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Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

JHEROME G. ABUNDO,  
Petitioner,

G.R. No. 222348

Present:

- versus -

PERLAS-BERNABE, J.,  
Chairperson,  
REYES, A., JR.,  
HERNANDO,\*\*  
INTING, and  
ZALAMEDA,\*\*\* JJ.

MAGSAYSAY MARITIME  
CORPORATION, GRAND  
CELEBRATION LDA AND/OR  
MARLON ROÑO,\*  
Respondents.

Promulgated:

20 NOV 2019

X-----X

DECISION

INTING, J.:

Before this Court is a petition for review<sup>1</sup> under Rule 45 of the Rules of Court assailing the Decision<sup>2</sup> dated June 10, 2015 and Resolution<sup>3</sup> dated January 14, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 136759, which reversed and set aside the Decision<sup>4</sup> dated April 23, 2014 of the National Labor Relations Commission (NLRC) in NLRC LAC No. (OFW M) 01-000051-14 and NLRC NCR Case No. (M) 06-08397-13.

\* "RONO" in some parts of the *rollo*.

\*\* On leave.

\*\*\* Designated additional member per Special Order No. 2724 dated October 25, 2019.

<sup>1</sup> *Rollo*, pp. 28-80.

<sup>2</sup> *Id.* at 9-22; penned by Associate Justice Marlene Gonzales-Sison with Associate Justices Remedios A. Salazar-Fernando and Ramon A. Cruz, concurring.

<sup>3</sup> *Id.* at 24-25.

<sup>4</sup> *Id.* at 152-165; penned by Commissioner Isabel G. Panganiban-Ortiguerra with Presiding Commissioner Joseph Gerard E. Mabilog and Commissioner Nieves E. Vivar-De Castro, concurring.

*Antecedents*

As culled from the records, the pertinent facts are as follows:

Jherome G. Abundo (petitioner) was formerly employed as Able Seaman on board the vessel "Grand Celebration-D/E" (Grand Celebration). On the other hand, Magsaysay Maritime Corporation is a licensed manning agent of its principal, Grand Celebration LDA (collectively, respondents).<sup>5</sup>

On April 25, 2012, the petitioner was engaged by the respondents as Able Seaman for eight months. On May 8, 2012, he departed from the Philippines and embarked the vessel *Grand Celebration*.<sup>6</sup>

On December 15, 2012, while the petitioner was securing a lifeboat, a metal block snapped and hit his right forearm. First aid was immediately administered on the petitioner at the ship's infirmary. Then, the petitioner was sent to a hospital in Brazil. In the hospital, a posterior splint was applied on the affected area to immobilize it and prevent further injury.<sup>7</sup>

After consultation with the doctor assigned in the vessel, the petitioner was recommended for repatriation. When he was fit to travel, the petitioner was medically repatriated on January 7, 2013. Upon arrival, the petitioner was referred to a company-designated physician, who immediately ordered an X-ray. The X-ray revealed an overriding fracture, fragment at the distal 3<sup>rd</sup> shaft of the right radius.<sup>8</sup>

Subsequently, the petitioner underwent a treatment procedure for open reduction and internal fixation with plate replacement and screws of the fractured right distal radius. After his discharge from the hospital, the petitioner was then made to undergo physiotherapy to improve the function of his right arm.<sup>9</sup>

On April 22, 2013, the company-designated physician noted: 1) weak grip, right; 2) paresthesia on the right thumb; and 3) left wrist pain upon extreme movements. The petitioner was advised to continue the rehabilitation. Dr. Esther G. Go (Dr. Go), the company-designated

<sup>5</sup> *Id.* at 29.

<sup>6</sup> *Id.* at 153.

<sup>7</sup> *Id.*

<sup>8</sup> *Rollo*, pp. 11, 397.

<sup>9</sup> *Id.* at 154, 436.

doctor, issued an interim assessment of Grade 10 disability which was noted by the company medical coordinator, Dr. Robert D. Lim (Dr. Lim), thus:

x x x x

Patient complained of left wrist pain upon extreme movements.

There is weak grip, right.

There is also paresthesia on the right thumb.

He was advised to continue his rehabilitation.

His interim assessment is Grade 10 – ankylosis of the left wrist in normal position.<sup>10</sup>

Further, on April 26, 2013, Dr. Ramon Lao (Dr. Lao), a company surgeon, suggested a Grade 10 disability due to ankylosed wrist.<sup>11</sup>

Meanwhile, the petitioner sought an independent doctor, Dr. Rogelio P. Catapang (Dr. Catapang), an orthopaedic surgery and traumatic flight surgeon who made the following findings:

Mr. Abundo continues to have weakness and pain of the right extremity despite continuous physiotherapy. Range of motion is restricted particularly in supination. Because his grip is weak, he is unable to lift heavy objects, the kind of work seaman are expected to perform. He has lost his pre-injury capacity and is UNFIT to work back at his previous occupation.

x x x x

In addition, excessive forces associated with throwing and swinging activities may aggravate the present condition, the patient sustained his injury following a direct trauma to his arm; although he has received first aid the first definitive treatment was immediately done. The signs and symptoms associated with these injuries are directly related to the degree of severity. There may or may not be any visible or

<sup>10</sup> *Id.* at 438.

<sup>11</sup> *Id.* at 439.

palpable deformity. Point tenderness is normally present at the site of injury, and may remain. The patient has demonstrated a limited range of motion, weakness of the hand in the affected side and an increase in pain at the involved site with attempted movements.

Mr. Abundo's pre-injury job requires that he operates some machines and lift heavy objects. He may also be required to use tools to adjust nuts, bolts and screws on some occasions. Mr. Abundo claimed that he can no longer perform these functions because he no longer has the strength in his right hand.

Mr. Abundo, with his present condition, he will not be able to perform his pre-injury work because of the physical demands it entails. Some [restriction] must be placed on his work activities. This is in order to prevent the impending late sequelae of his current condition. He presently does not have the physical capacity to return to the type of work he was performing at the time of the injury. He is therefore, UNFIT in any capacity for further strenuous duties.<sup>12</sup>

With these findings, the petitioner demanded from the respondents the maximum benefit under the Philippine Overseas Employment Administration-Standard Employment Contract (POEA-SEC) and claimed to be suffering from permanent disability. Instead of granting permanent disability benefits, the respondents offered US\$10,075.00, an amount equivalent to a Grade 10 disability. As a result, the petitioner filed a labor complaint against the respondents seeking the payment of sickness allowance, permanent and total disability benefits, moral and exemplary damages, and attorney's fees.

For their part, the respondents argued: (1) that the petitioner failed to prove that he is suffering from total and permanent disability; (2) that he failed to observe the conflict-resolution procedure in the POEA-SEC which is to refer to a third doctor to settle the conflicting findings between the company-designated physician and that of the petitioner's chosen physician; and (3) that the petitioner is not entitled to his claims including moral and exemplary damages and attorney's fees.

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<sup>12</sup> *Id.* at 415.

*The Ruling of the Labor Arbiter*

In the Decision<sup>13</sup> dated October 30, 2013, Labor Arbiter Virginia T. Luyas-Azarraga (Labor Arbiter) ruled in favor of the petitioner. The Labor Arbiter found that the petitioner's disability is permanent and total based on the pieces of evidence presented. She explained that even after the company-designated physician gave an interim assessment of the petitioner's medical condition under Grade 10 disability, the petitioner was still undergoing rehabilitation.<sup>14</sup> The Labor Arbiter opined that total disability does not mean absolute helplessness. Thus, she concluded that in disability compensation, it is not the injury which is compensated but rather the incapacity to work resulting in the impairment of one's earning capacity.<sup>15</sup> For these reasons, the Labor Arbiter deemed it wise to award to the petitioner US\$60,000.00 representing the maximum coverage for disability benefit under the POEA-SEC. The Labor Arbiter, likewise, awarded 10% attorney's fees to the petitioner. The dispositive portion of the Decision reads:

WHEREFORE, PREMISES CONSIDERED, judgment is rendered ordering respondents, jointly and severally to pay complainant Sixty Thousand U.S. Dollars (U.S. \$60,000.00) or its peso equivalent at the time of payment, plus 10% of the total award as attorney's fees.

All other claims are dismissed for lack of merit.

SO ORDERED.

Undaunted, the respondents appealed to the NLRC.

*The Ruling of the NLRC*

On April 23, 2014, the NLRC promulgated a Decision<sup>16</sup> affirming the Labor Arbiter's ratiocination. The NLRC echoed the Labor Arbiter's findings that the petitioner was not restored to his pre-injury condition and his injury made him unable to perform his customary work as a seafarer. Moreover, the NLRC ruled that while it has been held that failure to resort to a third doctor will render the company doctor's

<sup>13</sup> *Id.* at 105-111; penned by Labor Arbiter Virginia T. Luyas-Azarraga.

<sup>14</sup> *Id.* at 110.

<sup>15</sup> *Id.* at 111.

<sup>16</sup> *Id.* at 152-165.

diagnosis controlling, it is not the automatic consequence. The NLRC explained that resort to a third doctor is merely directory and not mandatory.<sup>17</sup> It disposed the case as follows:

WHEREFORE, premises considered, the appeal is hereby DENIED and the assailed Decision affirmed.

SO ORDERED.<sup>18</sup>

Subsequently, the respondents filed a motion for reconsideration which was denied by the NLRC.

Aggrieved, the respondents filed a petition for *certiorari* under Rule 65 of the Rules of Court before the CA.

*The Ruling of the CA*

On June 10, 2015, the CA promulgated the assailed Decision<sup>19</sup> granting the petition and reversing the NLRC's ruling, to wit:

WHEREFORE, premises considered, the instant Petition for *Certiorari* is GRANTED such that the assailed decision and resolution dated 23 April 2014 and 16 June 2014 respectively, both rendered by the National Labor Relations Commission Sixth Division are hereby REVERSED and SET ASIDE. Private respondent Jherome G. Abundo is awarded US\$10,075.00 or its Philippine Peso equivalent as his disability benefit. Lastly, the prayer for temporary restraining order and/or preliminary injunction is DENIED for being moot.

SO ORDERED.<sup>20</sup>

The CA held that referral to a third doctor is mandatory.<sup>21</sup> It ruled that it is the obligation of the seafarer to notify the concerned employer of his intention to settle the issue through the appointment of a third

<sup>17</sup> *Id.* at 161.

<sup>18</sup> *Id.* at 164.

<sup>19</sup> *Id.* at 9-22.

<sup>20</sup> *Id.* at 21.

<sup>21</sup> *Id.* at 17.

doctor.<sup>22</sup> The CA upheld the assessment of Dr. Go, the company-designated physician, stating that the petitioner suffers from Grade 10 disability.<sup>23</sup>

Likewise, the CA clarified that the 120/240-day period could no longer be made as basis for the assessment of the disability grade but the actual disability grade given by the company-designated physician or the third independent physician pursuant to Section 20(A)(6) of the POEA-SEC. Applying Section 20(A)(6) of the POEA-SEC, the CA stated that the disability shall be based on the disability grading provided under Section 32 of the POEA-SEC which grants a disability award of US\$10,075.00.<sup>24</sup>

Finally, the CA denied the petitioner's prayer for attorney's fees. It declared that the respondents are well within their rights to deny the petitioner's claim for permanent and total disability benefit.<sup>25</sup>

The petitioner moved for reconsideration which was denied by the CA in its assailed Resolution<sup>26</sup> dated January 14, 2016.

Undeterred, the petitioner comes before this Court raising the following grounds, to wit:

A. The Court of Appeals was in error when it reversed the NLRC's Decision as the NLRC did not act with grave abuse of discretion since its decision is based on substantial evidence.

B. The Court of Appeals committed a serious mistake when it failed to uphold the evaluation made by the NLRC.

C. The Court of Appeals was in error in its application of the POEA-SEC conflict-resolution procedure regarding the third physician referral.

D. The Court of Appeals seriously erred when they failed to uphold that it is by operation of law that the petitioner is considered as totally and permanently

<sup>22</sup> *Id.* at 18.

<sup>23</sup> *Id.* at 19.

<sup>24</sup> *Id.* at 19-21.

<sup>25</sup> *Id.* at 21.

<sup>26</sup> *Id.* at 24-25.

disabled, and as such, the “*third physician referral rule*” finds no application in the instant case.<sup>27</sup>

The basic contention of the petitioner is that he was permanently disabled as a result of the injuries he suffered while working as a seafarer. He maintains that disability should be based on one’s incapacity to work. The petitioner asserts that since he was unable to engage in a gainful employment even after the statutory 120/240-day period, he is entitled to permanent disability benefits.<sup>28</sup>

The petitioner also contends that the third-doctor-referral provision is not applicable because it was by operation of law that he became permanently disabled. He avers that the assessment of the company-designated physician is merely an interim one, and not a final and categorical evaluation as to his disability. He insists that the failure of the company-designated physician to submit a final and categorical disability assessment within the 120/240-day period conclusively presumes that he is permanently disabled. Lastly, the petitioner argues that the temporary disability assessment of the company-designated physician is not controlling in awarding disability benefits.

In their Comment<sup>29</sup> dated June 30, 2016, the respondents emphasize that the absence of findings coming from a third doctor makes the certification of the company-designated physician controlling in determining the disability grading of the petitioner’s injury. Accordingly, the findings of the company-designated physician should prevail.

Moreover, the respondents submit that the mere lapse of 120/240-day period does not automatically vest an award of permanent disability benefits upon the petitioner. They argue that the degree of disability must still be determined by a competent and reliable physician.

Lastly, the respondents claim that there is absolutely no basis for this Court to award attorney’s fees in the absence of bad faith on their part in denying the petitioner’s demand for permanent disability benefits.

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<sup>27</sup> *Id.* at 35-36.

<sup>28</sup> *Id.* at 57-61.

<sup>29</sup> *Id.* at 659-691.



*Our Ruling*

This Court grants the petition.

In a nutshell, the main issue in this case is whether the petitioner is entitled to permanent and total disability benefits. The parties' disagreement lies on the degree of disability and the amount of benefits that the petitioner is entitled.

At the outset, this Court must address the petitioner's argument that the CA went beyond its jurisdiction when it re-evaluated the factual findings of the Labor Arbiter and the NLRC.

There is no question that as a general rule, findings of fact of an administrative agency (like the Labor Arbiters and the NLRC), which has acquired expertise in the particular field of its endeavor, are accorded great weight on appeal. This Court is consistent in ruling that the factual findings and conclusions of the NLRC are generally accorded not only great weight and respect but even clothed with finality and deemed binding on this Court as long as they are supported by substantial evidence.<sup>30</sup> Judicial review of labor cases does not go beyond the evaluation of the sufficiency of the evidence upon which its labor officials' findings rest.<sup>31</sup> The factual findings of the NLRC affirming those of the Labor Arbiter, who are deemed to have acquired expertise in matters within their jurisdiction, when sufficiently supported by evidence on record, are accorded respect if not finality, and are considered binding on this Court.<sup>32</sup>

However, the rule, is not absolute and admits of certain well-recognized exceptions. Thus, when the findings of fact of the Labor Arbiter and the NLRC are not supported by substantial evidence or their judgment was based on a misapprehension of facts, the appellate court may make an independent evaluation of the facts of the case, which procedure the CA adopted in this case.<sup>33</sup>

<sup>30</sup> *Peckson v. Robinsons Supermarket Corp. et al.*, 713 Phil. 471, 479 (2013), citing *Acebedo Optical v. National Labor Relations Commission*, 554 Phil. 524, 541 (2007).

<sup>31</sup> *Id.* at 486.

<sup>22</sup> *Dela Rosa v. Michaelmar Philippines, Inc.*, 664 Phil. 154, 165 (2011), citing *Bolinao Security and Investigation Service, Inc. v. Toston*, 466 Phil. 153, 160-161 (2004).

<sup>33</sup> *AMA Computer College-East Rizal, et al. v. Ignacio*, 608 Phil. 436, 453 (2009) citing *San Miguel Corporation v. Aballa*, G.R. No. 149011, June 28, 2005, 461 SCRA 392, 415.

In the instant case, the CA was acting within its jurisdiction when, on *certiorari*, it did not merely adopt the factual findings of the Labor Arbiter and the NLRC, but reversed the latter's ruling that the third-doctor-referral rule is merely directory and not a mandatory procedure. The NLRC's ruling is clearly erroneous considering the plethora of doctrinal jurisprudence stating that the third-doctor-referral provision is mandatory. Thus, the CA acted within its jurisdiction when a petition for *certiorari* was filed before it.

The Rules of Court requires that only questions of law should be raised in petitions filed under Rule 45.<sup>34</sup> As a rule, this Court is not duty-bound to analyze and weigh all over again the evidence already considered in the proceedings below.<sup>35</sup>

Petitions for review on *certiorari* should cover only questions of law as this Court is not a trier of facts.<sup>36</sup> However, the rules do admit exceptions<sup>37</sup> such as when the CA's judgment is based on misapprehension of facts and that it overlooked certain relevant facts not disputed by the parties and which, if properly considered, would justify a different conclusion.

Although the CA was correct in highlighting that referral to a third doctor is mandatory, it however, overlooked the fact that there was no final and categorical assessment and conclusion made by the company-designated physicians. It likewise misapprehended the fact that the company doctors' assessment is not yet a final conclusion as to the petitioner's disability, and that, there is no need to consult a third doctor in order to settle the issue. With the foregoing, this Court is compelled to revisit the factual circumstances of the instant case. In other words, the

<sup>34</sup> RULES OF COURT, Rule 45, Section 1.

<sup>35</sup> *Republic v. De Borja*, G.R. No. 187448, January 9, 2017, 814 SCRA 10, 18.

<sup>36</sup> *See Heirs of Mariano v. City of Naga*, G.R. No. 197743, March 12, 2018.

<sup>37</sup> As provided in *Twin Towers Condominium Corp. v. Court of Appeals*, 446 Phil. 280, 310 (2003), the following are the exceptions: (a) where there is grave abuse of discretion; (b) when the finding is grounded entirely on speculations, surmises or conjectures; (c) when the inference made is manifestly mistaken, absurd or impossible; (d) when the judgment of the Court of Appeals was based on a misapprehension of facts; (e) when the factual findings are conflicting; (f) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same are contrary to the admissions of both appellant and appellee; (g) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties and which, if properly considered, would justify a different conclusion; and, (h) where the findings of fact of the Court of Appeals are contrary to those of the trial court, or are mere conclusions without citation of specific evidence, or where the facts set forth by the petitioner are not disputed by the respondent, or where the findings of fact of the Court of Appeals are premised on the absence of evidence and are contradicted by the evidence on record.

Court will re-evaluate the factual findings of the labor officials and the CA. It is crystal clear that the exception, rather than the general rule, applies in the present case.

To arrive at a judicious resolution of the present controversy, this Court deemed it proper to apply: a) Section 20(A)(3) of the POEA-SEC; b) Article 198 [192](c)(1), Chapter VI, Title II, Book IV of the Labor Code; and c) the Amended Rules on Employee Compensation (AREC) implementing Title II, Book IV of the Labor Code.

Section 20(A)(3) of the POEA-SEC provides:

Section 20. COMPENSATION AND BENEFITS

A. COMPENSATION AND BENEFITS FOR  
INJURY OR ILLNESS

3. x x x x

If a doctor appointed by the seafarer disagrees with the assessment, a third doctor may be agreed jointly between the Employer and the seafarer. The third doctor's decision shall be final and binding on both parties.

The POEA-SEC should never be read in isolation with other laws such as the provisions of the Labor Code on disability and the AREC. Otherwise, the disability rating of the seafarer will be completely at the mercy of the company-designated physician, without redress, should the latter fail or refuse to give one.<sup>38</sup> It must be emphasized that the POEA-SEC is not the only contract between the parties that governs the determination of the disability compensation due the seafarer.<sup>39</sup> The POEA-SEC should be read hand in hand with the Labor Code and the AREC in resolving disability compensation cases.

Article 198[192](c)(1), Chapter VI, Title II, Book IV of the Labor Code instructs, thus:

Art. 198 [192]. Permanent and total disability. –

x x x x

<sup>38</sup> *Carcedo v. Maine Marine Philippines, Inc. et al.*, 758 Phil. 166, 184 (2015).

<sup>39</sup> *Id.*

(c) The following disabilities shall be deemed total and permanent:

(1) Temporary total disability lasting continuously for more than one hundred twenty days, except as otherwise provided for in the Rules[.]

In addition, Section 2(b) of Rule VII of the AREC defines disability as follows:

Sec. 2. Disability. – x x x.

(b) A disability is total and permanent if as a result of the injury or sickness the employee is unable to perform any gainful occupation for a continuous period exceeding 120 days, except as otherwise provided for in Rule X of these Rules.

Likewise, Section 2, Rule X of the AREC reads:

Sec. 2. Period of entitlement. – (a) The income benefit shall be paid beginning on the first day of such disability. If caused by an injury or sickness it shall not be paid longer than 120 consecutive days except where such injury or sickness still requires medical attendance beyond 120 days but not to exceed 240 days from onset of disability in which case benefit for temporary total disability shall be paid. However, the System may declare the total and permanent status at any time after 120 days of continuous temporary total disability as may be warranted by the degree of actual loss or impairment of physical or mental functions as determined by the System.

There is no question that the referral to a third doctor as provided in Section 20(A)(3) of the POEA-SEC is mandatory in case there are disagreements made by the company-designated physician and the seafarer's chosen physician as to the seafarer's medical condition. This Court in the recent cases of *Murillo v. Philippine Transmarine Carriers, Inc.*<sup>40</sup> and *Dionio v. Trans-Global Maritime Agency, Inc.*,<sup>41</sup> reiterated the settled rule that the referral to a third doctor is mandatory, and that the

<sup>40</sup> G.R. No. 221199, August 15, 2018.

<sup>41</sup> G.R. No. 217362, November 19, 2018.

seafarer's failure to abide thereby is a breach of the POEA-SEC which makes the assessment of the company-designated physician final and binding.

However, our jurisprudence is replete with cases which pronounce that before a seafarer should be compelled to initiate referral to a third doctor, there must first be a final and categorical assessment made by the company-designated physician as to the seafarer's disability within 120/240-day period. Otherwise, the seafarer shall be considered permanently disabled by operation of law.

In *Sunit v. OSM Maritime Services, Inc., et al. (Sunit)*,<sup>42</sup> this Court, citing *Kestrel Shipping Co., Inc. et al. v. Munar*,<sup>43</sup> ruled that the assessment of the company-designated physician of the seafarer's fitness to work or permanent disability within the period of 120 or 240 days must be definite for it to be controlling in determining the medical condition of the seafarer, to wit:

We point to our discussion in *Kestrel Shipping Co., Inc. v. Munar*,<sup>45</sup> underscoring that the assessment of the company-designated physician of the seafarer's fitness to work or permanent disability within the period of 120 or 240 days must be definite, viz.:

Moreover, the company-designated physician is expected to arrive at a definite assessment of the seafarer's fitness to work or permanent disability within the period of 120 or 240 days. That should he fail to do so and the seafarer's medical condition remains unresolved, the seafarer shall be deemed totally and permanently disabled.<sup>44</sup> (Emphasis and underscoring omitted.)

Moreover, in *Sunit*, this Court stressed:

A final and definite disability assessment is necessary in order to truly reflect the true extent of the sickness or injuries of the seafarer and his or her capacity to resume work as such. Otherwise, the corresponding disability benefits awarded might not be

<sup>42</sup> 806 Phil. 505 (2017).

<sup>43</sup> 702 Phil. 717 (2013).

<sup>44</sup> *Supra* note 42, at 517.

commensurate with the prolonged effects of the injuries suffered.<sup>45</sup>

This Court likewise held in *Carcedo v. Maine Marine Philippines, Inc. (Carcedo)*,<sup>46</sup> that failure of the company-designated doctor to issue a final assessment made the disability of the seafarer therein permanent and total, thus:

We cannot agree with the Court of Appeals and the Labor Arbiter that the 24 March 2009 disability assessment made by Dr. Cruz was definitive. To our mind, the said disability assessment was an interim one because Carcedo continued to require medical treatments even after 24 March 2009. He was confined in the hospital from 20 April 2009 to 6 June 2009, where he underwent serial debridements, curettage, sequestrectomy and even amputation of the right first metatarsal bone. He was certainly still under total disability, albeit temporary at that time.

His discharge from the hospital was 137 days from repatriation. Following the Court's rulings in *Vergara* and *Kestrel*, since Carcedo required further medical treatments beyond the 120 day period, (sic) his total and temporary disability was extended. The company-designated physician then had until 240 days from repatriation to give the final assessment.

x x x x

*Here, the company-designated physician failed to give a definitive impediment rating of Carcedo's disability beyond the extended temporary disability period, after the 120-day period but less than 240 days. By operation of law, therefore, Carcedo's total and temporary disability lapsed into a total and permanent disability.*<sup>47</sup> (Italics supplied.)

Furthermore, in *Fil-Pride Shipping Co., Inc. et al. v. Balasta*,<sup>48</sup> this Court instructed that the company-designated physician must arrive at a definite assessment of the seafarer's fitness to work or permanent disability within the period of 120 or 240 days, otherwise, the seafarer's

<sup>45</sup> *Id.* at 519.

<sup>46</sup> 758 Phil. 166 (2015).

<sup>47</sup> *Id.* at 183-184.

<sup>48</sup> 728 Phil. 297 (2014).

medical condition remains unresolved and the latter shall be deemed totally and permanently disabled. This Court ruled in this wise:

The company-designated physician must arrive at a definite assessment of the seafarer's fitness to work or permanent disability within the period of 120 or 240 days, pursuant to Article 192(c)(1) of the Labor Code and Rule X, Section 2 of the AREC. If he fails to do so and the seafarer's medical condition remains unresolved, the latter shall be deemed totally and permanently disabled.<sup>49</sup>

In the case at bench, the disability grading that Dr. Go, the company-designated doctor, issued was merely an interim assessment and not a final and categorical finding. If it were otherwise, Dr. Go would not have advised the petitioner to continue his rehabilitation. Also, Dr. Lao's subsequent medical report cannot be considered as final assessment as he merely suggested a disability grading. Dr. Lao was not the designated doctor who medically evaluated the petitioner's condition. His report is merely a suggestion subject for evaluation by Dr. Lim, the medical coordinator.

This Court pronounced in *Belchem Philippines, Inc./United Philippine Lines, et al. v. Zafra, Jr.*,<sup>50</sup> that a mere "suggestive" disability grading will not suffice as final and definitive medical assessment, thus:

In this case, petitioners seek the Court's attention to the "final" assessment, dated April 19, 2010, issued by the attending physician, which was earlier quoted.

To the petitioners, this assessment forecloses any claim that Zafra's injury is total or one that incapacitates the employee to continue performing his work. They treat it as the certification required under Section 20(B)(3) of the POEA-SEC as it contained his degree of disability and fitness to resume sea duties.

The statement, however, is clearly devoid of any definitive declaration as to the capacity of Zafra to return to work or at least a categorical and final degree of disability. As pointed out by the CA, all the medical certificates found in the record merely recited his medical history and, worse, it made no mention as to

<sup>49</sup> *Id.* at 312.


<sup>50</sup> 759 Phil. 514 (2015).

whether the seafarer was even capable of resuming work. *In fact, it was merely a suggestion coming from the attending doctor and not from the company-designated physician, as if the letter was written while the process of evaluation was still being completed.* To stress, Section 20(B)(3) of the POEA-SEC requires the declaration of fit to work or the degree of permanent disability by the company-designated physician and not by anyone else. Here, it was only Dr. Chuasuan, Jr. who signed the suggested assessment, addressing the letter solely to Dr. Lim, the company-designated physician. Taken in this context, no assessment, definitive in character, from the company-designated physician's end was issued to reflect whether Zafra was fit or unfit to resume duties within the 120/240-day period, as the case may be. Thus, the Court deems him unfit to resume work on board a sea vessel.<sup>51</sup> (Emphasis supplied; italics supplied.)

Records reveal that petitioner remained incapacitated to resume sea duties even after the company-designated doctor evaluated his medical condition. This means that the petitioner had to still undergo medical treatment even after being seen by the company-designated physician. Obviously, even after the lapse of the maximum 240-day period there was still no final assessment made by the company-designated doctor as to the petitioner's disability. With Dr. Go's failure to issue a final and definite assessment of petitioner's condition within the 240-day period, petitioner was thus deemed totally and permanently disabled. It is apparent that petitioner's disability and incapacity to resume working continued for more than 240 days.

Consequently, the absence of a final assessment by the company-designated physician makes the rule on third-doctor-referral inapplicable in the instant case. The failure of the company-designated physician to issue a final assessment and disability grading within the 240-day period made the petitioner's disability total and permanent even without evaluation by a third doctor. Evidently, there is no need for the petitioner to initiate the referral to a third doctor for him to be entitled to permanent disability benefits. In *Carcedo*, this Court decreed that the rule on third doctor referral is not applicable if there is no definitive disability assessment made by the company-designated physician, thus:

<sup>51</sup> *Id.* at 527-528.





In this case, the third-doctor-referral provision did not find application because of the lack of a definitive disability assessment by the company-designated physician. x x x<sup>52</sup>

Considering the absence of definitive disability assessment made by the company-designated physician, it was by operation of law that the petitioner became permanently disabled.

Viewed in this light, the CA erred in upholding the interim assessment of Dr. Lao over that of Dr. Catapang on the basis of the petitioner's failure to seek medical opinion from a third doctor as provided under the POEA-SEC. It erroneously applied the provisions of the POEA-SEC in isolation with other laws such as the Labor Code and the AREC. The CA should have widened its spectrum in deciding the case and applied the Labor Code provisions on disability benefits. Applying the 2010 POEA-SEC, the Labor Code provisions on permanent disability and the AREC *vis-a-vis* the several jurisprudence concerning seafarer's disability compensation, this Court holds that the petitioner is, by operation of law, permanently disabled to work as a seafarer.

Lastly, considering that the petitioner was forced to litigate to protect his right and interest, he is entitled to a reasonable amount of attorney's fees pursuant to Article 2208(8) of the Civil Code.<sup>53</sup> However, this Court notes that petitioner failed to prove that the respondents acted in gross and evident bad faith in refusing to satisfy his demands. Records show that the respondents offered to pay the petitioner disability benefits corresponding to a Grade 10 disability which is obviously way below the amount for permanent/total disability. Thus, this Court finds the award of attorney's fees in the amount of US\$1,000 as reasonable.<sup>54</sup>

**WHEREFORE**, the petition is **GRANTED**. The Decision dated June 10, 2015 and Resolution dated January 14, 2016 of the Court of Appeals in CA-G.R. SP No. 136759 are **REVERSED** and **SET ASIDE**.

<sup>52</sup> *Carcedo v. Maine Marine Philippines, Inc.*, *supra* note 38 at 189.

<sup>53</sup> Article 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:


x x x x

(8) In actions for indemnity under workmen's compensation and employer's liability laws;

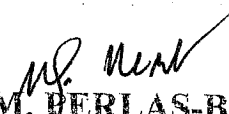
<sup>54</sup> *Sunit v. OSM Maritime Services, Inc. et al.*, *supra* note 42, at 524.

The Respondents are ordered to jointly and severally pay petitioner Jherome G. Abundo the amount of US\$60,000 or its equivalent amount in Philippine currency at the time of payment, representing total and permanent disability benefits, plus US\$1,000, or its equivalent in Philippine currency, as attorney's fees.

**SO ORDERED.**

  
**HENRI JEAN PAUL B. INTING**  
*Associate Justice*

WE CONCUR:

  
**ESTELA M. PERLAS-BERNABE**  
*Senior Associate Justice*  
*Chairperson*


  
**ANDRES B. REYES, JR.**  
*Associate Justice*

(On leave)  
**RAMON PAUL L. HERNANDO**  
*Associate Justice*

  
**RODIL V. ZALAMEDA**  
*Associate Justice*

**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**ESTELA M. PERLAS-BERNABE**  
*Senior Associate Justice*  
*Chairperson*

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Acting Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**DIOSDADO M. PERALTA**  
*Chief Justice*