

ISLAND OVERSEAS TRANSPORT CORP., PINE CREST SHIPPING CORPORATION AND/OR MARIANO ARANETA, PETITIONERS, VS. VOLUNTARY ARBITRATOR CAPT. RODOLFO A. ASPILLAGA AND EDWARD V. MADRANGCA...

Ponente: SALAZAR-FERNANDO, J.

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SALAZAR-FERNANDO, J.:

Before this Court is a petition for review under Rule 43 of the 1997 Rules of Civil Procedure assailing the Decision dated January 6, 2006[1] of the Voluntary Arbitrator, National Conciliation and Mediation Board, in ACMVA 008-NCR-02-01-2005 entitled “Edward V. Madrangca, Complainant, vs. Island Overseas Transport Corporation, Pine Crest Shipping Corporation and/or Mariano Araneta, Respondents,” the decretal portion of which reads:

“WHEREFORE, premises considered, judgment is hereby rendered, ordering the respondents to pay the complainant as follows:

- a.) reimbursement of medical expenses - Php1,506,442.73
- b.) full disability compensation - US\$ 80,000.00
- c.) attorney’s fees equivalent to 10% of the total monetary award.

The claim for moral damages is hereby dismissed for lack of merit.

SO DECIDED.”

The facts are:

Petitioner Island Overseas Transport Corporation (IOTC for brevity) is the local manning agency which hired the services of private respondent Edward V. Madrangca (Madrangca for brevity). Petitioner Pine Crest Shipping Corporation (Pine Crest for brevity) is a foreign entity engaged in the shipping business which is the foreign principal of petitioner IOTC. Petitioner Mariano Araneta is impleaded in his official capacity as the Executive Vice-President of petitioner IOTC.

In his Position Paper,[2] private respondent Madrangca averred that: sometime in June 2003, he applied for employment with petitioner IOTC; after passing all the pre-employment requirements including the mandatory company-sponsored pre-employment medical examination (PEME) where he was certified “fit to work”, he executed his contract of employment dated June 30, 2003 with petitioner IOTC for the position of ‘Master’; said employment contract was overridden by an AMOSUP ITF Collective Bargaining Agreement (CBA) between the Associated Marine Officers and Seamen’s Union of the Philippines and Hachiuma Steamship Co. Ltd., represented by petitioner IOTC; on July 5, 2003, he joined the vessel MV Chihiro at the port of Chiba, Japan; as Master and the highest officer of the vessel, it was his job to implement and enforce all company policies on-board which job was demanding and stressful; on July 8, 2003, the ship set sail for Gladstone, Australia; on

July 10, 2003, while the vessel was enroute to Gladstone, he noticed that the fifth digit of his left and right feet were scratched and wounded due to constant rubbing from his ill-fitted safety shoes issued by petitioner IOTC; first-aid medication was immediately administered and some days later, he took paracetamol, antibiotics and pain relievers to reduce the swelling and ease the pain, with the hope that the shoes would somehow fit better as his feet would get used to it more; approximately three (3) days before the estimated time of arrival of the vessel at the port of Gladstone, he noticed that the 3rd, 4th and 5th digits of his left foot had started to blacken; he continued medication as the vessel neared the port; MV Chihiro reached Gladstone, Australia on July 21, 2003 and after maneuvering the vessel for anchorage, he felt tired and weak, so he decided to take a rest at the radio room where he eventually lost consciousness; when he regained consciousness, some officers and crew were already attending to him and placed an oxygen mask on his face; the next day, he requested for medical assistance from the charterer's agent; the company office in Japan responded and required details about his situation and requested that pictures be sent via e-mail; on July 24, 2003, he was airlifted to Mater Hospital in Gladstone where his doctors informed him that his left foot had become gangrenous and that he was suffering from septicemia; he was advised to undergo below the knee amputation to prevent the septicemia from overpowering his body systems; he requested to be transferred to a bigger hospital for a second opinion; on August 2, 2003, he was brought to Wesley Hospital in Brisbane where the attending vascular surgeon gave him the same assessment, i.e., the amputation was necessary; he was also informed that he suffered a myocardial infarction subsequently causing a blood clot to form inside his heart, and which broke away, with some lodging in his kidneys, a further portion lodging in his mesenteric artery and the largest portion lodging in his left leg, thereby blocking blood flow to the left foot; on August 8, 2003, a transmetatarsal amputation was performed on his left foot while a coronary arterial bypass graft including mitral valve repair was performed on him on August 27, 2003; on November 27, 2003, he was repatriated to Manila and was referred by petitioner IOTC to the St. Luke's Hospital in Quezon City for further medical treatment and management under the care of Dr. Natalio Alegre, the company-designated physician; Dr. Alegre's medical treatment and management proved to be a lot inferior to the treatment he received from the hospitals abroad, hence, they wrote a letter-complaint to Mr. Mariano Araneta advising the latter of the treatment that he was receiving from Dr. Alegre; he was later verbally advised by Dr. Alegre that he had to be discharged but he protested the notice as he felt his treatment was still incomplete; on August 4, 2004, he was again advised by Dr. Alegre that he should be discharged because his case could be better managed on an out-patient basis; petitioner IOTC's counsel likewise advised him that his hospitalization expenses incurred after August 18, 2004 shall be for his own account if he refuses to be discharged as recommended by the company doctor; because of this, he sought the assistance of his union for the extension of his medical management; after a conference with petitioner IOTC, his treatment at St. Luke's was extended until August 27, 2004, but his claim for disability compensation was denied; upon the expiration of the extension, he was left to shoulder his medical expenses; with the aid of the union, he obtained the services of Dr. Ramon Reyes, a consultant/physician at the St. Luke's Hospital, for the continuation of his treatment; Dr. Reyes assessed him as having suffered an impediment grade of 1.

Private respondent Madrangca claimed that: 1) the injury to the digits/toes of his feet was a result of an ill-fated safety shoes which petitioner IOTC issued to him; 2) his feet injury had something to do with the silent heart attack which he suffered while the vessel was enroute from Japan to Australia; 3) the injury which caused the amputation of his left foot had affected his kidney, liver and heart, the latter having led to a by-pass operation which incapacitated him from returning to sea duty; 4) the injury he suffered and illness which he contracted arose out of his employment with petitioner IOTC; and 5) his feet injury has been certified as having an impediment grade of 1. He maintained that he is entitled to full disability compensation of \$80,000 in accordance with Section 3 of Article XXI of the CBA, as well as for the payment of moral damages and attorney's fees.

Petitioners, on the other hand, contended in their Position Paper[3] that: private respondent Madrangca stayed onboard the vessel for a period of nineteen (19) days only; his claim for disability compensation is based on diabetes mellitus, an illness which is medically considered as genetically related, hence, it is medically impossible to develop during a short period of time; under the governing POEA contract, entitlement to disability compensation and benefits due to illness requires two conditions, i.e., 1) the illness must be contracted during the employment period, and 2) it must be due to work-related causes; private respondent Madrangca's illness is not compensable under the POEA contract because it is already pre-existing and not work-related as it is caused by genetic make-up and hereditary factors; diabetes mellitus is not even listed as an occupational disease under Section 32-A of the POEA contract.

On January 6, 2006, Voluntary Arbitrator Captain Rodolfo Aspillaga rendered the assailed decision ruling in favor of the award of full disability compensation to private respondent Madrangca, holding that: a CBA covers the employment contract entered into by and between private respondent Madrangca and the petitioners; and nowhere in the CBA mentions that the illness must be work-related and contracted during the employment period.

The Voluntary Arbitrator observed that since private respondent Madrangca passed the required PEME and was certified "fit to work", he was presumed to be not suffering from diabetes mellitus at the time he commenced work with the petitioners. The Voluntary Arbitrator also noted that since the heart attack which led to a heart by-pass surgery and eventually required the amputation of his foot took place during the course of his employment, private respondent Madrangca is thus entitled to full disability compensation.

Hence, this petition for review based on the following grounds:

"I. PUBLIC RESPONDENT COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN HOLDING HEREIN PETITIONERS LIABLE FOR PAYMENT OF CONTRACTUAL DISABILITY BENEFITS DESPITE THE FACTS AND EVIDENCE UNDENIABLY SHOWING THAT PRIVATE RESPONDENT'S ILLNESS, WHICH CAUSED HIS PRESENT DISABILITY, IS NOT ONLY PRE-EXISTING BUT ALSO NOT RELATED TO HIS EMPLOYMENT WITH HEREIN PETITIONERS.

II. PUBLIC RESPONDENT GRAVELY ABUSED HIS DISCRETION IN HOLDING HEREIN PETITIONERS LIABLE FOR PAYMENT OF DAMAGES IN THE FORM OF ATTORNEY'S FEES DESPITE ABSENCE OF ANY BAD FAITH COMMITTED BY HEREIN PETITIONERS."[4]

The petition is partly meritorious.

This Court finds the Voluntary Arbitrator ruling correct when he stated that the CBA covering the employment contract between private respondent Madrangca and the petitioners is as valid and binding as the POEA Standard Employment Contract for Seafarers, such that where the former provides superior benefits to the seafarer in comparison to the latter, the same benefits should apply and accrue to the seafarer. The provisions of the CBA should therefore be read in harmony with the governing POEA Standard Employment Contract and should serve as an additional protection to the seafarers' rights which are guaranteed by the statute.

Perusal of the pertinent provisions of the parties' CBA reveals that the said agreement separately treated the matter of hospitalization of a discharged seafarer and the matter of compensation relating to a disabled seafarer.

The hospitalization provision of the CBA states:

"ARTICLE XVHOSPITALIZATION MEDICAL AND DENTAL SERVICES

A seafarer who is discharged due to sickness or injury shall be entitled to medical attention (including hospitalization) at the Company's expense for as long as the necessity of such attention existed or is required.

The company shall be liable to defray the expense of medical care until such time he is declared as cured and fit to perform his usual work or the degree of his disability has been established with finality. The Company shall conclude appropriate insurance to cover itself fully against the aforesaid contingencies.”

On the other hand, the disability provisions of the CBA states:

“ARTICLE XXIDISABILITY

SECTION 1: A Seafarer who suffers permanent disability as a result of an accident, regardless of fault but excluding injuries caused by a Seafarer’s willful act, whilst in the employment of the Company, including accidents occurring while traveling to or from the Ship, and whose ability to work is reduced as a result thereof, shall in addition to sick pay, be entitled to compensation according to the provisions of the Agreement. The copy/ies of the medical certificate and other relevant medical reports shall be made available by the Company to the Seafarer.

SECTION 2: The disability suffered by the Seafarer shall be determined by a doctor appointed by the Company, and the Company shall provide disability compensation to the Seafarer in accordance with the percentage specified in the table below which is appropriate to this disability.

XXX XXX XXX”

As to the hospitalization of private respondent Mdrangca, this Court holds, conformably with the aforecited CBA provision, that there is no requirement that the illness for which he was hospitalized should be work-related or contracted during the employment period. It is enough that the seafarer fell ill during the course of his employment. This is understandable. As in any undertaking, the responsibility of according immediate medical attention to an employee who suddenly falls ill during the course of employment should devolve upon the employer. This is especially true in this case taking into account the immediate perils attendant to a seafarer’s trade. Without the said provision, petitioners could easily disavow responsibility to a seafarer suddenly falling ill while at sea. Accordingly, all the hospitalization expenses incurred by private respondent Mdrangca should be for the account of the petitioners.

Anent the disability provision of the CBA, it is succinctly clear that the same made particular reference to disability arising or “as a result of an accident.” Based on the findings of the physicians who attended on private respondent Mdrangca, and as concluded by the Voluntary Arbitrator, the disability or amputation of private respondent Mdrangca’s left foot was a result of diabetes mellitus and not by accident. Clearly, the disability provision of the CBA should not therefore apply.

Since the CBA did not provide for disability arising from “other than accident”, reference should therefore be made to the POEA Standard Employment Contract. Compensability of an ailment under the said contract does not depend on whether the injury or disease was pre-existing at the time of the employment. Rather, it is enough that the work contributed to the development of the disease, or if the disease or injury is work-related or aggravated his condition.[5] Whether or not private respondent Mdrangca concealed the existence of his diabetes mellitus is therefore not an issue. The sixty-four dollar question is, “Is private respondent Mdrangca’s disability or illness compensable under the POEA Standard Employment Contract?”. This Court rules in the negative.

The disability or amputation of private respondent Mdrangca’s foot was a complication linked with his diabetic condition, thus, the same did not come about by reason of his employment. While there is good reason to believe, from a layman’s standpoint, that the scratches on his feet caused by the ill-fitted shoes, started or triggered the injury which led to the amputation of his left foot, it cannot be said, however, that his working conditions increased the risk of contracting those scratches, or that the exacerbation of the injury could be attributed to the nature of his employment. In other words, irrespective of his work, the complication could have set in because of

his underlying illness. In the same vein, the underlying ailment, diabetes mellitus, is not work-connected or even listed as an occupational disease. It is a metabolic and a familial disease to which one is pre-disposed by reason of heredity, obesity or old age.[6] Regardless of the type of work he had been engaged, private respondent Madrangca could have contracted diabetes just the same.

As such, there is no casual connection between private respondent Madrangca's disability with his employment and working conditions, nor could it be said that the nature of his work aggravated his condition or contributed to the development of the illness. It would thus be unfair to hold petitioners liable for disability compensation for an illness which was not work-connected nor even listed as an occupational disease. Therefore, private respondent Madrangca should not be entitled to the disability benefit of US\$80,000.00.

The award of attorney's fees should be deleted as there is no showing that the petitioners acted in bad faith in denying private respondent Madrangca's claim. In fact, the petitioners initially shouldered private respondent Madrangca's hospitalization expenses. By way of policy, no premium should be placed on the right to litigate.

WHEREFORE, premises considered, this petition is hereby PARTLY GRANTED in that the award of attorney's fees and full disability compensation of US\$80,000.00 in favor of private respondent Madrangca is hereby deleted. The rest of the Voluntary Arbitrator's decision is affirmed accordingly.

SO ORDERED.

Tijam and [*]Dimaampao, JJ., concur.

[*] Per Office Order No. 198-06-RTR

[1] Rollo, pp. 46-69, Annex A

[2] Rollo, pp. 101-114, Annex H

[3] Rollo, pp. 75-92, Annex G

[4] Rollo, p. 13

[5] OSM Shipping Phil. Inc. vs. Dela Cruz, 449 SCRA 525; More Maritime Agencies Inc. vs. NLRC, 307 SCRA 189

[6] De Guia vs. ECC, 198 SCRA 834

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