

FIRST DIVISION

[G.R. No. 162809, September 05, 2012]

**PACIFIC OCEAN MANNING, INC. AND CELTIC PACIFIC SHIP
MANAGEMENT CO., LTD., PETITIONERS, VS. BENJAMIN D.
PENALES, RESPONDENT.**

D E C I S I O N

LEONARDO-DE CASTRO, J.:

This is a Petition for Review on *Certiorari*^[1] to reverse and set aside the December 4, 2003 **Decision**^[2] and February 23, 2004 **Resolution**^[3] of the Court of Appeals in CA-G.R. SP No. 75126.

The facts, as summarized by the Court of Appeals, are as follows:

Petitioner Benjamin Penales (Penales) is a seafarer. He was contracted by private respondent Pacific Ocean Manning, Inc. (Pacific) for x x x its foreign principal, private respondent Celtic Pacific Ship Management (H.K.) Ltd. Penales was assigned to work on board the vessel, MV "Courage Venture" under the following terms and conditions:

Duration of Contract	:	10 months
Position	:	Ordinary Seaman
Basic Monthly Salary	:	US\$396.00
Hours of Work	:	48 hours per week
Overtime	:	US\$2.60/hour
Vacation Leave with pay	:	6.0 days per month

Penales underwent the pre-employment medical examination (PEME) as part of the prescribed employment procedure and was pronounced fit to work by the company doctors.

Penales joined the vessel of assignment and started working thereon on May 24, 1999.

Penales' scheduled repatriation coincided with the vessel's docking operations at the port of Nigeria making his return to Manila difficult. Hence, his supposed disembarkation in Singapore where he is scheduled to sign off and repatriated to Manila following the termination of his employment contract was not followed. Instead, he was made to stay longer than the ten-month contract duration stipulated in the Philippine Overseas Employment Administration (POEA) approved contract of employment.

On or about August 2000, the vessel "Courage Venture" went to the Port of Chennai, India. On its way to the designated port and while preparing to moor, the vessel, through its line (rope) tied on the starboard, was pulled by tugboat MV "Matchless." In preparation for mooring, the Chief Mate ordered Penales to stand at the forward masthead and wait for further instruction.

While awaiting further instructions, the rope rifted and directly recoiled in Penales' direction, hitting him severely in the chest, left arm and head. The impact caused him to miss his balance, [become] unconscious and sustain a fracture on his left arm.

Penales was brought to the National Hospital in India under the medical supervision of Dr. Arvind Rajagopalan. He was initially diagnosed to have suffered from "*fracture shaft of left humerus mid third with radial nerve injury.*" He was operated on, fixing the fracture on his left humerus with an eight-screwed stainless steel plate. After the operation, Penales was signed off and repatriated to Manila.

In Manila, Penales reported to the office of Pacific. He was referred to the Fatima Medical Clinic and was diagnosed as suffering from "*Fracture, closed, committed, M/3, humerus, S/P Open Reduction, internal fixation, plate and screws, Radial nerve pulsy left, Cerebral Concussion, Contusion chest left*" [as per the Medical Certificate^[4] issued by the Fatima Medical Clinic. Penales however failed to go back to the clinic for the management of his injuries, as reported by Fatima Medical Clinic on October 10, 2000.^[5] [Penales was thereafter] referred to the Mary Chiles General Hospital and finally to the Medical Center Manila for treatment and rehabilitation [wherein he continued treatment until January 26, 2001].^[6]

On October 2, 2000, while still undergoing treatment, Penales filed a complaint before the Quezon City Arbitration Branch of the National Labor Relations Commission (NLRC). This was docketed as NLRC OFW Case No. (L) 00-10-1636-00.

Penales complained that despite medical treatment, he continued to be weak and unable to perform any work-related activity. He alleged that his accident disabled him from earning income as a seafarer, thus, he was entitled to disability compensation and benefits, which the respondents denied him without valid cause.

Pacific Ocean Manning, Inc. and Celtic Pacific Ship Management Co., Ltd. (petitioners), on the other hand, argued that Penales could not be considered as disabled by mere lapse of time. They claimed that Penales was still undergoing medical treatment, and that the last pronouncement of his attending orthopedic surgeon was that there was no reason why he should not eventually become fit to work.^[7]

On January 25, 2002, Labor Arbiter Natividad Roma issued her Decision,^[8] the dispositive portion of which reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering respondents Pacific Ocean Manning, Inc. and Celtic Pacific Ship Management Ltd. (Hongkong), to pay, jointly and solidarily, complainant Benjamin D. Penales disability benefits in the sum of US\$16,795.00 representing 33.59% of the maximum amount of US\$50,000.00 payable in Philippine Currency at the rate of exchange prevailing at the time of payment as well as ten (10%) percent thereon as attorney's fees; and DISMISSING all other claims for lack of merit.^[9]

In her decision, the Labor Arbiter held that there is no dispute that Penales's injury was work-related and his treatment went beyond 120 days, which, under the Philippine Overseas Employment Administration (POEA) Standard Employment Contract (SEC), entitled him to disability benefits. The Labor Arbiter added that the petitioners were unable to refute Penales's claim by failing to prove that he was fit to work, or with at least a certificate on his disability grade. The Labor Arbiter then declared that Penales was entitled to a disability of "around Grade 8 which is equivalent to 33.59% of the maximum amount of US\$50,000 in the sum of US\$16,795.00," after examining the schedule of disability benefits under the POEA SEC *vis-à-vis* the medical findings of the company-designated physician.^[10]

Not satisfied, Penales appealed^[11] the Labor Arbiter's Decision to the NLRC, arguing that the Labor Arbiter abused her discretion when she vaguely declared that he was entitled to a disability grade of only 8.

The NLRC agreed that while there is no question that Penales was disabled, the issue of his grade of disability was not threshed out properly. The NLRC said that "considering that the determination of the grade means determination of the actual physical condition of [Penales] and his injuries, a physician is more in a position to ascertain the degree of disability."^[12]

On September 5, 2002, the NLRC set aside^[13] the Labor Arbiter's decision and remanded the case for further proceedings only in so far as the determination of Penales's grade of disability.

Penales moved to reconsider the above resolution but this was denied by the NLRC on November 18, 2002, for lack of merit.^[14]

Penales elevated his case then to the Court of Appeals via a Petition for *Certiorari*^[15] under Rule 65, on the ground that the NLRC committed grave abuse of discretion when it remanded the case notwithstanding the fact that the evidence of both parties clearly support his entitlement to the maximum amount of US\$60,000.00 as disability benefits. This petition was docketed as CA-G.R. SP No. 75126.

The Court of Appeals found that Penales was able to establish his entitlement to the maximum benefits under Section C(4)[b] and [c] of the POEA SEC. The Court of Appeals held:

We find Penales clearly entitled to the maximum amount given to totally and permanently disabled seafarers. It is undisputed that even now, Penales has fragile extremities that [affect] his upper body strength and he can no longer perform draining shipboard activities. Since disability benefits are based on the impairment of earning capacity, then Penales is entitled to the maximum amount granted to disabled seafarers.

Consistently, the High Court has ruled that “disability should not be understood more on its medical significance but on the loss of earning capacity. Permanent total disability means disablement of an employee to earn wages in the same kind of work, or 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 attainment could do. It does not mean absolute helplessness.” [*ECC v. Edmund Sanico*, 321 SCRA 268] 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.^[16]

On December 4, 2003, the Court of Appeals granted Penales’s petition and held that the NLRC abused its discretion when it remanded the case to the Labor Arbiter for the determination of Penales’s grade of disability when his total and permanent disability had been clearly established. The fallo of the Decision reads:

WHEREFORE, premises considered, the petition is **GRANTED**. Private Respondents are hereby ordered to pay Penales, jointly and severally, the amount of US\$50,000.00 (maximum rate) x 120% or US\$60,000.00 (to be paid in the Philippine currency equivalent to the exchange rate prevailing at the time of payment) representing the maximum disability benefits as per Section 30-A, Appendix 1-A of the POEA Standard Employment Contract.

Private respondents are likewise ordered to pay ten percent (10%) of the awarded amount of US\$60,000.00 as and for attorney’s fees.^[17]

The petitioners filed a Motion for Reconsideration^[18] of the above Decision but this was denied by the Court of Appeals in its February 23, 2004 Resolution for lack of merit.

Undaunted, petitioners are now before this Court presenting the following issue and grounds for its petition:

Statement Of The Issue

Whether Or Not The Court Of Appeals Decided The Case A Quo In A Way Not In Accord With Law And/OR [Applicable] Jurisprudence Of The Honorable Court When It Granted Petitioner’s Petition For Certiorari Under Rule 65.

Grounds For The Petition

Petitioners respectfully submit that the appellate court decided the petition not in accord with applicable laws and jurisprudence when:

I. The Appellate Court Disregarded The Terms And Conditions Of The POEA Standard Employment Contract When It Rendered Petitioners Liable To Respondent For Disability Benefits.

II. The Appellate Court Failed To Give Due Weight And Consideration To The Assessment Made By The Company-Designated Physician As To Respondent's Condition; And

III. The Appellate Court Found Respondent With A Grade 1 Disability And Awarded Him Disability Benefits In The Amount Of U[S]\$60,000.00 Which Is Equivalent To A Finding Of Total And Permanent Disability, Despite The Lack Of Any Basis Therefor.

IV. Respondent Is Not Entitled To Attorney's Fees.^[19]

Discussion

The crux of the controversy boils down to the propriety of awarding disability benefits to Penales in light of the fact that he was neither declared fit to work nor given a disability grade rating within the period allowed by the law.

Applicability of the Labor Code Provisions on Disability Benefits to Seafarers

The petitioners claim that the benefits to be awarded to Penales should be determined and delimited by the POEA SEC, the contract which governs their relationship.^[20] The petitioners argue:

Entitlement of a seafarer to disability compensation does not depend on whether or not he is still capable of working as a seafarer but on whether he suffers an impediment which hinders him from doing his customary work or any kind of work of a similar nature which a person of his mentality and attainment could as defined by jurisprudence in the very cases relied upon by the appellate court in the assailed Decision and Denial Resolution. x x x.^[21]

The petitioners add that Penales is not "totally disabled" as although he may have suffered an injury that would render him unfit to work as a seafarer, he could still get a land-based job, which does not call for the agility required by the work on board a vessel.^[22] They claim that temporary disability, or one that is capable of being treated and cured, is not compensable.^[23]

Penales, in his Comment,^[24] reiterates that "in disability cases, it is not the nature