

## THIRD DIVISION

**[ G.R. No. 186158, November 22, 2010 ]**

**CAREER PHILIPPINES SHIP MANAGEMENT, INC., PETITIONER,  
VS. GERONIMO MADJUS, RESPONDENT.**

### D E C I S I O N

**CARPIO MORALES, J.:**

Geronimo Madjus (respondent) was hired on July 13, 2000 by Career Philippines Ship Management, Inc. (petitioner) on behalf of its principal, Atlantic Limited Marine, to work as Able Seaman under a nine-month contract on board the vessel *M/V Spring Dragon*.

Before completing the contract,<sup>[1]</sup> however, respondent was medically repatriated on March 15, 2001 and was, upon arrival in the Philippines, treated at the Seaman's Hospital by the company-designated physician. He was diagnosed to be suffering from "Nephrolithiasis" or presence of stones in his kidney,<sup>[2]</sup> hence, he underwent electro shockwave lithotripsy or ESWL.

In the meantime, the manning agreement between Atlantic Limited Marine with petitioner ended. Petitioner later entered into a contract with Marine Management International Philippines, Inc. upon which the latter assumed responsibility for all claims arising from employment at the *MV Spring Dragon* under an Affidavit of Assumption of Responsibility.<sup>[3]</sup>

Respondent subsequently applied for and was again hired by petitioner as Able Seaman for another nine-month period on board the vessel *Tama Star* on behalf of its principal, Columbia Ship Management, Ltd.

In the Philippine Overseas Employment Administration (POEA)-approved contract<sup>[4]</sup>, respondent did not reveal that he had suffered from kidney or bladder trouble, and as his Pre-employment Medical Examination (PEME) yielded normal results, the company-designated physician declared him "fit to work."

Respondent soon boarded the vessel *Tama Star* on November 19, 2002 and completed his contract on August 7, 2003. Three weeks later or on August 29, 2003, he reported to petitioner's office to claim his benefits under the contract amounting to P67,584.93, for which he signed a "Discharge Receipt and Release of Claim." Close to two years later or on July 28, 2005, respondent filed before the Labor Arbiter a complaint<sup>[5]</sup> claiming disability benefits, medical expenses, sickness allowance, damages and attorney's fees against petitioner.

On August 11, 2005, petitioner consulted for kidney ailment with Dr. Oscar Jesus Abarquez (Dr. Abarquez) and Dr. Maria Corazon T. Entero-Lim (Dr. Entero-Lim) who

both declared in their respective medical certificates that he was suffering from the presence of stones in his kidney and was not fit to work.

By Decision<sup>[6]</sup> of April 28, 2006, the Labor Arbiter ruled in favor of respondent, holding that, *inter alia*, petitioner could not disclaim knowledge of respondent's kidney ailment when it hired him to board the *Tama Star* in light of his medical history as in fact it was on account of such ailment that he was repatriated during his contract aboard *M/V Spring Dragon*; and that respondent in fact sought medical assistance from petitioner upon his return after his contract ended.

The Arbiter gave no weight to the "Final Wages Account"<sup>[7]</sup> and "Discharge, Receipt and Release of Claim"<sup>[8]</sup> submitted by petitioner, noting that these documents are usually signed by seafarers, otherwise they would not be paid their claims. Thus the Arbiter disposed:

WHEREFORE, premises considered, judgment is hereby rendered ordering respondents Career Phils. Shipmanagement, Inc., and Columbia Shipmanagement Inc., jointly and severally, to pay the permanent total disability benefits of complainant in the amount of US\$60,000.00 and his sickness allowance of US\$2,376.00 in Philippine Peso at the rate of exchange prevailing at the time of payment, plus ten percent (10%) of the said amounts as attorney's fees.

SO ORDERED.

On petitioner's appeal, the National Labor Relations Commission (NLRC) **affirmed** the Labor Arbiter's ruling by Decision<sup>[9]</sup> of March 28, 2008. It held that respondent need not have a "sedentary" job for it to acquire kidney ailment and he could not be said to have concealed it, for petitioner's own physician diagnosed and treated him. Respecting respondent's failure to report his illness upon repatriation, the NLRC held that, at most, this would only result in the forfeiture of his sickness allowance.

Petitioner's Motion for Reconsideration having been denied by Resolution<sup>[10]</sup> of June 27, 2008, it appealed to the Court of Appeals, at the same time applying for a Temporary Restraining Order (TRO).

Meanwhile, respondent filed on August 1, 2008 with the Labor Arbiter a Motion for the Issuance of a Writ of Execution<sup>[11]</sup>. Believing that the execution of the Labor Arbiter's Decision was imminent as its petition for injunctive relief was denied by the appellate court by Resolution<sup>[12]</sup> of July 30, 2008, petitioner filed before the Labor Arbiter on August 20, 2008 a pleading entitled "Conditional Satisfaction of Judgment Award with Urgent Motion to Cancel Appeal Bond All Without Prejudice to the Pending Petition for Certiorari in the Court of Appeals"<sup>[13]</sup> ("Conditional Satisfaction of Judgment") and accordingly paid respondent the monetary award as stated in the Decision of the Labor Arbiter. In said pleading, petitioner stated that the conditional satisfaction of the judgment award was without prejudice to its pending appeal before the Court of Appeals and that it was being made only to "prevent the imminent execution being undertaken by the NLRC and the complainant."

The Labor Arbiter later issued an Order<sup>[14]</sup> dated September 4, 2008 stating that the case had been amicably settled and was thus dismissed, without prejudice to the pending petition at the Court of Appeals.

By Decision<sup>[15]</sup> dated November 28, 2008, the appellate court dismissed petitioner's appeal for being moot and academic, noting that the Decision of the Labor Arbiter had attained finality with the satisfaction of the judgment award. On the "Conditional Satisfaction of Judgment," it held that the same constituted petitioner's voluntary payment of the judgment award, and the express reservations therein to the effect that it would not prejudice the outcome of the Petition for Certiorari only served as a "safety net imposed by Petitioners while allowing the Respondent Madjus to relinquish any future claims." Its Motion for Reconsideration having been denied by Resolution<sup>[16]</sup> of January 27, 2009, petitioner interposed the present appeal.

Petitioner faults the appellate court for not deciding the case on the merits and instead dismissing it on the ground of mootness. It maintains that the NLRC Decision had not attained finality because it was tainted with grave abuse of discretion, hence, void; and that the express agreement between it and respondent as contained in the "Conditional Satisfaction of Judgment" should be respected, it having been executed in order to "reconcile the executory nature of public respondent's decision while at the same time affirming the parties' commitment to honor the Court of Appeals' eventual judgment on the merits of the case."

Petitioner goes on to take exception to the appellate court's observation that the reservations included in the "Conditional Satisfaction of Judgment" was merely a safety net it imposed upon respondent, averring that at the time the document was drafted and signed, both parties were represented by their respective counsels and it was eventually approved by the Labor Arbiter. Petitioner adds that it can be considered that "respondent had the higher hand during the negotiations for the conditional satisfaction of judgment," as it was "only compelled to forge the agreement by the imminence of execution"; and that as respondent wanted to immediately enjoy the judgment award, it was only "right and proper that he waives his right to claim further from petitioner," the waiver to operate only in the event that the appellate court affirms the NLRC award.

Respecting the compensability of respondent's illness, petitioner reiterates that the labor tribunals erred in finding that he contracted the illness during his employment aboard *M/V Spring Dragon* and the same was aggravated during his stint aboard *Tama Star* for the following reasons: (a) the evidence adduced by respondent consisted only of medical reports during his treatment for kidney stones in 2001, for which he stated that he had been cured; (b) respondent was able to finish his nine-month contract aboard *Tama Star* without any medical complaints; (c) he filed his complaint two years after the expiration his contract; (d) he did not submit to medical examination upon repatriation nor did he complain of any illness; (e) the medical certificates issued by Dr. Entero-Lim and Dr. Abarquez were for a one-time consultation on August 11, 2005 - two years after his contract ended and two weeks after he had filed his complaint (subject of the present case) before the Labor Arbiter; and (f) his job as an Able Seaman was not sedentary in nature to preclude urination failure to accomplish which would lead to kidney stones.