonardo de Castro
TERESITA J. LEONARDO-DE CASTRO
Associate Justice



LUCAS P. BERSAMIN
Associate Justice



MARTIN S. VILLARAMA, JR.
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Resolution 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