

SECOND DIVISION

[G.R. No. 221548, October 03, 2018]

**RENERIO M. VILLAS, PETITIONER, V. C.F. SHARP CREW
MANAGEMENT, INC., RESPONDENT.**

[G.R. No. 221561, October 3, 2018]

**C.F. SHARP CREW MANAGEMENT, INC., PETITIONER, V. RENERIO
M. VILLAS, RESPONDENT.**

D E C I S I O N

CARPIO, J.:

The Case

Before this Court are two petitions: G.R. No. 221548 filed by Renerio M. Villas (Villas) against C.F. Sharp Crew Management, Inc. (C.F. Sharp) and G.R. No. 221561 filed by C.F. Sharp against Villas. Both petitions assail the 16 June 2015 Decision^[1] and the 29 October 2015 Resolution^[2] of the Court of Appeals in CA-G.R. SP No. 137840. The Court of Appeals affirmed the 19 August 2014 Decision and 15 October 2014 Resolution of the Office of the Panel of Voluntary Arbitrators (PVA) with the modification of the award to Villas for compensation for his total permanent disability being reduced to US\$60,000 or its equivalent in Philippine peso at the time of actual payment.

The Antecedent Facts

Villas was engaged by C.F. Sharp for Blue Ocean Ship Management and for and in behalf of General Ore Carrier Corporation XIX, Ltd. (General Ore). Villas was hired as a Second Engineer for six months on board the vessel *Rebekka N* for 44 hours a week, with basic monthly salary of US\$1,741, sub-allowance of US\$152 a month, and overtime rate of US\$1,045 a month. Under the contract, Villas was entitled to eight days of vacation leave with pay per month. Villas' employment was covered by a Collective Bargaining Agreement (CBA) between the International Transport Worker's Federation Fleet Agreement and General Ore (ITF TCC Fleet Agreement). It was Villas' eighth contract in a series of successive contracts since 2005.

Villas underwent a Pre-Employment Medical Examination and was declared fit for sea duty by the company-designated physician. On 25 September 2012, he left the Philippines to join *Rebekka N*.

On 10 February 2013, while Villas was on sea duty doing a routine inspection at the main engine cylinder lubricator no. 6, his right hand was crushed. Villas sustained severe injuries on his 3rd and 4th digits. He was given first-aid treatment and then rushed to a hospital in Singapore. Villas was subjected to an immediate surgery which resulted to the amputation of his right middle finger with debridement and

suturing of his 4th digit. He was diagnosed with "right middle finger volar unfavorable tip amputation, right finger bursta laceration." Villas was declared unfit to work and was repatriated on 11 February 2013.

On 12 February 2013, after reporting to the office of C.F. Sharp, Villas was referred to the company-designated physician, Dr. Susannah Ong-Salvador, at the Sachly International Health Partners Diagnostic and Medical Clinic (SIHP) where he was treated. Sachly then referred Villas to another company-designated physician at UST Hospital where his wound was dressed and subjected to physiotherapy. Villas then underwent rehabilitation, with the consent of C.F. Sharp and the company-designated physician, for the next three months in his hometown in Cebu City at Perpetual Succour Hospital under the care of Dr. Mary Jeanne Oporto-Flordelis (Dr. Flordelis). Despite his treatment, Villas remained incapacitated and experienced limitation of motion on the 2nd, 3rd, 4th, and 5th digits of his right hand. Villas also had severe weakness of grip in his right hand.

During his check-up on 6 June 2013, one Dr. Marzan, another company-designated physician, wrote to Dr. Robert Chan (Dr. Chan) to ask if Villas can be declared fit to work. Hence, despite the recommendation of Dr. Flordelis that Villas should continue his rehabilitation, and despite the fact that he was still prescribed medications, Dr. Chan declared that Villas was already fit to work. Since he was still unable to grip objects, and the strength on all the digits on his right hand was still weaker, Villas wrote C.F. Sharp on 7 June 2013 requesting for further examination and treatment. Villas wrote another letter on 24 June 2013 reiterating his request and informing C.F. Sharp that he decided to consult with an independent physician. According to Villas, despite surgery and physiotherapy, he continued to complain about the limitation of flexion and difficulty in grasping objects, as well as pain in his right hand. Villas then consulted with Dr. Manuel Fidel M. Magtira (Dr. Magtira) who arrived at a conclusion that Villas had become partially and permanently disabled with Grade 9 impediment which the Philippine Overseas Employment Administration (POEA) Contract classified as "Loss of opposition between the thumb and tips of the fingers of one hand."

Villas sought payment of disability benefits, which C.F. Sharp denied. According to C.F. Sharp, Villas sustained an amputated right middle finger injury in February 2013 when he inserted the tip of his finger to the lubricator and it was cut by the cam shaft. C.F. Sharp alleged that Villas was immediately given first aid medications and was prescribed antibiotics. When the vessel was diverted to Singapore, Villas sought medical management for his immediate treatment. He was repatriated to the Philippines and was referred to SIHP whose initial medical report showed that Villas had an amputated medical finger with healed laceration of the right ring finger. The Orthosurgeon who examined Villas noted that his wound was already dry. He was advised to continue taking antibiotics, analgesic, and vitamin C, and to undergo removal of the sutures after two weeks.

C.F. Sharp alleged that on 26 February 2013, Villas had a follow-up examination. The examining doctor noted that he had no subjective complaints. The examining physician also noted a good healing process without signs of swelling and numbness. C.F. Sharp alleged that Villas returned for check-up on 16 April 2013. The physician noted that there were no signs of infection on the nail bed of the right index finger. The physician advised Villas to do a range of motion exercises.

On 27 May 2013, the company-designated physician evaluated Villas who complained of tolerable pain on the amputated area, aggravated with moving and associated with minimal swelling. There were no signs of infection on the nail bed. The company-designated physician issued Villas a disability rating of 1/3 of Grade 12 or total loss of his middle finger. On 30 May 2013, Villas was again examined by the company-designated physician. The company-designated physician noted that Villas had a dry stump on his middle right finger associated with contracture. Villas complained of occasional tolerable pain and minimal swelling on the tip of his ring finger, but it was not associated with any signs of infections. The company-designated physician noted that Villas had improved grip ability in his right hand. The company-designated physician cleared Villas from Rehabilitation Medicine standpoint. On 6 June 2013, the company-designated physician had the same observations and cleared Villas from Orthopedics standpoint. On 2 July 2013, the company-designated physician assessed Villas and declared him fit to resume sea duties as his amputated finger had healed well and the range of motion was within full range.

C.F. Sharp alleged that despite being medically fit to work, Villas refused to sign the medical certification of fitness to work issued by the company-designated physician. Instead, Villas filed a claim for disability benefits, sickness allowances, damages, and attorney's fees.

The Decision of the Panel of Voluntary Arbitrators

In a Decision^[3] dated 19 August 2014, the PVA ruled in favor of Villas.

During the clarificatory hearing held on 18 June 2014, the PVA considered the conflicting opinions of the two Orthosurgeons, Dr. Robert Chan and Dr. Fidel Magtira, on Villas' fitness to return to work. The PVA and the Orthosurgeons observed and confirmed that Villas still had difficulty in gripping objects. The PVA required C.F. Sharp to submit Villas' medical abstract. Dr. Bee Giok Tan-Sales (Dr. Tan-Sales) submitted a Medical Abstract dated 20 June 2014 where she stated that based on the report dated 28 May 2013 of Dr. Flordelis, "the patient was noted to have achieved full flexion of the MCP joints of the right hand. Average grip strength of the right hand was 29.17 kg./force and 40.33 kg./force for the left hand (27.67% difference). Pinch strength of the right hand was 10.67 kg./force and 10.33 kg./force for the left hand."

The PVA then reviewed the 28 May 2013 report of Dr. Flordelis and noted her observation that Villas' grip strength "although better is still insufficient for full time work. Likewise his pinch strength on the intact fingers is still poor. His right upper limb proximal muscles (deltoids, biceps and forearm muscles) are also weaker and deconditioned." The PVA further noted that Dr. Flordelis recommended the continuance of Villas' physical therapy but C.F. Sharp did not follow the recommendation. Instead, the company-designated physician cleared Villas from Rehabilitation Medicine standpoint, contrary to the recommendation of Dr. Flordelis. Villas had to continue his physical therapy in Bogu, Cebu as an out-patient, following the recommendation of Dr. Flordelis, and received a total of 28 sessions from 5 July 2013 to 5 September 2013.

The PVA ruled that Villas is entitled to disability benefits pursuant to the Loss of Profession Clause and Permanent Medical Unfitness Clause of the CBA and awarded him full compensation of US\$250,000.

The PVA denied Villas' claims for illness allowance since C.F. Sharp was able to prove payment thereof, and for damages due to Villas' failure to substantiate the same.

The dispositive portion of the PVA's Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered ORDERING the respondents, C.F. SHARP CREW MANAGEMENT, INC. AND/OR GENERAL ORE CARRIER CORPORATION XIX LTD., to jointly and severally pay complainant, RENERIO [M.] VILLAS, the amount of TWO HUNDRED FIFTY THOUSAND U.S. DOLLARS (US\$250,000.00) as disability benefits, plus 10% thereof as attorney's fees.

All other claims are DISMISSED for lack of merit.

SO ORDERED.^[4]

C.F. Sharp and General Ore filed a motion for reconsideration. In its 15 October 2014 Resolution,^[5] the PVA denied the motion for lack of merit.

The Decision of the Court of Appeals

C.F. Sharp filed a petition for review before the Court of Appeals, docketed as CA-G.R. SP No. 137840.

In its 16 June 2015 Decision, the Court of Appeals denied the petition and affirmed the assailed PVA Decision with modification as to the amount of compensation.

The Court of Appeals ruled that to be compensable, disability under Section 20(A) of the 2010 POEA Standard Employment Contract (POEA SEC) must be the result of a work-related injury or illness. The Court of Appeals ruled that the POEA SEC defines work-related injury as an "injury arising out of and in the course of employment" while work-related illness is "any sickness as a result of an occupational disease listed under Section 32-A of this Contract with the conditions set therein satisfied." The Court of Appeals ruled that in order to be compensable, it is not sufficient to establish that the seafarer's illness or injury has rendered him permanently or partially disabled, but it must also be established that there is a causal connection between his illness or injury and the work for which he had been contracted.

The Court of Appeals further ruled that total disability does not require that the employee has to be absolutely disabled or totally paralyzed. According to the Court of Appeals, it is only necessary that the injury must be such that the employee cannot pursue his usual work and earn therefrom. The Court of Appeals ruled that a total disability can be considered permanent if it lasts continuously for more than 120 days. The Court of Appeals ruled that in the case of Villas, a reasonable connection between his injuries and the nature of his job has been established. The Court of Appeals ruled that Villas' own physician as well as the PVA itself were able to controvert clearly the findings of the company-designated physician on Villas' fitness to return to work. The Court of Appeals further ruled that Villas' disability is permanent because the severity of his ailment rendered him incapable of performing his work as a seafarer.

However, the Court of Appeals did not agree with the PVA that Villas is entitled to full compensation amounting to US\$250,000. The Court of Appeals ruled that the ITF TCC Fleet Agreement presented as evidence was not an original and

authenticated copy. Instead, the Court of Appeals applied the schedule of compensation under Section 32 of the 2010 POEA SEC. The Court of Appeals ruled that since Villas suffered from permanent total disability, he is entitled to receive compensation amounting to US\$60,000.

The dispositive portion of the Decision of the Court of Appeals reads:

WHEREFORE, the present Petition is hereby DENIED. The assailed Office Of The Panel Of Voluntary Arbitrators, National Conciliation and Mediation Board's August 19, 2014 Decision and October 15, 2014 Resolution in Case No. AC-809-NCMB-NCR-93-06-10-13 are AFFIRMED with the only MODIFICATION that the award in favor of Renerio [Villas] as compensation for his total permanent disability is reduced to US\$60,000.00 or its equivalent in Philippine Peso at the time of actual payment. We, however, affirm in all other aspects.

SO ORDERED.^[6]

Villas filed a Motion for Partial Reconsideration assailing the Court of Appeals' failure to apply the ITF TCC Fleet Agreement. C.F. Sharp also filed a Motion for Partial Reconsideration questioning the Court of Appeals' findings that the assessment of the company-designated physician was not credible and that Villas' injury amounted to total permanent disability, and its award of attorney's fees.

In its 29 October 2015 Resolution, the Court of Appeals denied the two Motions for Partial Reconsideration for lack of merit.

Villas filed a Petition for Review before this Court, docketed as G.R. No. 221548. Villas alleged that:

- I. The Honorable Court of Appeals committed a serious error of law in not applying the rule on suppression of evidence against the respondent.
- II. The Honorable Court of Appeals committed a serious error of law in not applying the provisions of the parties' CBA as basis for the petitioner's disability award.^[7]

C.F. Sharp filed its own Petition for Review, docketed as G.R. No. 221561. C.F. Sharp alleged that:

1. The Court of Appeals patently erred in not nullifying the award for permanent total disability claims given that there was no categorical pronouncement that respondent's disability has amounted to Grade 1 medical impediment.
2. The Court of Appeals seriously erred in not giving credence to the fit to work assessment of the company physician.
3. The Court of Appeals seriously erred in not considering that the parties' respective physicians have maintained their differing opinion on the condition of the respondent.
4. The dissenting opinion of AVA Leonardo Saulog is in line with the provisions of the POEA SEC and decisions of the Supreme Court.