Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

C.F. SHARP CREW MANAGEMENT, INC., Petitioner,	**G. R. No. 192389**
	Present:
- versus -	SERENO, *CJ*, Chairperson, LEONARDO-DE CASTRO, BERSAMIN, PEREZ, and JARDELEZA,* *JJ.*
ROLANDO F. OBLIGADO, Respondent.	Promulgated: **SEP 2 3 2015**

x - x

DECISION

SERENO, *CJ:*

Before the Court is a Petition for Review on Certiorari[1] assailing the Court of Appeals (CA) Decision dated 28 July 2009[2] and Resolution dated 18 May 2010[3] in CA-G.R. SP. No. 105347. The CA set aside the Decisions of the National Labor Relations Commission[4] (NLRC) and Labor Arbiter (LA) Daisy G. Cauton-Barcelona[5] and ordered the payment of permanent total disability benefits and sickness allowances to respondent Rolando F. Obligado.

FACTUAL ANTECEDENTS

On 30 September 2002, respondent was engaged as a utility worker by Norwegian Cruise Lines (NCL), a foreign company, through its local

---

* Designated additional member in lieu of Associate Justice Estela M. Perlas-Bernabe, who is under the Court's Wellness Program from 16-30 September 2015, per S.O. No. 2188 dated 16 September 2015.

[1] *Rollo*, pp. 9-27; filed under Rule 45 of the Rules of Court.

[2] Id. at 28-37; penned by Associate Justice Jose Catral Mendoza (now a member of this Court) and concurred in by Associate Justices Sesinando E. Villon and Antonio L. Villamor.

[3] Id. at 39; penned by Associate Justice Sesinando E. Villon and concurred in by Associate Justices Antonio L. Villamor and Rodil V. Zalameda.

[4] CA *rollo*, pp. 19-25.

[5] Id. at 71-73.

manning agency, Magsaysay Maritime Corporation (Magsaysay Maritime).[6] After undergoing the required pre-employment medical examination,[7] respondent boarded his assigned vessel, the *M/V Norwegian Sky*, in November 2002.[8] He thereafter commenced his assignment as a utility worker in the ship's dining room.[9]

Sometime in January 2003, the right eye of respondent began to show signs of redness.[10] He was ultimately diagnosed by an ophthalmologist, Dr. Heskith Vanterpool, with *anterior uveitis secondary to toxoplasmosis*.[11] Dr. Vanterpool recommended that respondent be signed off until the condition improved.[12]

On 12 January 2003, respondent was repatriated to the Philippines.[13] Upon his arrival, he was referred to the company-designated physician, Dr. Natalio Alegre of St. Luke's Medical Center. On account of the condition of respondent, Dr. Alegre referred him to an ophthalmologist in the same hospital, Dr. Noel G. Chua, who diagnosed the condition as *rhegmatogenous retinal detachment OD*.[14] Respondent subsequently underwent treatment for his ailment.[15]

On 9 June 2003, Dr. Alegre issued a Medical Certificate declaring respondent "fit to resume work as a seaman."[16] On the same day, respondent also signed a Certificate of Fitness for Work.[17]

On 24 January 2004, he filed a Complaint against NCL and Magsaysay Maritime before the NLRC Arbitration Branch to seek reimbursement of his medical expenses, as well as payment of permanent total disability benefits and damages.[18] In his Position Paper, he asserted that the condition of his right eye made it impossible for him to go back to his profession as a seafarer, and that he was entitled to permanent total disability benefits pursuant to the Standard Terms and Conditions Governing the Employment of Filipino Seafarers.[19]

NCL and Magsaysay Maritime denied the claims of respondent. In their Position Paper,[20] they contended that he had already been treated for retinal detachment, and that the company-designated physician declared him

---

[6] *Rollo*, p. 28.
[7] Id. at 29.
[8] Id.
[9] Id.
[10] Id.
[11] Id. Also see: CA *rollo*, p. 38.
[12] Id.
[13] *Rollo*, p. 29.
[14] CA *rollo*, p. 40.
[15] Id.
[16] *Rollo*, p. 29.
[17] CA *rollo*, p. 48.
[18] *Rollo*, p. 30.
[19] CA *rollo*, p. 26.
[20] Id. at 41-48.

fit to resume work.[21] They likewise alleged that respondent's medical expenses had all been paid for by Magsaysay Maritime.[22]

In a Decision dated 31 August 2005,[23] the LA dismissed the Complaint for lack of merit, since respondent had failed to submit adequate proof of his alleged continuing disability.[24]

Respondent appealed the LA's ruling to the NLRC on 25 October 2005.[25] To bolster the allegation that his condition had made it impossible for him to resume his customary work, he submitted a Medical Certificate dated 24 April 2004,[26] in which he was declared unfit to work as a seafarer by Dr. Joseph Bien C. Abesamis.[27] Respondent asserted that he had been denied employment in another vessel because of Dr. Abesamis' assessment.[28]

The NLRC affirmed the LA's finding in a Decision dated 28 May 2008.[29] It observed that respondent had been unable to establish a causal connection between his illness and his employment with NCL.[30] The NLRC also noted the absence of a finding on the extent of his disability.[31]

On appeal, the CA reversed the Decisions of the LA and the NLRC.[32] The appellate court ruled that respondent suffered from permanent total disability, since he was unable to perform his job for more than 120 days from the time of his repatriation.[33] In the assailed Decision, it ruled:

> A disability is total and permanent if, as a result of the injury or sickness, the employee is unable to perform any gainful occupation for a continuous period exceeding 120 days. The law does not require that the illness should be incurable. What is important is that he was unable to perform his customary work for more than 120 days which constitutes permanent total disability. In disability compensation, it is not the injury which is compensated, but rather the incapacity to work resulting in the impairment of one's earning capacity.
>
> Applying the foregoing standards, this Court finds petitioner entitled to permanent total disability. In the present case, records disclosed that the fit-to-work certification was issued by Dr. Alegre on June 9, 2003. Petitioner was repatriated on January 12, 2003. It is undisputed that

---

[21] Id. at 42.
[22] Id.
[23] CA *rollo*, pp. 71-73.
[24] Id. at 73.
[25] Id. at 58-69.
[26] Id. at 66.
[27] Id.
[28] Id. at 61-62.
[29] Id. at 19-25.
[30] Id. at 21-22.
[31] Id. at 22.
[32] *Rollo*, p. 36-37.
[33] Id. at 33.

> petitioner was unable to perform his job for more that [sic] 120 days from the time of his repatriation, which entitles him to permanent disability benefits. Even in the absence of an official finding that petitioner is unfit for sea duty, he is deemed to have suffered permanent total disability because of his inability to work for more than 120 days.
>
> Private respondents' contention that petitioner was found fit-to-work is of no moment. Disability should not be understood more on its medical significance but on the loss of earning capacity. Petitioner was under continuous medical evaluation and treatment for more than 10 months after he was certified fit to work by Dr. Alegre. During that period, he was unable to resume his work as a seaman. In fact, when he applied as a Utility on board a vessel in April 2004, he was denied employment because Dr. Abesamis certified that he was not fit to resume sea duties. Certainly, the foregoing evidence conclusively established that petitioner's disability is not only permanent but also total.[34]

Respondent was also awarded sickness allowance equivalent to 120 days pursuant to Section 20(B)(3) of the Philippine Overseas Employment Administration Standard Employment Contract (POEA-SEC).[35] His claim for reimbursement of medical expenses was, however, rejected for lack of evidentiary basis.[36]

On 15 July 2010, petitioner C.F. Sharp Crew Management, Inc. (C.F. Sharp Crew), as the new manning agency of NCL, filed the instant Petition[37] challenging the CA's decision to award permanent disability compensation and sickness allowance benefits to respondent. It also requested that it be named as petitioner in lieu of Magsaysay Maritime. In a Resolution dated 23 August 2010, the Court granted the motion.[38]

ISSUES RAISED

Two issues are presented in this case:

1. Whether respondent is entitled to payment of permanent total disability benefits; and

2. Whether respondent is entitled to sickness allowances.

OUR RULING

The Petition is partly meritorious.

---

[34] Id. at 32-33.
[35] Id. at 33-34. *See* POEA Memorandum Circular No. 09, Series of 2000. This was the Standard Employment Contract in effect at the time respondent was employed by NCL.
[36] *Rollo*, p. 36.
[37] Id. at 9-27.
[38] Id. at 45.

***Respondent is entitled to payment of permanent total disability benefits pursuant to our ruling in* Crystal Shipping v. Natividad.**

Petitioner alleges that the CA erred when it awarded permanent total disability benefits to respondent based solely on the fact that he was unable to work for 120 days.[39] According to petitioner, the appellate court erroneously applied the 120-day period provided for in Article 192(c)(1) of the Labor Code and incorrectly relied upon the Court's broad ruling in *Crystal Shipping v. Natividad*[40] instead of the later Decision in *Vergara v. Hammonia Maritime Services, Inc.*[41]

Petitioner also deplores the fact that the CA ordered the payment of permanent total disability benefits notwithstanding respondent's failure to establish the twin requirements for full disability compensation under the POEA-SEC: (a) a doctor's declaration that the seafarer is suffering from a work-related illness; and (b) a disability rating.[42] The POEA-SEC, according to petitioner, should have been applied as the "sole law governing disability compensation of seafarers."[43]

Petitioner's allegations are devoid of merit.

This Court has previously clarified the applicability of the 120-day rule and its Decision in *Crystal Shipping.* In *Montierro v. Rickmers Marine Agency Phils., Inc.,* we explained:

> The Court has already delineated the effectivity of the *Crystal Shipping* and *Vergara* rulings in the 2013 case *Kestrel Shipping Co. Inc. v. Munar,* by explaining as follows:
>
> > Nonetheless, *Vergara* was promulgated on October 6, 2008, or more than two (2) years from the time Munar filed his complaint and observance of the principle of prospectivity dictates that *Vergara* should not operate to strip Munar of his cause of action for total and permanent disability that had already accrued as a result of his continued inability to perform his customary work and the failure of the company-designated physician to issue a final assessment.
>
> **Thus, based on *Kestrel,* if the maritime compensation complaint was filed prior to 6 October 2008, the 120-day rule applies; if, on the other hand, the complaint was filed from 6 October 2008 onwards, the 240-day rule applies.**
>
> In this case, Montierro filed his Complaint on 3 December 2010, which was after the promulgation of *Vergara* on 6 October 2008. Hence, it is the

---

[39] Id. at 17.
[40] 510 Phil. 332 (2005).
[41] 588 Phil. 895 (2008).
[42] *Rollo*, pp. 18-19.
[43] Id. at 20.

240-day rule that applies to this case, and not the 120-day rule.[44] (citations omitted and boldface supplied)

Since respondent's complaint was filed on 24 January 2004,[45] or more than four years before this Court's clarification in *Vergara*, the CA correctly applied to this case the following ruling in *Crystal Shipping*:

> **Permanent disability is the inability of a worker to perform his job for more than 120 days, regardless of whether or not he loses the use of any part of his body.** As gleaned from the records, respondent was unable to work from August 18, 1998 to February 22, 1999, at the least, or more than 120 days, due to his medical treatment. This clearly shows that his disability was permanent.
>
> **Total disability, on the other hand, means the disablement of an employee to earn wages in the same kind of work of similar nature that he was trained for, or accustomed to perform, or any kind of work which a person of his mentality and attainments could do.** It does not mean absolute helplessness. In disability compensation, it is not the injury which is compensated, but rather it is the incapacity to work resulting in the impairment of one's earning capacity.
>
> x x x x
>
> Petitioners tried to contest the above findings by showing that respondent was able to work again as a chief mate in March 2001. Nonetheless, this information does not alter the fact that as a result of his illness, respondent was unable to work as a chief mate for almost three years. It is of no consequence that respondent was cured after a couple of years. The law does not require that the illness should be incurable. **What is important is that he was unable to perform his customary work for more than 120 days which constitutes permanent total disability.** An award of a total and permanent disability benefit would be germane to the purpose of the benefit, which is to help the employee in making ends meet at the time when he is unable to work. (citations omitted and boldface supplied)

It is undisputed that respondent was declared fit to work by Dr. Alegre only on 9 June 2003,[46] or **148 days** after the former's repatriation on 12 January 2003.[47] Pursuant to the ruling in *Crystal Shipping,* the fact that the assessment was made beyond the 120-day period prescribed in the Labor Code is sufficient basis to declare that respondent suffered permanent total disability.[48] This condition entitles him to the maximum disability benefit of USD 60,000 under the POEA-SEC.[49]

The mere failure of the company to issue a disability rating within the prescribed 120-day period gives rise to a conclusive presumption that respondent is totally and permanently disabled.[50] Consequently, the Court

---

[44] G.R. No. 210634, 14 January 2015.
[45] *Rollo*, p. 30.
[46] Id. at 21, 29.
[47] Id.
[48] *Eyana v. Philippine Transmarine Carriers, Inc.*, G.R. No. 193468, 28 January 2015.
[49] 2000 POEA Standard Contract of Employment, section 32.
[50] *Eyana v. Philippine Transmarine Carriers, Inc.*, supra.

deems it unnecessary to discuss petitioner's arguments on the conflicting findings of Dr. Alegre and Dr. Abesamis with regard to respondent's medical condition.

In any case, the Court notes that respondent was considered unfit for work as a seafarer in another vessel because of his condition.[51] There is no indication either that he was employed by any other manning agency thereafter. This fact is further proof of his permanent total disability.[52]

We also reiterate the settled rule that Standard Employment Contracts issued by the POEA must be read and understood in accordance with Philippine laws, particularly Articles 191 to 193 of the Labor Code and the applicable implementing rules and regulations.[53] Petitioner's insistence on the exclusive application of the POEA-SEC to this case is consequently baseless.

There is no basis for the award of sickness allowances.

The Court is, however, constrained to delete the CA's award of sickness allowances for lack of basis. We note that respondent has never claimed that he was entitled to sickness allowances in his original Complaint before the LA[54] or in any of his subsequent pleadings. More important, he has not controverted petitioner's allegation[55] that he received his allowances in full while he was under treatment for his condition.[56] Accordingly, we find no reason to grant him this benefit. The sickness allowances awarded to him were therefore unjustified and must be deleted.

WHEREFORE, the Petition is **PARTLY GRANTED**, and the award of sickness allowances to respondent is hereby **DELETED**. The rest of the Court of Appeals Decision dated 28 July 2009 and Resolution dated 18 May 2010 is **AFFIRMED**.

SO ORDERED.

MARIA LOURDES P. A. SERENO
Chief Justice, Chairperson

---

[51] *Rollo*, p. 51.
[52] *Eyana v. Philippine Transmarine Carriers, Inc., supra.*
[53] *Vergara v. Hammonia Maritime Services, Inc. supra* note 41 at 911; *Pacific Ocean Manning, Inc. v. Penales*, G.R. No. 162809, 5 September 2012, 680 SCRA 95, 105-106; *Kestrel Shipping Co., Inc. v. Munar*, G.R. No. 198501, 30 January 2013, 689 SCRA 795, 812.
[54] CA *rollo*, pp. 26-36.
[55] *Rollo*, p. 22.
[56] Id. at 47-53.

WE CONCUR:

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

LUCAS P. BERSAMIN
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

FRANCIS H. JARDELEZA
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

MARIA LOURDES P. A. SERENO
Chief Justice