

Republic of the Philippines Supreme Court Manila

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## FIRST DIVISION

TSM SHIPPING PHILS., INC. and/or DAMPSKIBSSELSKABET NORDEN A/S and/or CAPT. CASTILLO, Petitioners. G.R. No. 210289

Present:

SERENO, C.J., Chairperson, LEONARDO-DE CASTRO, DEL CASTILLO, PERLAS-BERNABE, and CAGUIOA, JJ.

- versus -

LOUIE L. PATIÑO, Respondent.

X -----

Promulgated: MAR Z 0 2017, T. Donums /--- x

# DECISION

## DEL CASTILLO, J.:

This Petition for Review on *Certiorari*<sup>1</sup> assails the July 25, 2013 Decision<sup>2</sup> and November 28, 2013 Resolution<sup>3</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 128415 affirming the October 17, 2012 Decision<sup>4</sup> and April 25, 2013 Resolution<sup>5</sup> of the National Labor Relations Commission (NLRC), which ordered TSM Shipping Phils., Inc. (TSM), Dampskibsselskabet Norden A/S (DNAS), and Capt. Castillo (collectively petitioners) to pay Louie L. Patiño (respondent) US\$60,000.00 as permanent total disability benefits and 10% thereof as attorney's fees.

## Antecedent Facts

On January 13, 2010, TSM, for and in behalf of its foreign principal, DNAS, entered into a Contract of Employment<sup>6</sup> with respondent for a period of six months as GP2/OS (General Purpose 2/Ordinary Seaman) for the vessel Nord Nightingale.

<sup>&</sup>lt;sup>1</sup> *Rollo*, pp. 29-66.

<sup>&</sup>lt;sup>2</sup> CA *rollo*, pp. 416-427; penned by Associate Justice Ramon R. Garcia and concurred in by Associate Justices Amelita G. Tolentino and Danton Q. Bueser.

<sup>&</sup>lt;sup>3</sup> Id. at 461-462.

<sup>&</sup>lt;sup>4</sup> NLRC records pp. 258-267; penned by Commissioner Mercedes R. Posada-Lacap and concurred in by Presiding Commissioner Leonardo L. Leonida and Commissioner Dolores M. Peralta-Beley.

<sup>&</sup>lt;sup>5</sup> Id. at 326-330.

<sup>&</sup>lt;sup>6</sup> Id. at 20.

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On May 20, 2010, while working on board the vessel, respondent injured his right hand while securing a mooring rope. He was brought to a medical facility in Istanbul, Turkey, where X-ray showed a fracture on his 5<sup>th</sup> metacarpal bone. Respondent's right hand was placed in a cast and thereafter he was repatriated.

Upon arrival in Manila on May 24, 2010, petitioners referred respondent to the company-designated physician, Dr. Nicomedes G. Cruz (Dr. Cruz), for further treatment. Respondent was also referred to an orthopedic surgeon who recommended surgical operation to correct the malunited fractured metacarpal bone. On June 8, 2010, respondent underwent Open Reduction and Internal Fixation of the fractured 5<sup>th</sup> metacarpal bone at Manila Doctors Hospital.<sup>7</sup> He then went through physical therapy.

After extensive medical treatments, therapy, and follow-up examinations, Dr. Cruz, on August 17, 2010, rendered an interim assessment of respondent's disability under the Philippine Overseas Employment Administration – Standard Employment Contract (POEA-SEC),<sup>8</sup> at Grade 10, or loss of grasping power for small objects between the fold of the finger of one hand. Despite continuing physical therapy sessions with the company-designated physician, respondent filed on September 8, 2010 a complaint<sup>9</sup> with the NLRC against petitioners for total and permanent disability benefits, damages, and attorney's fees. Thereafter, in a Medical Report dated October 11, 2010,<sup>10</sup> Dr. Cruz declared respondent to have reached the maximum medical cure after rendering a final disability rating of Grade 10 on September 29, 2010.<sup>11</sup>

On November 19, 2010, respondent consulted Dr. Nicanor Escutin (Dr. Escutin), who assessed him to have permanent disability unfit for sea duty in whatever capacity as a seaman.<sup>12</sup> The following were Dr. Escutin's findings:

#### DISABILITY RATING:

Based on the physical examination and supported by laboratory examinations, he injured his right hand while working. His right hand was injured by the mooring rope which he was securing. He sustained a fracture on his 5<sup>th</sup> metacarpal bone. He had medical attention after 2 days. His right hand was placed on a cast and he was repatriated. In Manila, he had another x-ray which showed his 5<sup>th</sup> metacarpal is not aligned properly, so he had operation on his right hand to fix the 5<sup>th</sup> metacarpal. He later on had physical therapy up to the time of examination. He has difficulty in flexing his fingers adequately. His thumb cannot touch his small finger. His grip is weak and cannot hold objects for a long time. His job as a seaman entails constant usage of both his hands. At present,

<sup>&</sup>lt;sup>7</sup> Id. a 26-27.

<sup>&</sup>lt;sup>8</sup> Id. at 86.

<sup>&</sup>lt;sup>9</sup> Id. at 1-3.

<sup>&</sup>lt;sup>10</sup> Id. at 69.

<sup>&</sup>lt;sup>11</sup> Id. at 87.

<sup>&</sup>lt;sup>12</sup> Id. at 28-29.

he cannot fully flex his fingers which mean [sic] he cannot hold small objects or turn knobs. He cannot fully perform his job as a seaman. He is not physically fit to perform the job of a seaman.<sup>13</sup>

### **Proceedings before the Labor Arbiter**

In his position paper, respondent asked for permanent total disability benefits in the sum of US\$80,000.00 under the Associated Marine Officers and Seamen's Union of the Philippines Collective Bargaining Agreement (AMOSUP CBA) since, according to him, he never recovered completely nor returned to his usual duties and responsibilities, as attested by the medical findings of Dr. Escutin, his own physician.

Petitioners, however, claimed that respondent is only entitled to US\$10,075.00 corresponding to Grade 10 disability under the POEA-SEC, as assessed, on the other hand, by Dr. Cruz who made an extensive evaluation of respondent's injury. They maintained that this assessment deserves greater weight than the belated medical report rendered by Dr. Escutin after a single examination on respondent. Petitioners also stressed that respondent cannot claim benefits under the CBA since he has not proven that he is a member of AMOSUP.

In a Decision<sup>14</sup> dated April 18, 2012, the Labor Arbiter awarded respondent total and permanent disability benefits under the AMOSUP CBA in the amount of US\$80,000.00, sickness allowance of US\$1,732.00, attorney's fees equivalent to 10% of the award or US\$8,173.20, and moral and exemplary damages of P100,000.00 and P50,000.00, respectively, for the fraud and malice that attended the denial of his claims.

The Labor Arbiter observed that respondent is indeed suffering from a total and permanent disability since his rehabilitation took five months or more than 120 days and there was no offer on the part of petitioners to rehire him. The Labor Arbiter found credible Dr. Escutin's finding that respondent's injury had rendered him inutile as an ordinary seaman and although total disability does not mean absolute helplessness, his incapacity to work resulted in the impairment of his earning capacity. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering the respondents TSM Shipping (Phils.), Inc./Dampskibsselskabet Norden A.S./Capt. Castillo to jointly and severally pay complainant Louie Patiño the amount of EIGHTY NINE THOUSAND EIGHT HUNDRED FIVE US DOLLARS & 20/100 (US\$89,805.20) or its equivalent in Philippine Peso at the prevailing rate of exchange at the time of actual payment representing his total permanent disability benefits, sickness allowance and attorney's fees.

<sup>&</sup>lt;sup>13</sup> Id. at 29.

<sup>&</sup>lt;sup>14</sup> Id. at 121-128; penned by Executive Labor Arbiter Fatima Jambaro-Franco.

Respondents are further ordered to pay complainant the amount of ONE HUNDRED FIFTY THOUSAND PESOS (#150,000.00) representing moral and exemplary damages.

All other claims are DISMISSED for lack of merit.

SO ORDERED,<sup>15</sup>

#### Proceedings before the National Labor Relations Commission

On appeal, petitioners attributed serious error to the Labor Arbiter for awarding full disability benefits under the CBA. They argued that an illness which lasted for more than 120 days does not necessarily mean that a seafarer is entitled to full disability benefits, and that the company-designated physician's partial disability grading is still binding and controlling. Further, there was no concrete medical evidence that respondent suffers from a Grade 1 disability and that no third doctor was appointed to resolve any doubts as to the true state of health of respondent. Petitioners also disputed respondent's entitlement to damages and attorney's fees by denying that they acted with malice and fraud.

In a Decision<sup>16</sup> dated October 17, 2012, the NLRC agreed with the Labor Arbiter that respondent is entitled to permanent total disability benefits because his injury had rendered him incapable of using his right hand, based on the last medical report of Dr. Cruz, where the latter acknowledged that respondent's right grip is poor. The NLRC ruled that disability should not be understood based on its medical significance but on the loss of earning capacity. It, however, held that respondent cannot claim benefits under the CBA there being no evidence that he was a member of AMOSUP; likewise, it found no basis in awarding attorney's fees and damages after finding that petitioners did not act in bad faith. It, thus, awarded respondent total and permanent disability benefits in the amount of US\$60,000.00 under the POEA-SEC and deleted the award of damages and attorney's fees, thus:

WHEREFORE, the appeal is partly GRANTED. The Decision of the Labor Arbiter dated April 18, 2012 is AFFIRMED with MODIFICATION; finding appellee entitled to permanent disability benefits under the POEA-SEC. Accordingly appellants are ordered to jointly and severally pay appellee the amount of Sixty Thousand US Dollars (US\$60,000.00) or its peso equivalent at the time of payment. The award of attorney's fees is deleted.

The award for moral and exemplary damages are deleted.

SO ORDERED.<sup>17</sup> Mudu

<sup>15</sup> Id. at 128.

<sup>&</sup>lt;sup>16</sup> Id. at 258-267.

<sup>&</sup>lt;sup>17</sup> Id. at 266-267.

#### Decision

Both parties filed their respective motions for reconsideration.<sup>18</sup> Petitioners, for their part, questioned the NLRC's award despite lack of proof that respondent suffers from a Grade 1 disability. Respondent, on the other hand, maintained that he is covered by the AMOSUP CBA and that petitioners are also liable for damages and attorney's fees in view of their bad faith.

In a Resolution<sup>19</sup> dated November 23, 2012, the NLRC denied petitioners' motion for reconsideration. In a subsequent Resolution<sup>20</sup> dated April 25, 2013, the NLRC partly granted respondent's motion for reconsideration by reinstating the Labor Arbiter's award of attorney's fees on the ground that he was forced to litigate his claims. The NLRC made the following disposition in its April 25, 2013 Resolution:

WHEREFORE, apppellee's motion for reconsideration is PARTLY GRANTED. Our Decision dated October 17, 2012 is Modified in that, respondent-appellants are ordered to pay appellee ten percent (10%) of the award as attorney's fees.

SO ORDERED,2i

## Proceedings before the Court of Appeals

Petitioners filed a Petition for *Certiorari* with Prayer for the Issuance of a Writ of Preliminary Injunction and/or Temporary Restraining Order<sup>32</sup> docketed as CA-G.R. SP No. 128415 to enjoin the enforcement/execution of the NLRC judgment. Petitioners attributed grave abuse of discretion on the NLRC in awarding respondent US\$60,000.00 without providing any substantial evidence to prove that he was suffering from Grade 1 disability and for unreasonably awarding attorney's fees despite absence of bad faith on their part.<sup>23</sup>

The CA, on July 25, 2013, rendered a Decision<sup>24</sup> dismissing the Petition for *Certiorari* and affirming the October 17, 2012 Decision and April 25, 2013 Resolution of the NLRC. The CA agreed with the findings of both the NLRC and Labor Arbiter that respondent is entitled to a Grade 1 or total permanent disability benefits under the POEA-SEC and that the assessment of respondent's chosen physician, Dr. Escutin, is credible. The CA ratiocinated that both labor tribunals did not merely base their findings on the mere lapse of the 120-day threshold period but on respondent's inability to perform the duties for which he was trained to do, resulting in the impairment of his earning capability. Besides, it held that

<sup>24</sup> Id. at 416-427.

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<sup>&</sup>lt;sup>14</sup> Petitioners' Motion for Reconsideration, id. at 269-289; Pathno's Motion for Reconsideration, id. at 302-310.

 $<sup>^{19}</sup>$  Id. at 296-298.

<sup>&</sup>lt;sup>20</sup> Id. at 326-330.

 $<sup>\</sup>frac{21}{22}$  Id. at 330.

<sup>&</sup>lt;sup>22</sup> CA *rollo*, pp. 3-36, <sup>23</sup> CA *rollo*, pp. 3-36,

See petitioner's Manifestation dated May 20, 2013, id. at 402-405.
Id. at 402-405.

factual findings of these administrative agencies should be accorded great respect, if not finality, if supported by substantial evidence.

Petitioners sought reconsideration<sup>25</sup> of this Decision but was denied by the CA in its Resolution<sup>26</sup> of November 28, 2013.

#### Issues

Hence, the present Petition raising the following issues:

- 1. Whether the Court of Appeals decided in a way not in accord with law or with the applicable decisions of the Supreme Court in affirming the questioned Decision and Resolution of the Court of Appeals [sic] which held herein petitioners liable for a total of US\$60,000.00 as disability benefits despite the glaring fact that the private respondent was declared as merely suffering from a Grade 10 disability as recommended by the companydesignated physician;
- 2. Whether the sole claim of 'loss of earning capacity' and the '120-day rule' should equate to an award of US\$60,000.00 despite the lack of substantial evidence to support the allegation that he is actually suffering from a Grade 1 disability and despite the undisputed evidence that he was actually suffering from a Grade 10 disability;
- 3. Whether the medical findings of the company-designated physician should be upheld over that issued by the physician appointed by the private respondent;
- 4. Whether the Court of Appeals decided in a way not in accord with law or with the applicable decisions of the Supreme Court in affirming the award for 10% attorney's fees despite the fact that the private respondents [sic] failed to prove that herein petitioners acted in bad faith.<sup>27</sup>

Petitioners assert that the mere lapse of the 120-day period does not automatically vest an award of full disability benefits and that the assessment of the company-designated physician is controlling in measuring the degree of the seafarer's disability. At any rate, the 120-day period may be extended to 240 days if the seafarer requires further medical attention, as in this case. Therefore, the partial disability grading rendered by Dr. Cruz within the 240-day medical treatment prevails over the single and belated opinion of Dr. Escutin. Besides, no referral was made to a third doctor who should have rendered a binding third opinion. There was, thus, no basis for respondent to claim total and permanent disability benefits.

<sup>&</sup>lt;sup>25</sup> Id. at 430-449.

<sup>&</sup>lt;sup>26</sup> Id. at 461-462.

<sup>&</sup>lt;sup>27</sup> *Rollo*, p. 177.

Petitioners also insist that the award of attorney's fees had likewise no basis in the absence of any evidence that they acted in bad faith, which brought about this present litigation.

## **Our Ruling**

We find merit in the Petition.

Respondent's complaint for disability benefits was premature.

Because of lack of proof that respondent is covered by the AMOSUP CBA, settled is the finding that his entitlement to disability benefits is governed by the POEA-SEC and relevant labor laws, which are deemed written in the contract of employment with petitioners.

Article 192(c)(1) of the Labor Code provides that:

Art. 192. Permanent total disability. -- x x x

(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;

The Rule referred to in this Labor Code provision is Section 2, Rule X of the Amended Rules on Employees' Compensation Implementing Title II, Book IV of the Labor Code, which states:

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.

Section 20 B(3) of the POEA-SEC also provides that:

3. Upon sign-off from the vessel for medical treatment, the seafarer is entitled to sickness allowance equivalent to his basic wage until he is declared fit to work or the degree of permanent disability has been assessed by the company-designated

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physician but in no case shall this period exceed one hundred twenty (120) days.

For this purpose, the seafarer shall submit himself to a post-employment medical examination by a company-designated physician within three working days upon his return except when he is physically incapacitated to do so, in which case, a written notice to the agency within the same period is deemed as compliance. Failure of the seafarer to comply with the mandatory reporting requirement shall result in his forfeiture of the right to claim the above benefits.

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.

In *Vergara v. Hammonia Maritime Services, Inc.*,<sup>28</sup> the Court ruled that the aforequoted provisions should be read in harmony with each other. The Court held:

As these provisions operate, the seafarer, upon sign-off from his vessel, must report to the company-designated physician within three (3) days from arrival for diagnosis and treatment. For the duration of the treatment but in no case to exceed 120 days, the seaman is on *temporary total disability* as he is totally unable to work. He receives his basic wage during this period until he is declared fit to work or his temporary disability is acknowledged by the company to be permanent, either partially or totally, as his condition is defined under the POEA Standard Employment Contract and by applicable Philippine laws. If the 120 days initial period is exceeded and no such declaration is made because the seafarer requires further medical attention, then the temporary total disability period may be extended up to a maximum of 240 days, subject to the right of the employer to declare within this period that a permanent partial or total disability already exists. The seaman may of course also be declared fit to work at any time such declaration is justified by his medical condition.<sup>29</sup>

Thus, based on this pronouncement in *Vergara*, the Court then held, in the case of *C.F. Sharp Crew Management, Inc. v. Taok*<sup>30</sup>, that a seafarer may have basis to pursue an action for total and permanent disability benefits in any of the following conditions:

(a) the company-designated physician failed to issue a declaration as to his fitness to engage in sea duty or disability even after the lapse of the 120-day period and there is no indication that further medical treatment would address his temporary total disability, hence, justify an extension of the period to 240 days;

(b) 240 days had lapsed without any certification being issued by the company-designated physician;

(c) the company-designated physician declared that he is fit for sea duty within the 120-day or 240-day period, as the case may be, but his physician of

<sup>&</sup>lt;sup>28</sup> 588 Phil. 895 (2008).

<sup>&</sup>lt;sup>29</sup> Id. at 912.

<sup>&</sup>lt;sup>30</sup> 691 Phil. 521 (2012)

choice and the doctor chosen under Section 20-B(3) of the POEA-SEC are of a contrary opinion;

(d) the company-designated physician acknowledged that he is partially permanently disabled but other doctors whom he consulted, on his own and jointly with his employer, believed that his disability is not only permanent but total as well;

(e) the company-designated physician recognized that he is totally and permanently disabled but there is a dispute on the disability grading;

(f) the company-designated physician determined that his medical condition is not compensable or work-related under the POEA-SEC but his doctor-of-choice and the third doctor selected under Section 20-B(3) of the POEA-SEC found otherwise and declared him unfit to work;

(g) the company-designated physician declared him totally and permanently disabled but the employer refuses to pay him the corresponding benefits; and

(h) the company-designated physician declared him partially and permanently disabled within the 120-day or 240-day period but he remains incapacitated to perform his usual sea duties after the lapse of the said periods.<sup>31</sup>

Upon respondent's repatriation on May 24, 2010, he was given extensive medical attention by the company-designated physician. On August 17, 2010, an interim assessment of Grade 10 was given by Dr. Cruz as respondent was still undergoing further treatment and physical therapy. However, on September 8, 2010, or 107 days since repatriation, respondent filed a complaint for total and permanent disability benefits. During this time, he was considered under temporary total disability inasmuch as the 120/240-day period had not yet lapsed. Evidently, the complaint was prematurely filed.

Moreover, it is significant to note that when he filed his complaint, respondent was armed only with the interim medical assessment of the companydesignated physician and his belief that his injury had already rendered him permanently disabled. It was only after the filing of such complaint or on November 9, 2010 that he sought the opinion of Dr. Escutin, his own physician. As such, the Labor Arbiter should have dismissed at the first instance the complaint for lack of cause of action.

Respondent is not entitled to total and permanent disability compensation.

We find serious error in the rulings of the Labor Arbiter, NLRC, and CA that respondent's disability is considered permanent and total based on the 120day rule and on his inability to work resulting in the loss of earning capacity.

<sup>&</sup>lt;sup>31</sup> Id. at 538-539.

"To stress, the rule is that a temporary total disability only becomes permanent when the company-designated physician, within the 240-day period, declares it to be so, or when after the lapse of the said period, he fails to make such declaration."<sup>32</sup> After the initial interim assessment of Dr. Cruz, respondent continued with his medical treatment. Dr. Cruz then rendered on September 29, 2010 a final assessment of Grade 10 upon reaching the maximum medical cure. Counting from the date of repatriation on May 24, 2010 up to September 29, 2010, this assessment was made within the 240-day period. Clearly, before the maximum 240-day medical treatment period expired, respondent was issued a Grade 10 disability rating which is merely equivalent to a permanent partial disability under the POEA-SEC. Thus, respondent could not have been suffering from a permanent total disability as would entitle him to the maximum benefit of US\$60,000.00.

The Court finds the labor tribunals' rulings seriously flawed as they were rendered in total disgregard of the provisions of the POEA-SEC, which is the law between the parties. The medical opinion of Dr. Escutin ought not to be given more weight than the disability grading given by Dr. Cruz. The POEA-SEC clearly provides that when a seafarer sustains a work-related illness or injury while on board the vessel, his fitness or unfitness for work shall be determined by the company-designated physician. However, if the doctor appointed by the seafarer makes a finding contrary to that of the assessment of the company-designated physician shall be final and binding on both of them.<sup>33</sup> The Court has held that non-observance of the requirement to have the conflicting assessments determined by a third doctor would mean that the assessment of the company-designated physician prevails. As decreed by this Court in *Veritas Maritime Corporation v. Gepanaga, Jr.*<sup>34</sup>

x x x Gepanaga failed to observe the prescribed procedure of having the conflicting assessments on his disability referred to a third doctor for a binding opinion. Consequently, the Court applies the following pronouncements laid down in *Vergara*:

The POEA Standard Employment Contract and the CBA clearly provide that when a seafarer sustains a work-related illness or injury while on board the vessel, his fitness or unfitness for work shall be determined by the company-designated physician. If the physician appointed by the seafarer disagrees with the company-designated physician's assessment, the opinion of a third doctor may be agreed jointly between the employer and the seafarer to be the decision final and binding on them.

<sup>&</sup>lt;sup>32</sup> Santiago v. Pacbasin ShipManagement, Inc., 686 Phil 255, 267 (2012).

<sup>&</sup>lt;sup>33</sup> Section 20 B(3) of the POEA-SEC.

<sup>&</sup>lt;sup>34</sup> G.R. No. 206285, February 4, 2015, 750 SCRA 104.

### Decision

Thus, while petitioner had the right to seek a second and even a third opinion, the final determination of whose decision must prevail must be done in accordance with an agreed procedure. Unfortunately, the petitioner did not avail of this procedure; hence, we have no option but to declare that the company-designated doctor's certification is the final determination that must prevail.  $x \times x$ .

Indeed, for failure of Gepanaga to observe the procedures laid down in the POEA-SEC and the CBA, the Court is left without a choice but to uphold the certification issued by the company-designated physician that the respondent was fit to go back to work.<sup>35</sup>

In the absence of a third and binding opinion, the Court has no option but to hold Dr. Cruz's assessment of respondent's disability final and binding. At any rate, more weight should be given to this assessment as Dr. Cruz was able to closely monitor respondent's condition from the time he was repatriated in May 2010 until his last follow-up examination in October 2010. The extensive medical attention given by Dr. Cruz enabled him to acquire a detailed knowledge of respondent's medical condition. Under the supervision of Dr. Cruz, respondent underwent surgery and physical therapy. On the basis of the medical records and the results obtained from the medical treatments, Dr. Cruz arrived at a definite assessment of respondent's condition. Having extensively monitored and treated respondent's injury, the company-designated physician's diagnosis deserves more weight than respondent's own doctor.

Moreover, we further find without basis the pronouncement of the Labor Arbiter that petitioners' failure to rehire respondent is conclusive proof of his disability. There was no showing that respondent sought re-employment with petitioners or that it was a matter of course for petitioners to re-hire him. There was also no evidence or allegation that respondent sought employment elsewhere but was denied because of his condition.

In sum, respondent is not entitled to total and permanent disability compensation. The filing of his complaint is premature and in breach of his contractual obligation with the petitioners. Dr. Cruz's Grade 10 disability rating prevails for failure to properly dispute it in accordance with an agreed procedure. Respondent is thus entitled to the amount corresponding to Grade 10 based on the certification issued by Dr. Cruz.

Section 32 of the POEA-SEC provides for a schedule of disability compensation which is often ignored or overlooked in maritime compensation cases. Section 32 laid down a Schedule of Disability or Impediment for Injuries Suffered and Diseases including Occupational Diseases or Illness Contracted, in conjunction with Section 20 (B)(6) which provides that in case of a permanent

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<sup>&</sup>lt;sup>35</sup> Id. at 117-118,

total or partial disability, the seafarer shall be compensated in accordance with Section 32. Section 32 further declares that any item in the schedule classified under Grade 1 shall be considered or shall constitute total and permanent disability. Therefore, any other grading constitutes otherwise. We stressed in *Splash Philippines, Inc. v. Ruizo*<sup>36</sup> that it is about time that the schedule of disability compensation under Section 32 be seriously observed.

WHEREFORE, the Petition is GRANTED. The July 25, 2013 Decision and November 28, 2013 Resolution of the Court of Appeals in CA-G.R. SP No. 128415 are SET ASIDE. Petitioners TSM Shipping Phils., Inc., Dampskibsselskabet Norden A/S, and Capt. Castillo are ordered to jointly and solidarily pay respondent Louie L. Patiño US\$10,075.00 (US\$50,000.00 x 20.15%) or its equivalent amount in Philippine currency at the time of payment.

SO ORDERED.

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MARIANO C. DEL CASTILLO Associate Justice

WE CONCUR:

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MARIA LOURDES P. A. SERENO Chief Justice Chairperson

Geresita Lemardo de Castro TERESITA J. LEONARDO-DE **CASTRO** ESTELA M. **ERLAS-BERNABE** Associate Justice Associate Justice NS. CAGUIOA FREDO BENJAN tice

<sup>36</sup> 730 Phil. 162 (2014).

Decision

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

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MARIA LOURDES P. A. SERENO Chief Justice

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