

## SECOND DIVISION

[ G.R. No. 178564, January 15, 2014 ]

**INC SHIPMANAGEMENT, INC., CAPTAIN SIGFREDO E. MONTERROYO AND/OR INTERORIENT NAVIGATION LIMITED, PETITIONERS, VS. ALEXANDER L. MORADAS, RESPONDENT.**

### DECISION

**PERLAS-BERNABE, J.:**

Assailed in this petition for review on *certiorari*<sup>[1]</sup> are the Decision<sup>[2]</sup> dated October 31, 2006 and Resolution<sup>[3]</sup> dated June 25, 2007 of the Court of Appeals (CA) in CA-G.R. SP No. 84769 which granted respondent Alexander L. Moradas's (respondent) claim to permanent total disability benefits in the amount of US\$60,000.00, or its peso equivalent, and attorney's fees.

#### The Facts

On July 17, 2000, respondent was employed as wiper for the vessel MV Commander (vessel) by petitioner INC Shipmanagement, Inc. for its principal, petitioner Interorient Navigation, Ltd. (petitioners), for a period of 10 months, with a basic monthly salary of US\$360.00, plus benefits.<sup>[4]</sup>

On October 13, 2000, respondent claimed that while he was disposing of the garbage in the incinerator room of the vessel, certain chemicals splashed all over his body because of an explosion.<sup>[5]</sup> He was sent to the Burns Unit of the Prince of Wales Hospital on the same day wherein he was found to have suffered deep burns. Eventually, upon his own request, respondent was sent home.<sup>[6]</sup>

On October 21, 2000, he was admitted to the St. Luke's Medical Center.<sup>[7]</sup> Subsequently, he was diagnosed to have sustained "thermal burns, upper and lower extremities and abdomen, 20-30, 11%"<sup>[8]</sup> for which he underwent debridement. He was referred to a physical therapist for his subsequent debridement through hydrotherapy. On November 10, 2000, the attending physician, Dr. Natalio G. Alegre II, reported that the respondent's thermal burns were healing well and that they were estimated to fully heal within a period of 3 to 4 months.<sup>[9]</sup>

Claiming that the burns rendered him permanently incapable of working again as a seaman, respondent demanded<sup>[10]</sup> for the payment of his full disability benefits under Section 20 (B) in relation to Sections 30 and 30-A of the Philippine Overseas Employment Agency (POEA) Standard Employment Contract (POEA-SEC), in the amount of US\$60,000.00, which petitioners refused to heed.<sup>[11]</sup> Thus, respondent filed a complaint against petitioners for the same, seeking as well

moral and exemplary damages, including attorney's fees. In their position paper, [12] petitioners denied respondent's claims, contending that his injury was self-inflicted and, hence, not compensable under Section 20 (D) of the POEA-SEC. They denied that the vessel's incinerator exploded and claimed that respondent burned himself by pouring paint thinner on his overalls and thereafter set himself on fire. They averred that he was led to commit such act after he was caught last October 10, 2000 [13] stealing the vessel's supplies during a routine security inspection conducted by Captain Bodo Wirth (Captain Wirth) where respondent was informed that he was to be dismissed. [14] They also stated that just before they Based on the aforesaid statement, on October 10, 2000, while the vessel was docked in Hong Kong, Captain Wirth conducted a routine security inspection when he came across a large parcel which belonged to respondent lying on the crew passageway. Upon inspection, the box contained a television set, a day bed cover, several towels and some provisions, all belonging to the vessel. When asked why he was stealing the foregoing articles, respondent claimed that they were given to him as a present by the chief steward. However, when Captain Wirth asked the latter, he denied giving respondent the same. As a result, Captain Wirth informed respondent that his actions warranted his immediate dismissal. discovered respondent to be burning, the vessel's engine room became flooded. [15] They ascribed the flooding incident to respondent, having been seen by fellow crew members standing at the railing around the portside seachest and looking at it [16] and that when the bilge level alarm sounded, he was seen disappearing up to the boiler deck leaving small patches of water on the floor, on the steps, and on the deck where he had been. [17] In support thereof, petitioners submitted the report of the ship captain on the flooding as extracted from the vessel's deck logbook [18] as well as the affidavits and statements executed by the vessel's officers and crew members relative to the flooding and burning incidents. Based on the said affidavits and statements, the vessel's bosun, Antonio Gile (Gile), attested that he saw respondent go to the paint room and there soak his hands in a can full of thinner. Respondent then proceeded to the incinerator door where he was set ablaze. Gile further pointed out that there was no fire in the incinerator at that time. [19] Also, Chief Officer Antonino S. Bejada (Bejada) testified that prior to the burning incident, he had ordered an ordinary seaman who had been burning deck waste in the incinerator to extinguish the fire with water and close up the incinerator door because of bad weather conditions. Bejada then checked the incinerator after the burning incident and found unburnt cardboard cartons inside with no sign of explosion and that the steel plates surrounding it were cool to the touch. He also noticed that the respondent's overalls had patches of green paint on the arms and body and smelled strongly of thinner. An open paint tin can was found near the place of the incident and a cigarette lighter lying beside respondent [20] which oiler Edgardo Israel confirmed was borrowed from him even though he knew that the former did not smoke. [21] Finally, petitioners denied respondent's claim for damages and attorney's fees for lack of factual and legal bases. [22]

In his Reply to the position paper, [23] respondent denied burning himself, contending that such act was contrary to human nature and logic and that there was no showing that he was mentally unfit. [24] Further, he posited that the affidavits and statements submitted by the vessel's officers and crew members have no probative value for being mere hearsay and self-serving. [25] He equally insisted on

his claim for moral and exemplary damages and attorney's fees.<sup>[26]</sup>

Meanwhile, or on February 29, 2001, petitioner Captain Sigfredo E. Monterroyo filed a complaint<sup>[27]</sup> for disciplinary action against respondent before the POEA for his various infractions committed on board the vessel, namely: (a) act of dishonesty for stealing the vessel's supplies on October 10, 2000; (b) act of sabotage committed on October 13, 2000; and (c) grave misconduct for inflicting the injury to himself.<sup>[28]</sup>

### **The LA Ruling**

In a Decision<sup>[29]</sup> dated April 15, 2003, the Labor Arbiter (LA) ruled in favor of petitioners, dismissing respondent's complaint for lack of merit. The LA held that respondent's injury was self-inflicted and that no incinerator explosion occurred that would have caused the latter's injuries.<sup>[30]</sup> The LA gave more credence to the corroborating testimonies of the petitioners' witnesses that respondent's botched attempts to sabotage the vessel and steal its supplies may have motivated him to inflict injuries to himself.<sup>[31]</sup> Lastly, the LA denied respondent's claim for moral and exemplary damages as well as attorney's fees since he failed to prove any evident bad faith or malice on petitioners' part.<sup>[32]</sup>

### **The NLRC Ruling**

On appeal, the National Labor Relations Commission (NLRC), in a Decision<sup>[33]</sup> dated January 30, 2004, sustained the findings of the LA and held, inter alia, that while some of the statements and affidavits of the vessel's officers and crew members were not notarized, the corroborating testimonial evidence must be taken as a whole. In this accord, it gave due credence to the questioned evidence absent any showing that the petitioners were motivated by ill will.<sup>[34]</sup> Also, it pointed out that respondent's mental or physical fitness was not at issue since he was motivated to inflict injury to himself for reasons related to his impending discharge and not because of his disposition.<sup>[35]</sup>

Respondent filed a motion for reconsideration but the same was denied in a Resolution<sup>[36]</sup> dated March 31, 2004. Dissatisfied, he filed a petition for *certiorari* before the CA.

### **The CA Ruling**

On October 31, 2006, the CA rendered the assailed Decision,<sup>[37]</sup> holding that grave abuse of discretion tainted the NLRC ruling.

It found no logical and causal connection between the act of pilferage as well as the act of causing the flooding in the engine room and the conclusion that respondent's injury was self-inflicted. It added that it was contrary to human nature and experience for respondent to burn himself.<sup>[38]</sup> Further, the CA noted that the location of the burns on the different parts of respondent's body was more consistent with respondent's assertion that certain chemicals splashed all over his

body rather than petitioners' theory of self-inflicted injury. [39] Moreover, it pointed out that no evidence was presented to show that respondent had no business near the engine room.[40] In the same vein, it observed that the mere finding of a cigarette lighter was inadequate to justify the conclusion that he burned himself.[41] Consequently, for petitioners' failure to discharge the burden of proving that respondent's injury was directly attributable to him as required under Section 20 (D) of the POEA-SEC, the CA found that the NLRC gravely abused its discretion and, thus, held petitioners liable to pay respondent permanent total disability benefits in the amount of US\$60,000.00, or its peso equivalent.[42]

On the other hand, respondent's claims for moral and exemplary damages were denied for lack of basis but the CA awarded him attorney's fees in the amount of P50,000.00.[43]

Aggrieved, petitioners moved for reconsideration which was, however, denied in a Resolution[44] dated June 25, 2007. Hence, this petition.

### **The Issue Before The Court**

The essential issue in this case is whether or not the CA erred in finding that the NLRC gravely abused its discretion when it denied respondent's claim for disability benefits.

### **The Court's Ruling**

The petition is meritorious.

#### **A. *Preliminary Matters: Framework of Review and Governing Rules***

At the outset, the Court deems it proper to elucidate on the framework in which the review of this case had been conducted, in conjunction with the applicable governing rules to analyze its substantive merits.

The Court's jurisdiction in cases brought before it from the CA via Rule 45 of the Rules of Court is generally limited to reviewing errors of law. The Court is not the proper venue to consider a factual issue as it is not a trier of facts. This rule, however, is not ironclad and a departure therefrom may be warranted where the findings of fact of the CA are contrary to the findings and conclusions of the NLRC and LA, as in this case. In this regard, there is therefore a need to review the records to determine which of them should be preferred as more conformable to evidentiary facts.[45]

With respect to the applicable rules, it is doctrinal that the entitlement of seamen on overseas work to disability benefits "is a matter governed, not only by medical findings, but by law and by contract. The material statutory provisions are Articles 191 to 193 under Chapter VI (Disability Benefits) of the Labor Code, in relation [to] Rule X of the Rules and Regulations Implementing Book IV of the Labor Code. By

contract, the POEA-SEC, as provided under Department Order No. 4, series of 2000 of the Department of Labor and Employment, and the parties' Collective Bargaining Agreement bind the seaman and his employer to each other."<sup>[46]</sup>

In the foregoing light, the Court observes that respondent executed his contract of employment on July 17, 2000,<sup>[47]</sup> incorporating therein the terms and conditions of the 2000 POEA-SEC which took effect on June 25, 2000. However, since the implementation of the provisions of the foregoing 2000 POEA-SEC was temporarily suspended <sup>[48]</sup> by the Court on September 11, 2000, particularly Section 20, paragraphs (A), (B), and (D) thereof, and was lifted only on June 5, 2002, through POEA Memorandum Circular No. 2, series of 2002, <sup>[49]</sup> the determination of respondent's entitlement to the disability benefits should be resolved under the provisions of the 1996 POEA-SEC as it was, effectively, the governing circular at the time respondent's employment contract was executed.

The prevailing rule under Section 20 (B) of the 1996 POEA-SEC on compensation and benefits for injury or illness was that an employer shall be liable for the injury or illness suffered by a seafarer during the term of his contract. There was no need to show that such injury was work-related except that it must be proven to have been contracted during the term of the contract. The rule, however, is not absolute and the employer may be exempt from liability if he can successfully prove that the cause of the seaman's injury was directly attributable to his deliberate or willful act as provided under Section 20 (D) thereof, to wit:

D. No compensation shall be payable in respect of any injury, incapacity, disability or death of the seafarer resulting from his willful or criminal act, provided however, that the employer can prove that such injury, incapacity, disability or death is directly attributable to seafarer.

Hence, the *onus probandi* falls on the petitioners herein to establish or substantiate their claim that the respondent's injury was caused by his willful act with the requisite quantum of evidence.

In labor cases, as in other administrative proceedings, **only substantial evidence** or such relevant evidence as **a reasonable mind might accept as sufficient to support a conclusion is required.**<sup>[50]</sup> To note, considering that **substantial evidence is an evidentiary threshold**, the Court, on exceptional cases, may assess the factual determinations made by the NLRC in a particular case. In *Career Philippines Shipmanagement, Inc. v. Serna*,<sup>[51]</sup> the Court expressed the following view:

Accordingly, we do not re-examine conflicting evidence, re-evaluate the credibility of witnesses, or substitute the findings of fact of the NLRC, an administrative body that has expertise in its specialized field. Nor do we substitute our "own judgment for that of the tribunal in determining where the weight of evidence lies or what evidence is credible." The factual findings of the NLRC, when affirmed by the CA, are generally conclusive on this Court.