

ROBERT B. CABUYOC, PETITIONER, VS. INTER-ORIENT NAVIGATION SHIPMANAGEMENT, INC., AND INTER-ORIENT NAVIGATION CO., LIMITED, RESPONDENTS.

G.R. NO. 166649. November 24, 2006

Ponente: GARCIA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-166649/>

GARCIA, J.:

Under consideration is this petition for review under Rule 45 of the Rules of Court, seeking the reversal and setting aside of the Decision[1] dated November 12, 2004 as reiterated in the Resolution[2] dated January 12, 2005 of the Court of Appeals (CA) in CA G.R. SP No. 84300, entitled, "Inter-Orient Navigation Shipmanagement, Inc. and Inter-Orient Navigation Co., Ltd., v. National Labor Relations Commission and Robert B. Cabuyoc." The assailed CA decision overturned that of the National Labor Relations Commission (NLRC) in case RAB-IV-5-495-96-L[3] finding the herein petitioner Robert B. Cabuyoc, who is afflicted with schizophrenic form of mental disorder, as totally and permanently disabled pursuant to the old POEA Standard Employment Contract.

As synthesized by the CA in the decision under review, the facts are as follows:

On June 23, 1993, [petitioner] Robert B. Cabuyoc was hired by [respondent] Inter-Orient Shipmanagement, Inc. to work as Messman on board the "M/V Olandia" owned by its foreign principal, [respondent] Inter-Orient Navigation Company Limited. The contract of employment was for a period of ten (10) months with monthly salary of US\$300.00. However, after rendering services for only two (2) months and eleven (11) days, [petitioner] was discharged on September 7, 1993 at Sydney, Australia. He was examined by a company physician at Sydney and was found to be suffering from "nervous breakdown" and was declared "unfit for work at sea". He was eventually repatriated to the Philippines and received final wages and earnings in October 1993.

On October 9, 1995, [petitioner] filed a complaint before the Philippine Overseas Employment Administration (POEA) for non-payment of overtime pay, hospitalization benefit and sickness allowance. [Petitioner] detailed the hostile treatment and emotional/mental trauma he suffered in the hands of German ship officers while working on board the M/V Olandia. This led to his nervous breakdown and untimely repatriation to the Philippines after being declared unfit for work by the foreign employer's physician who examined him. [Petitioner] alleged that upon returning to the country, he sought financial assistance from [respondents] for his medical expenses but they refused to extend help to him. He was referred to the Philippine General Hospital (PGH) in Manila after being examined by a doctor at the Manila Sanitarium. He also complained to the POEA and Overseas Workers Welfare Administration (OWWA) but he was ignored. Attached to the original complaint was a Medical Certificate dated October 3, 1995 issued by the PGH Medical Records Chief stating that he was examined at the Out-Patient Services Department and the findings revealed his illness as "Psychosis; to consider Paranoia disorder." He had received a fax message from Captain Monterroyo who instructed that he report immediately for work and when he asked to be given time to recuperate, [respondents] told him there was no medical assistance for him. [Petitioner] sought to hold the [respondents] liable for illegal

dismissal and payment of his salaries corresponding to the unexpired portion of his contract and medical/hospitalization benefit.

The case was referred to the National Labor Relations Commission (NLRC) Regional Arbitration Branch No. IV and hearings were conducted before Executive Labor Arbiter Nieves V. De Castro (NLRC OCW Case No. RAB-IV-5-495-96-L).

On November 21, 1996, [respondents] filed their Position Paper denying the charge of illegal dismissal and claiming that [petitioner's] contract was pre-terminated and he was repatriated to Manila on September 7, 1993 due to medical findings that he had become unfit for work at sea. They admitted that [petitioner] reported to the INC office the following day and was verbally instructed to have an examination by a company-designated clinic duly accredited by the Department of Labor and Employment (DOLE) and the POEA. However, nothing was heard of [petitioner] until the filing of the present complaint. [Respondents] contended that under the provisions of the POEA Standard Employment Contract Governing the Employment of all Filipino Seamen on board Ocean-Going Vessels, the failure of the seaman to submit himself to post-employment medical examination by the company-designated physician within three (3) working days upon his return shall result in the forfeiture of his right to claim compensation and benefits for sickness.

On February 18, 1997, the case was dismissed for failure of the [petitioner] to submit his position paper as directed by the regional arbitration branch office as early as November 21, 1996. A petition to revive and/or re-open the case was filed by [petitioner's] counsel on March 12, 1997. [He] filed his position paper on July 1, 1997.

The proceedings before the Labor Arbiter were resumed and subsequently [petitioner] filed a motion to admit an Amended Complaint. After further exchange of pleadings by the parties, the case was submitted for decision without need of formal hearings. [Petitioner] had sought the assistance of the Office of the President (OP) for expeditious resolution of the case and said office referred his request to the Labor Arbiter.

On February 26, 1999, Labor Arbiter Neives V. De Castro rendered her Decision with the following findings and conclusions:

"The issues therefore are:

"1. Whether or not [petitioner] is entitled to his claim for overtime.

"2. Whether or not he is entitled to sickness benefit.

"3. Whether or not [petitioner] is entitled to permanent disability benefit of US\$60,000.00, moral damages and attorney's fees.

"From the [petitioner's] own assertions we believe that [he] receive in full his overtime pay. The document entitled "Final Wage Account" dated September 8, 1993 marked as Annex "B" (Petitioner's Position Paper), duly signed by the [petitioner] acknowledging receipt of the amount states therein, is confirmed by the [petitioner] himself in paragraph 2, page 9 of his Position Paper, to wit:

"While the chief mate was handling part of the [petitioner's] wages, the latter was visibly shaking which struck the attention of the customs officer."

This event happened on the day he was repatriated to the Philippines. And since the repatriation took place on September 8, 1993, it can be safely inferred that the [petitioner] indeed signed the Final wage Account after the receipt of the monetary considerations contained therein.

On the second issue, we find the [petitioner] that he is still entitled to the sickness wages as provided for under the POEA Standard Employment Contract, which provision reads:

"The employer shall pay the seaman his basic wages from the time he leaves the vessel for medical treatment.

After discharge from the vessel, the seaman is entitled to 100% of his basic wages until he is declared fit to work on the degree of permanent disability has been accessed [sic] assessed by the company designated physician, but in [no] case shall this period exceed 120 days. Fro this purpose, the seaman shall submit himself to a post-employment medical examination by the company designated physician within three working days upon his return except when he is incapacitated to do so, in which case a written notice to the agency within the same period is deemed as compliance. Failure of the seaman to comply with the mandatory reporting requirement shall result in his forfeiture of the right to claim the above benefit.'

In the case at bar, the wife of the [petitioner] presented the [petitioner] before the respondent's office for any assistance that may be given to her unfortunate husband who was still mute and in shock. This fact is confirmed by the respondents in their position paper, to quote:

'Complainant reported to the respondent's INC office the following day (Sept. 9, 1993), following his arrival on Sept. 8, 1993), and was verbally instructed to undergo post-medical examination with the company designated clinic duly accredited by the DOH and POEA. xxx'.

We take exception, however, to the later part of the respondent's statement. [Petitioner's] wife, in accompanying [petitioner] to INC's office is to ask for any assistance. Had respondent really instructed to undergo post-medical examination with the company designated clinic, [petitioner's] wife would have proceeded immediately that very same day to the clinic, but nay. The truth is, as succinctly stated by the wife of the [petitioner], that she asked for medical assistance from the respondent, i.e., from Capt De los Angeles and Capt. Sigfredo Monterroyo, but the request was unjustifiably denied.

"Furthermore, if indeed respondent INC instructed [petitioner] and wife to proceed to the company designated clinic for post-medical examination, [petitioner] could not have proceeded to the Philippine General Hospital for medical examination. It was respondent-INC's blunt denial of the request for medical assistance that caused [petitioner's] wife to take him to the Philippine General Hospital, where he was actually examined and diagnosed to be suffering from "psychosis to consider paranoid disorder.

"Taking into account the above established facts, the mandated three-day period within which seaman-Cabuyoc shall submit himself to the company designated physician has been complied with, specifically on the first day after his arrival in the Philippines. The fact that he was not subjected to actual post-employment medical examination is the fault of respondent INC, particularly Capt. De los Angeles and Capt. Sigfredo Monterroyo, who bluntly denied [petitioner] such requirement. Nobody is to be blamed but the INC and INC alone. For in bad faith, and will ill(sic) motive of evading payment of sickness wages to a co-filipino who suffered badly on board and can no longer hope to work again as a seaman or any other job, respondent INC must be suffered to pay moral damages of not less than P50,000.00 and another P50,000.00 by way of exemplary damages to teach them and those employees similarly motivated not to trifle with law and justice. This, of course, is on top of the sickness wages computed as follows:

"US\$300 X 4 MONTHS (120 days) = US\$1,200.00

"[Petitioner's] disability is total and permanent. He worked with respondent INC in another vessel to finish his contract. Respondent INC was satisfied with [petitioner's] efficiency and hard work that when the very first opportunity where a vacancy occur, [petitioner] was immediately called to join the vessel MV 'Olandia.'

"Barely two and a half months after joining MV 'Olandia,' the misery and mental torture he suffered totally disabled him. The supporting medical certification issued by a government physician/hospital and by another expert in the field of psychiatry respectively find him suffering from 'psychosis' and 'scyzophrenia' which under OWWA Impediment Classification falls under Grade I-A (Annex C / complaint). Under the POEA Revised

Standard Employment Contract the employment of all Filipino Seaman on board ocean-going vessel, particularly appendix 1-A, Schedule of Disability Allowances, Impediment Grade I, the disability allowance is the maximum rate multiplied by 120%. The maximum rate schedule is:

'Master and Chief Engineer -

US\$15,000

'Officers including radio operators and

'Masters electricians

US\$13,000

'Ratings

US\$11,000

"[Petitioner] falling under the category of Ratings (meaning position lower than the officers) is entitled to 120% of US\$11,000 or a total sum of US\$13,200 to be paid in Philippine Currency equivalent at the exchange rate prevailing during the time of payment.

"[Petitioner's], would have been a foregone cause, had it not been for the services of his counsel who took pity and handled his case without asking him even a single centavo. It is only proper that attorney's fees of 10% of the total entitlement be paid by the respondents.

SO ORDERED."

[Respondents] appealed to the National Labor Relations Commission (NLRC) alleging grave abuse of discretion on the part of the Labor Arbiter on grounds that [petitioner] suffered merely from nervous breakdown and not from psychosis or schizophrenia, and even assuming that he was so diagnosed, there was no showing that the illness was contracted during the employment or that the same was work-connected. [Respondents] contended that psychosis or schizophrenia is not compensable under the POEA Standard Employment Contract for Filipino Seafarers on board Ocean-Going Vessels, and even granting that [petitioner] is entitled to disability benefit his mental incapacity is not grave, and/or that he is estopped from pursuing or forfeited his claims in this case. Finally, [respondents] claimed that they had not acted in bad faith as to entitle [petitioner] to moral and exemplary damages, and that he is barred from amending his original complaint to include the disability benefits.

On November 24, 2003, the NLRC's Second Division rendered its Resolution dismissing the appeal and affirming the decision of the Labor Arbiter. The NLRC gave full credence on the medical certificate issued by the PGH upon the presumption of regularity in the performance of the public duties, PGH being a government hospital. [Respondent's] admission that [petitioner] was medically examined by their own physician and found "unfit to work at sea" confirmed the findings of the OWWA physician that [petitioner's] illness was Schizophrenic form of disorder and rated it as Impediment Grade 1-A. As to the argument that [petitioner's] disease was not work-connected, the NLRC cited the Supreme Court's ruling that under the POEA Standard Employment Contract, it is not necessary that the illness be work-connected before disability compensation is awarded to the seaman repatriated due to medical reasons for as long as such illness occurred during the employment.

As to the other issues raised in the appeal, the NLRC ruled as follows:

"Likewise bereft of the scant consideration is Respondent's argument that psychosis or schizophrenia is not compensable, claiming that such mental disorder does not result from traumatic head injury which contemplates accidents involving physical or head contacts. There is nothing in the Standard Terms and Conditions Governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessels, particularly Section 30 thereof, that specifically states that traumatic head injury contemplates accidents involving physical or head contacts. Notably, the New Britannica-Webster Dictionary & Reference Guide, Copyright 1988 by

Encyclopedia Britannica, Inc. defines the word 'injury' as '1: an act of the damages or hurts; WRONG 2: hurt, damage, or loss sustained.' Here, said dictionary does not specifically state that hurt, damage, or loss sustained should be physical in nature, hence, the same may involve mental or emotional hurt, damage or loss sustained. Further, said dictionary defines the word 'trauma' as 'a: a bodily injury caused by a physical force applied from without; b: a disordered psychic or physical force applied from without; b: a disordered psychic or behavioral state resulting from stress or injury.' From the above definitions, it is patent that 'traumatic head injury' does not only involve physical damage but mental or emotional damage as well.... [Petitioner's] illness occurred during the term of his employment contract with them, hence, Respondents are liable therefor.

"xxx. We find untenable Respondents' claim that [Petitioner's] Impediment Grade 1 is without any basis. Respondents themselves insist that they repatriated [petitioner] because he became 'unfit to work at sea' and up to this writing, or more than eight (8) months from the date of his repatriation. Respondents have not submitted any evidence to prove that he is already fit to work. x x x

xxx xxx xxx

The NLRC also sustained the grant of moral and exemplary damages, noting that [respondents] refused to give the [petitioner] any of the sickness benefits under the POEA standard employment contract. The NLRC likewise rejected the argument that [petitioner's] claims were barred by prescription. It pointed out that [petitioner's] cause of action began to run from the time [respondents] refused to grant [petitioner] permanent disability benefit despite the evaluation of impediment grade for the illness so diagnosed. Finally, the NLRC found no merit in [respondent's] contention that [petitioner] had already forfeited any right to disability benefits because the failure to submit to medical examination within three (3) days by a company-designated physician was their own fault and that [petitioner] accompanied by his wife was unjustifiably refused any assistance by the [respondents] when the claim for sickness benefit or compensation was brought to their attention.

[Respondents] moved to reconsider the dismissal of their appeal, but the NLRC denied their motion on April 30, 2004.

From the foregoing rulings and decisions of the Labor Arbiter and the NLRC, herein respondents went to the CA via the special civil action of certiorari under Rule 65 of the Rules of Court, thereat docketed as CA-G.R. SP No. 84300.

In the herein assailed decision[4] dated November 12, 2004, the CA reversed and set aside that of the NLRC, thus:

"WHEREFORE, premises considered, the present petition is hereby GIVEN DUE COURSE and the writ prayed for, accordingly GRANTED. The Resolutions dated November 24, 2003 and April 30, 2004 of the NLRC (Second Division) in NLRC NCR CA No.019757-99 (POEA Case No. 95-10-2220) are hereby REVERSED and SET ASIDE. A new judgment is hereby entered DISMISSING the case and denying [petitioner's] claims for compensation under the Standard Employment Contract for Filipino Seafarers on Board Ocean-Going Vessels, and damages.

No pronouncements as to costs.

SO ORDERED."

With his motion for reconsideration having been denied by the CA in its resolution[5] of January 12, 2005, petitioner is now with this Court via the present recourse on the following grounds:

I

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN FINDING THAT THE NLRC

COMMITTED GRAVE ABUSE OF DISCRETION IN ITS FINDINGS OF FACT AND LAW DESPITE THE ABSENCE OF EVIDENCE SHOWING THAT SAID LABOR AGENCY HAD PATENTLY AND GROSSLY ABUSED ITS DISCRETION AS TO AMOUNT TO AN EVASION OF A POSITIVE DUTY, OR A VIRTUAL REFUSAL TO PERFORM THE DUTY ENJOINED OR ACT IN CONTEMPLATION OF LAW, OR THAT ITS POWER WAS EXERCISED IN AN ARBITRARY AND DESPOTIC MANNER BY REASON OF PASSION AND PERSONAL HOSTILITY.

II

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN CONSTRUING AS COMPENSABLE ONLY THOSE HEAD INJURIES UNDER THE POEA STANDARD EMPLOYMENT CONTRACT THAT INCLUDE CONDITIONS OR ILLNESSES CAUSED BY EXTERNAL OR PHYSICAL FORCE AND NOT THE MENTAL CONDITIONS OR DISORDERS THAT ARE NOT THE DIRECT CONSEQUENCE OR EFFECT OF SUCH CAUSES CONSIDERED AS "TRAUMATIC."

III

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN RULING THAT PETITIONER'S EVIDENCE IS INSUFFICIENT TO SUPPORT HIS CLAIM FOR DISABILITY BENEFITS AND IN GIVING NO EVIDENTIARY WEIGHT AND CREDENCE TO THE MEDICAL CERTIFICATE ISSUED BY THE GOVERNMENT PHYSICIAN CATEGORICALLY CLASSIFYING HIS DISABILITY AS FALLING UNDER IMPEDIMENT GRADE 1.

IV

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN MISREADING AND ALTOGETHER TAKING OUT OF CONTEXT THE DIAGNOSIS THAT PETITIONER IS ALREADY UNFIT TO PERFORM SHIPBOARD-RELATED ACTIVITIES.

V

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN UNREASONABLY IGNORING THE OVERWHELMING EVIDENCE IN SUPPORT OF PETITIONER'S ENTITLEMENT TO MAXIMUM DISABILITY BENEFITS.

(A) PETITIONER IS TOTALLY AND PERMANENTLY DISABLED CONSIDERING THAT HE COULD NO LONGER RETURN TO WORK AS A SEAFARER, THE JOB HE WAS ACCUSTOMED TO PERFORM.

(B) PETITIONER IS SUFFERING FROM TOTAL AND PERMANENT DISABILITY SINCE HE REMAINS INCAPACITATED FOR A PERIOD OF MORE THAN ONE HUNDRED TWENTY (120) DAYS.

VI

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN DISMISSING PETITIONER'S CLAIMS FOR MORAL AND EXEMPLARY DAMAGES AS WELL AS ATTORNEY'S FEES NOTWITHSTANDING PRIVATE RESPONDENTS' BRAZEN DISREGARD TO COMPLY WITH THEIR CONTRACTUAL OBLIGATIONS.

VII

THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN DELETING THE AWARD OF SICKNESS ALLOWANCE CONSIDERING THAT THERE IS NO BASIS IN THE DELETION SINCE ITS

PAYMENT IS INDEPENDENT, SEPARATE AND DISTINCT FROM PAYMENT OF DISABILITY BENEFITS UNDER THE POEA STANDARD EMPLOYMENT CONTRACT.

We find for the petitioner.

To begin with, we must stress that herein respondents went to the CA from the adverse decision of the NLRC thru the vehicle of certiorari under Rule 65 of the Rules of Court. Reviewing the records of this case, the Court is convinced that at no time at all did the NLRC commit grave abuse of discretion. Its affirmance of the Labor Arbiter's award of disability benefits in favor of the petitioner was based on the arbiter's findings of facts which are supported by substantial evidence. Such findings, therefore, cannot be made the subject of the special civil action of certiorari under Rule 65. For it is settled that in a petition for certiorari under Rule 65, the inquiry is confined to issues of jurisdiction or grave abuse of discretion.[6] Besides, resort to judicial review of the decisions of the NLRC by way of a special civil action of certiorari under Rule 65 is limited only to issues of want or excess of jurisdiction and grave abuse of discretion on the part of the labor tribunal. It does not include an inquiry as to the correctness of the evaluation of evidence which was the basis of the labor agency in reaching its conclusion. Neither is it for the CA nor this Court to re-examine conflicting evidence, re-evaluate the credibility of witnesses or substitute the findings of fact of an administrative body which has gained expertise in its specialized field. Arguably, there may even be some error in judgment. This, however, is not within the office of the extraordinary remedy of certiorari.[7] Findings of facts of quasi-judicial agencies, like the NLRC, which have acquired expertise in the specific matters entrusted to their jurisdiction are accorded by this Court not only respect but even finality if supported by substantial evidence.[8] Only substantial, not preponderance of evidence is necessary.[9] Section 5, Rule 133 of the Rules of Court states in express terms that in cases filed before administrative or quasi-judicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.

As to the basic issue raised herein, the CA confined the resolution of the dispute to the enumerated list of injuries under the category "HEAD" per Appendix 1 of the old POEA Standard Employment Contract, and ruled that only those injuries that are "traumatic" shall be considered compensable.[10] The CA ratiocinated that "[B]ecause the enumeration of head injuries listed under the category of 'HEAD' includes only those mental conditions or illnesses caused by external or physical force," it follows that mental disorders which are not the direct consequence or effect of such external or physical force were not intended by law to be compensable. And while the CA gives judicial emphasis to the word "traumatic," it did not bother to explain why petitioner's illness, classified as schizophrenia, should not be considered "traumatic" and compensable. Thus, in its challenged decision, the CA observes:

This conclusion is especially relevant considering that what is involved is a condition, schizophrenia, which is not a simple medical case so that a reliable diagnosis would require a more exhaustive and extensive examination of the patient.

Psychosis is a loss of contact with reality, typically including delusions (false ideas about what is taking place or who one is) and hallucinations (seeing or hearing things which aren't there). It is a severe mental condition, the numerous potential causes of which include alcohol and certain drugs, brain tumors, manic depression, epilepsy and schizophrenia. Psychosis is generally regarded by mainstream psychiatry to be a symptom of a severe mental illness, and particularly associated with schizophrenia. It is not uncommon in cases of brain injury and may occur after drug use. It is a descriptive term for a complex group of behaviors and experiences and as such is not a medical explanation itself. However, the term psychosis is to be distinguished from mental illness, as it may be regarded as a symptom of other mental illness, but as a descriptive concept it is not considered an illness in its own right.

Initial examination of private respondent indicated the possibility of psychosis, stated as paranoia, or schizophrenia. The findings of the clinic designated by the foreign employer stating that private respondent exhibited "nervous breakdown" could have been just one of the symptoms which may or may not establish psychosis. At any rate, a more precise identification or determination of private respondent's illness is not possible due to dearth of evidence.

The NLRC construed such medical finding as supporting the claim for permanent disability benefit considering that [petitioner] could no longer perform his work as seaman after he was repatriated for medical reasons. The NLRC noted that notwithstanding the diagnosis of a simple "breakdown" by the company physician in the foreign clinic, [petitioner] was nevertheless declared "not fit to work as seaman" and was repatriated immediately precisely because of this sickness. However, in view of insufficient evidence and particularly inconclusive medical findings, there is no factual basis for the ruling of compensability.[11]

As it were, the foregoing observation of the appellate court contradicts both the ruling of the Labor Arbiter and the NLRC. In its decision, the labor arbiter states:

[Petitioner's] disability is total and permanent. He worked with respondent INC in another vessel to finish his contract. Respondent INC was satisfied with [petitioner's] efficiency and hard work that when the very first opportunity where a vacancy occur, [petitioner] was immediately called to join the vessel MV "Olandia."

Barely two and a half months after joining MV "Olandia," the misery and mental torture he suffered totally disabled him. The supporting medical certification issued by a government physician/hospital and by another expert in the field of psychiatry, respectively find him suffering from "psychosis" and "schizophrenia" which under the OWWA impediment classification falls under Grade I-A (Annex C/ Complaint). Under the POEA Revised Standard Employment Contract, the employment of all Filipino Seamen on board ocean-going vessel, particularly appendix 1-A, Schedule of Disability Allowances, Impediment Grade 1, the disability allowance is maximum rate multiplied by 120%.[12]

The above findings of the Labor Arbiter were seconded by the NLRC in this wise:

Likewise bereft of scant consideration is Respondents' argument that psychosis or schizophrenia is not compensable, claiming that such mental disorder does not result from traumatic head injury which contemplates accidents involving physical or head contacts. There is nothing in the Standard Terms and Conditions governing the Employment of Filipino Seafarers On-Board Ocean-Going Vessels, particularly Section 30, thereof, that specifically states that traumatic head injury contemplates accidents involving physical or head contacts. Notably, The New Britannica-Webster Dictionary & Reference Guide, Copyright 1988 by Encyclopedia Britannica, Inc. defines the word "injure" as "1: an act that damages or hurts: WRONG 2: hurt, damage, or loss sustained." here, said dictionary does not specifically state that the hurt, damage, or loss sustained should be physical in nature, hence, the same may involve mental or emotional hurt, damage or loss sustained. Further, said dictionary defines the word "trauma" as "a: a bodily injury caused by a physical force applied from without; b: a disordered psychic or behavioral state resulting from stress or injury." From the above definitions, it is patent that "traumatic head injury" does not only involve physical damage but mental or emotional damage as well. Respondents' argument that [petitioner's] co-seaman belied the claimed harassment is bereft of merit. Suffice it to state that [petitioner's] illness occurred during the term of his employment contract with them, hence, respondents are liable therefor.[13]

The above findings of the NLRC are in recognition of the emotional turmoil that petitioner experienced in the hands of the less compassionate German officers. This Court has ruled that schizophrenia is compensable. In *NFD International Manning Agents, Inc. v. NLRC*, [14] the Court went further by saying:

Strict rules of evidence, its must be remembered, are not applicable in claims for compensation and disability benefits. Private respondent having substantially established the causative circumstances leading to his permanent total disability to have transpired during his employment, we find the NLRC to have acted in the

exercise of its sound discretion in awarding permanent total disability benefits to private respondent. Probability and not the ultimate degree of certainty is the test of proof in compensation proceedings.

The findings of both the Labor Arbiter and the NLRC as well as the records of the case convince the Court that petitioner's claim is substantiated by enough evidence to show that his disability is permanent and total. First, there is the medical findings[15] of the Philippine General Hospital that petitioner is down with "psychosis; to consider paranoid disorder, making it extremely difficult for him to return to shipboard action"; and second, the findings of the Social Benefits Division of the Overseas Workers Welfare Administration[16] through its attending doctor Leonardo Bascar, that petitioner is suffering from "schizophrenic form disorder."

Time and again, the Court has consistently ruled that "disability should not be understood more on its medical significance but on the loss of earning capacity." [17] Permanent total disability means disablement of an employee to earn wages in the same kind of work, or work of similar nature that she was trained for or accustomed to perform, or any kind of work which a person of her mentality and attainment could do. It does not mean absolute helplessness. 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.[18]

Lastly, it is right that petitioner be awarded moral and exemplary damages and attorney's fees. Article 2220 of the Civil Code provides:

Willful injury to property may be a legal ground for awarding moral damages if the court should find that, under the circumstances, such damages are justly due. The same rule applies to breaches of contract where the defendant acted fraudulently or in bad faith.

Here, petitioner's illness and disability were the direct results of the demands of his shipboard employment contract and the harsh and inhumane treatment of the officers on board the vessel "Olandia." For no justifiable reason, respondents refused to pay their contractual obligations in bad faith. Further, it cannot be gainsaid that petitioner's disability is not only physical but mental as well because of the severe depression, mental torture, anguish, embarrassment, anger, sleepless nights and anxiety that befell him. To protect his rights and interest, petitioner was constrained to institute his complaint below and hire the services of an attorney.

On the whole, we find the decision of the Labor Arbiter, as affirmed by the NLRC, awarding the petitioner's money claims to be supported by substantial evidence. As correctly resolved by the NLRC, the Labor Arbiter committed no grave abuse of discretion in awarding petitioner P50,000.00 as moral damages; P50,000.00 as exemplary damages; US\$1,200.00 sickness wages; US\$13,200.00 disability allowance; and attorney's fees of ten percent (10%) of the total entitlement.

WHEREFORE, the instant petition is GRANTED. Accordingly, the challenged decision and resolution of the CA are REVERSED and SET ASIDE. The decision dated November 24, 2003 of the NLRC, affirmatory of that of the Labor Arbiter, is REINSTATED.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Corona, and Azcuna, JJ., concur.

[1] Penned by Associate Justice Martin S. Villarama, Jr. with Associate Justices Regalado E. Maambong and Lucenito N. Tagle, concurring, Rollo, pp. 52-64.

[2] Id. at 66.

[3] Records, pp. 40-60.

[4] Supra note 1.

[5] Supra note 2.

[6] Reno Foods, Inc. v. NLRC, G.R. No. 116462, October 18, 1995, 249 SCRA 379.

[7] Pepsi-Cola Products Philippines, Inc. v. NLRC, G.R. No. 121324, September 30, 1999, 315 SCRA 587.

[8] Tiu v. NLRC, G.R. No. 83433, November 12, 1992, 215 SCRA 540.

[9] Metro Transit Organization, Inc. v. NLRC, G.R. No. 121574, October 17, 1996, 263 SCRA 313.

[10] Rollo, p. 62.

[11] Id. at 62-63.

[12] Supra note 3 at 38-39.

[13] Id. at 58-59.

[14] G.R. No. 107131, March 13, 1997, 269 SCRA 286.

[15] Original Record; Annex "B," p. 86.

[16] Id. at 87.

[17] Bejerano v. Employees' Compensation Commission, G.R. No. 84777, January 30, 1992, 205 SCRA 598.

[18] Id.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.