

## SECOND DIVISION

[ G.R. NO. 166649, November 24, 2006 ]

**ROBERT B. CABUYOC, PETITIONER, VS. INTER-ORIENT  
NAVIGATION SHIPMANAGEMENT, INC., AND INTER-ORIENT  
NAVIGATION CO., LIMITED, RESPONDENTS.**

### D E C I S I O N

**GARCIA, J.:**

Under consideration is this petition for review under Rule 45 of the Rules of Court, seeking the reversal and setting aside of the Decision<sup>[1]</sup> dated November 12, 2004 as reiterated in the Resolution<sup>[2]</sup> dated January 12, 2005 of the Court of Appeals (CA) in CA G.R. SP No. 84300, entitled, "*Inter-Orient Navigation Shipmanagement, Inc. and Inter-Orient Navigation Co., Ltd., v. National Labor Relations Commission and Robert B. Cabuyoc.*" The assailed CA decision overturned that of the National Labor Relations Commission (NLRC) in case RAB-IV-5-495-96-L<sup>[3]</sup> finding the herein petitioner Robert B. Cabuyoc, who is afflicted with schizophrenic form of mental disorder, as totally and permanently disabled pursuant to the old POEA Standard Employment Contract.

As synthesized by the CA in the decision under review, the facts are as follows:

On June 23, 1993, [petitioner] Robert B. Cabuyoc was hired by [respondent] Inter-Orient Shipmanagement, Inc. to work as Messman on board the "M/V Olandia" owned by its foreign principal, [respondent] Inter-Orient Navigation Company Limited. The contract of employment was for a period of ten (10) months with monthly salary of US\$300.00. However, after rendering services for only two (2) months and eleven (11) days, [petitioner] was discharged on September 7, 1993 at Sydney, Australia. He was examined by a company physician at Sydney and was found to be suffering from "nervous breakdown" and was declared "unfit for work at sea". He was eventually repatriated to the Philippines and received final wages and earnings in October 1993.

On October 9, 1995, [petitioner] filed a complaint before the Philippine Overseas Employment Administration (POEA) for non-payment of overtime pay, hospitalization benefit and sickness allowance. [Petitioner] detailed the hostile treatment and emotional/mental trauma he suffered in the hands of German ship officers while working on board the M/V Olandia. This led to his nervous breakdown and untimely repatriation to the Philippines after being declared unfit for work by the foreign employer's physician who examined him. [Petitioner] alleged that upon returning to the country, he sought financial assistance from [respondents] for his medical expenses but they refused to extend help to him. He was referred to the Philippine General Hospital (PGH) in

Manila after being examined by a doctor at the Manila Sanitarium. He also complained to the POEA and Overseas Workers Welfare Administration (OWWA) but he was ignored. Attached to the original complaint was a Medical Certificate dated October 3, 1995 issued by the PGH Medical Records Chief stating that he was examined at the Out-Patient Services Department and the findings revealed his illness as "Psychosis; to consider Paranoia disorder." He had received a fax message from Captain Monterroyo who instructed that he report immediately for work and when he asked to be given time to recuperate, [respondents] told him there was no medical assistance for him. [Petitioner] sought to hold the [respondents] liable for illegal dismissal and payment of his salaries corresponding to the unexpired portion of his contract and medical/hospitalization benefit.

The case was referred to the National Labor Relations Commission (NLRC) Regional Arbitration Branch No. IV and hearings were conducted before Executive Labor Arbiter Nieves V. De Castro (NLRC OCW Case No. RAB-IV-5-495-96-L).

On November 21, 1996, [respondents] filed their Position Paper denying the charge of illegal dismissal and claiming that [petitioner's] contract was pre-terminated and he was repatriated to Manila on September 7, 1993 due to medical findings that he had become unfit for work at sea. They admitted that [petitioner] reported to the INC office the following day and was verbally instructed to have an examination by a company-designated clinic duly accredited by the Department of Labor and Employment (DOLE) and the POEA. However, nothing was heard of [petitioner] until the filing of the present complaint. [Respondents] contended that under the provisions of the POEA Standard Employment Contract Governing the Employment of all Filipino Seamen on board Ocean-Going Vessels, the failure of the seaman to submit himself to post-employment medical examination by the company-designated physician within three (3) working days upon his return shall result in the forfeiture of his right to claim compensation and benefits for sickness.

On February 18, 1997, the case was dismissed for failure of the [petitioner] to submit his position paper as directed by the regional arbitration branch office as early as November 21, 1996. A petition to revive and/or re-open the case was filed by [petitioner's] counsel on March 12, 1997. [He] filed his position paper on July 1, 1997.

The proceedings before the Labor Arbiter were resumed and subsequently [petitioner] filed a motion to admit an Amended Complaint. After further exchange of pleadings by the parties, the case was submitted for decision without need of formal hearings. [Petitioner] had sought the assistance of the Office of the President (OP) for expeditious resolution of the case and said office referred his request to the Labor Arbiter.

On February 26, 1999, Labor Arbiter Neives V. De Castro rendered her Decision with the following findings and conclusions:

"The issues therefore are:

"1. Whether or not [petitioner] is entitled to his claim for overtime.

"2. Whether or not he is entitled to sickness benefit.

"3. Whether or not [petitioner] is entitled to permanent disability benefit of US\$60,000.00, moral damages and attorney's fees.

"From the [petitioner's] own assertions we believe that [he] receive in full his overtime pay. The document entitled "Final Wage Account" dated September 8, 1993 marked as Annex "B" (Petitioner's Position Paper), duly signed by the [petitioner] acknowledging receipt of the amount states therein, is confirmed by the [petitioner] himself in paragraph 2, page 9 of his Position Paper, to wit:

"While the chief mate was handling part of the [petitioner's] wages, the latter was visibly shaking which struck the attention of the customs officer."

This event happened on the day he was repatriated to the Philippines. And since the repatriation took place on September 8, 1993, it can be safely inferred that the [petitioner] indeed signed the Final wage Account after the receipt of the monetary considerations contained therein.

On the second issue, we find the [petitioner] that he is still entitled to the sickness wages as provided for under the POEA Standard Employment Contract, which provision reads:

'The employer shall pay the seaman his basic wages from the time he leaves the vessel for medical treatment. After discharge from the vessel, the seaman is entitled to 100% of his basic wages until he is declared fit to work on the degree of permanent disability has been accessed *[sic]* assessed by the company designated physician, but in [no] case shall this period exceed 120 days. Fro this purpose, the seaman shall submit himself to a post-employment medical examination by the company designated physician within three working days upon his return except when he is incapacitated to do so, in which case a written notice to the agency within the same period is deemed as compliance. Failure of the seaman to comply with the mandatory reporting requirement shall result in his forfeiture of the right to claim the above benefit.'

In the case at bar, the wife of the [petitioner] presented the [petitioner] before the respondent's office for any assistance that may be given to her unfortunate husband who was still mute and in shock. This fact is confirmed by the respondents in their position paper, to quote:

'Complainant reported to the respondent's INC office the following day (Sept. 9, 1993), following his arrival on Sept. 8, 1993), and was verbally instructed to undergo post-medical examination with the company designated clinic duly accredited by the DOH and POEA. xxx'.

We take exception, however, to the later part of the respondent's statement. [Petitioner's] wife, in accompanying [petitioner] to INC's office is to ask for any assistance. ***Had respondent really instructed to undergo post-medical examination with the company designated clinic, [petitioner's] wife would have proceeded immediately that very same day to the clinic, but nay.*** The truth is, as succinctly stated by the wife of the [petitioner], ***that she asked for medical assistance from the respondent, i.e., from Capt De los Angeles and Capt. Sigfredo Monterroyo, but the request was unjustifiably denied.***

***"Furthermore, if indeed respondent INC instructed [petitioner] and wife to proceed to the company designated clinic for post-medical examination, [petitioner] could not have proceeded to the Philippine General Hospital for medical examination. It was respondent-INC's blunt denial of the request for medical assistance that caused [petitioner's] wife to take him to the Philippine General Hospital, where he was actually examined and diagnosed to be suffering from "psychosis to consider paranoid disorder.***

"Taking into account the above established facts, the mandated three-day period within which seaman-Cabuyoc shall submit himself to the company designated physician has been complied with, specifically on the first day after his arrival in the Philippines. The fact that he was not subjected to actual post-employment medical examination is the fault of respondent INC, particularly Capt. De los Angeles and Capt. Sigfredo Monterroyo, who bluntly denied [petitioner] such requirement. Nobody is to be blamed but the INC and INC alone. For in bad faith, and will ill(sic) motive of evading payment of sickness wages to a co-filipino who suffered badly on board and can no longer hope to work again as a seaman or any other job, respondent INC must be suffered to pay moral damages of not less than P50,000.00 and another P50,000.00 by way of exemplary damages to teach them and those employees similarly motivated not to trifle with law and

justice. This, of course, is on top of the sickness wages computed as follows:

"US\$300 X 4 MONTHS (120 days) = US\$1,200.00

"[Petitioner's] disability is total and permanent. He worked with respondent INC in another vessel to finish his contract. Respondent INC was satisfied with [petitioner's] efficiency and hard work that when the very first opportunity where a vacancy occur, [petitioner] was immediately called to join the vessel MV 'Olandia.'

"Barely two and a half months after joining MV 'Olandia,' the misery and mental torture he suffered totally disabled him. The supporting medical certification issued by a government physician/hospital and by another expert in the field of psychiatry respectively find him suffering from 'psychosis' and 'scyzophrenia' which under OWWA Impediment Classification falls under Grade I-A (Annex C / complaint). Under the POEA Revised Standard Employment Contract the employment of all Filipino Seaman on board ocean-going vessel, particularly appendix 1-A, Schedule of Disability Allowances, Impediment Grade I, the disability allowance is the maximum rate multiplied by 120%. The maximum rate schedule is:

'Master and Chief Engineer -

US\$15,000

'Officers including radio operators and

'Masters electricians

US\$13,000

'Ratings

US\$11,000

"[Petitioner] falling under the category of Ratings (meaning position lower than the officers) is entitled to 120% of US\$11,000 or a total sum of US\$13,200 to be paid in Philippine Currency equivalent at the exchange rate prevailing during the time of payment.

"[Petitioner's], would have been a foregone cause, had it not been for the services of his counsel who took pity and handled his case without asking him even a single centavo. It is only proper that attorney's fees of 10% of the total entitlement be paid by the respondents.

SO ORDERED."

[Respondents] appealed to the National Labor Relations Commission (NLRC) alleging grave abuse of discretion on the part of the Labor Arbiter on grounds that [petitioner] suffered merely from nervous breakdown and not from psychosis or schizophrenia, and even assuming that he was so diagnosed, there was no showing that the illness was contracted