



Republic of the Philippines  
Supreme Court  
Manila

SUPREME COURT OF THE PHILIPPINES  
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**FIRST DIVISION**

**CAREER PHILIPPINES  
SHIPMANAGEMENT, INC.  
and COLUMBIAN  
SHIPMANAGEMENT, LTD.,**  
*Petitioners,*

**G.R. No. 206826**

- versus -

**EDUARDO\* J. GODINEZ,**  
*Respondent.*

X-----X

**EDUARDO J. GODINEZ,**  
*Petitioner,*

**G.R. No. 206828**

Present:

- versus -

SERENO, C.J., *Chairperson,*  
LEONARDO-DE CASTRO,  
DEL CASTILLO,  
JARDELEZA, *and*  
TIJAM, JJ.

**CAREER PHILIPPINES  
SHIPMANAGEMENT, INC.  
and COLUMBIAN  
SHIPMANAGEMENT, LTD.,**  
*Respondents.*

Promulgated:  
**OCT 02 2017**

X-----X

**DECISION**

**DEL CASTILLO, J.:**

The Court cringes at the thought, generated by the experience in this proceeding and in past cases, that in spite of all the laws passed and jurisprudence created to level the playing field for the disadvantaged worker, his plight continues against employers who will stop at nothing to avoid their obligations by taking advantage of the worker's weakness, ignorance, financial hardship, other handicap, or the cunning of their lawyers.

Before us are consolidated Petitions for Review on *Certiorari*<sup>1</sup> assailing the *[Signature]*

\* Referred to as "Eduard" or "Edward" in some parts of the records.  
<sup>1</sup> Rollo, G.R. No. 206826, pp. 46-86; G.R. No. 206828, pp. 34-56;

May 22, 2012 Decision<sup>2</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 105602, as well as its April 18, 2013 Resolution<sup>3</sup> denying the parties' respective Motions for Reconsideration.<sup>4</sup>

### *Factual Antecedents*

Eduardo J. Godinez (Godinez) was hired by local manning agency Career Philippines Shipmanagement, Inc. (Career), for its foreign principal Columbian Shipmanagement, Ltd. (Columbian). He was assigned as Deck Cadet onboard the vessel "M/V Norviken." His nine-month stint, covered by a Philippine Overseas Employment Administration (POEA) Standard Employment Contract,<sup>5</sup> began on November 7, 2003.

Godinez was 20 years old at the time.

Prior to his employment, Godinez underwent a pre-employment medical examination (PEME) consisting of a physical medical examination and psychological evaluation, involving an intelligence and personality test, after which he was declared fit to work. Particularly, Godinez's Psychological Evaluation<sup>6</sup> revealed "no significant manifestation of personality and mental disturbances noted at the time of evaluation."

As Deck Cadet, Godinez's duties were as follows:

1. Act as look-out from 12:00 to 4:00 p.m. and 12:00 to 4:00 a.m. during navigation;
2. Perform gangway watch from 6:00 a.m. to 4:00 p.m. in port;
3. Assist in deck preventive maintenance;
4. Assist in arrival and departures, mooring, and unmooring;
5. Assist officers in the conduct of their work; and
6. Perform other tasks that may be assigned by his superiors.<sup>7</sup>

On November 13, 2003, Godinez boarded "M/V Norviken" and commenced his work.

<sup>2</sup> Id., G.R. No. 206826, pp. 88-108; penned by Associate Justice Rodil V. Zalameda and concurred in by Associate Justices Rebecca de Guia-Salvador and Normandie B. Pizarro.

<sup>3</sup> Id. at 179-181.

<sup>4</sup> Id. at 109-138; 139-151.

<sup>5</sup> Id. at 220.

<sup>6</sup> Id. at 222.

<sup>7</sup> Id. at 246, 335.

On the evening of December 17, 2003, just before the start of his look-out duty at midnight, Godinez failed to wake up despite attempts by the crew to rouse him from sleep. As a result, his superior, Second Officer Antonio Dayo (Dayo) took his place and acted as look-out, together with the outgoing look-out. For this, Dayo became strict with Godinez, requiring the latter, as punishment, to clean toilets instead of performing his regular look-out duty; Dayo became rude, always finding fault and humiliating, accusing, shouting, insulting, nagging, and snapping at Godinez, who was also prevented from preparing his food for breakfast and snacks.<sup>8</sup>

On December 24, 2003, a report<sup>9</sup> was prepared and sent by the vessel master via electronic mail to Career, stating thus:

Subj: Update for Deck Cadet Eduard SJ. Godinez

x x x x

Early morning of 23 Dec. 2003, abt 0800 hrs. he inform[ed] Bosun that if Bosun need[ed] him just call him in the crew smoke room where he [was] viewing tv.

At abt 1030 hrs. he came up to Master cabin to take the Bond store key and open it for he want[ed] to take beer, fanta and cigarettes for he said he [was] very thirsty. But then I didn't give anything. Instead, he ask[ed] chief officer [for] a packet of cigarettes when in fact for this month he got already 3 cartons.

At noon time while the crew [was] having lunch he [came] inside the messroom wearing short[s] without [a] shirt and shout[ed] that (babasagin ko lahat ang mga mukha ninyo). Then he [ate] and [kept] on transferring from one place to another (smoke room, crew mess, officer mess).

Before lunch he [came] up to 2/o and asked for his declared beer and cigarette. When 2/o asked him if he had [a] problem he said no. When 2/O ask him if he had taste[d] marijuana and shabu before, he admitted YES it taste[d] very good. He said he taste[d] marijuana during his high school days and shabu during his college days.

After [the] crews<sup>[3]</sup> coffee break, at abt 1530 to 1745, he [was] on deck walking around with sometimes a basketball ball on his hand sometimes mop handle and sometimes a floor mop itself. The crew had to [stop] working when he pass[ed] by for they [were] afraid that he might hit them.

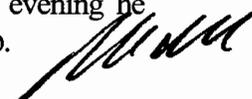
At dinner time he [came] down to crew messroom wearing white uniform with shoulder board wearing short pants (sleeping short pants) and rubber shoes without socks. After dinner he join[ed] the crew in [the] smoke room and [kept] on talking and laughing. Without any sense.

He [was] still under guard by one crew most of the time especially during night time until he [got] inside his cabin and [slept]. But in the early evening he [brought] his pillow and blanket in [the] crews<sup>[3]</sup> smoke room to sleep.

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<sup>8</sup> Id. at 247, 343-344.

<sup>9</sup> Id. at 223.



Yours truly,

Capt. Vicente A. Capero  
Master

On December 25, 2003, another report<sup>10</sup> was sent via electronic mail by the vessel master to Career, declaring as follows:

Subject: UPDATE OF DCD1 GODINEZ – CONDITION

X X X X

The condition now [was getting worse]. He [didn't] want to listen anymore to the officer on duty.

Today 25 Dec. 2003 at 0255 Lt second officer woke me up and told me that deck cadet GODINEZ [was] in the focsle railings doing sight seeing again with binocular[s]. Upon arrival on the bridge I switch[ed] on the foremast light and [saw] him [in the] same position as I mention[ed] before. I call[ed] him thru the compass deck external speaker or public address system to come back here in the accommodation. As per second officer info he [came] up to the bridge at about 0235 and [took] the binocular[s] and [brought] it down w[h]ere the escort [was] also following him. When he [didn't] listen to his escort and to [the] second officer on duty, he [rang] me up for it also near to [sic] the mark on chart as per my instruction to be [woken] up. At that time we [were] about to enter the TSS in [the] Gulf of Suez w[h]ere there [was] so [much] traffic. When he [came] up on the bridge I asked him why he [did] that, he just answer[ed] that he want[ed] to see the light if it [was] a tug boat. So, I told him just go down in the messroom or dayroom and he obey[ed]. I call[ed] another crew for escort.

At 0400lt, 1AE called me up on bridge that Deck cadet [was] forcing to open engine room door coz he want[ed] to see the engine. But then he didn't let him in.

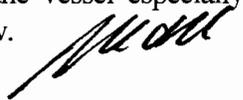
At about 0445hrs it was noticed that he [was] walking on deck again. The escort inform[ed] the bridge that he [didn't] want to sleep, he want[ed] to see the lights. Then I shout[ed] again in [the] public address system to let him come back inside coz [it was] still too dark.

At 0608hrs he [was] again on deck walking/jogging with no shirt[,] only short pants and slippers. He had not been sleeping for the whole night as per escort report. Also third officer inform[ed] me that at abt 2200hrs he [came] up also on the bridge with blanket and pillow. When ask by third officer just say this is just my baby. At daytime he [was] always in the dayroom playing music and [on] full volume [for] which galley boys are also complaining.

In this condition of him of which everyday is getting wors[e], I strongly oppose his presence on board. I want him to be dis-embarked immediately on arrival. He is now resisting orders, he [doesn't] listen to the officers and to his escort. This endanger[s] the safety of all crew on board and the vessel especially during transit and maneuvering. All my patience is over now.

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<sup>10</sup> Id. at 224.



Yours truly,

Capt. V. A. Capero

Upon the vessel's arrival in Egypt on December 25, 2003, a physician was called on board to assist Godinez, and he was brought to a local medical facility.

On January 10, 2004, Godinez was repatriated, and was referred to and confined at Sachly International Health Partners, Inc. (Sachly), the company-designated medical facility, for evaluation and treatment. The resulting Initial Medical Report<sup>11</sup> on Godinez's case, **which was unsigned**, contains an admission made by the latter that when he was 15 years old, he began to have episodes of insomnia and paranoia, for which he sought psychiatric evaluation and management.

On January 13, 2004, Godinez was once more examined at Sachly, and the January 19, 2004 Medical Progress Report<sup>12</sup> issued by Sachly's Medical Coordinator Dr. Susannah Ong-Salvador (Salvador) thereafter contained a recommendation that a psychological test be done "to [c]onsider bipolar disorder II", as it was noted that Godinez became "excessively talkative, with flight of ideas, and had erratic sleeping patterns [of only 1-2 hours, hallucinations, and was verbally abusive towards his mother and suffered from uncontrolled sleepiness]." He was admitted at the University of Santo Tomas Hospital on January 19, 2004.

On January 22 and 23, 2004, Godinez underwent psychological tests.

On February 6, 2004, Salvador issued another report<sup>13</sup> which confirmed that Godinez was suffering from bipolar disorder, which "has a good prognosis with adequate treatment" but "is not an occupational related illness."

On February 13, 2004, Godinez was again examined at Sachly, and Salvador's Report<sup>14</sup> of even date states that he "is in euthymic mood at present" with continuation of scheduled oral medication.

On March 12, 2004, an **unsigned** Medical Progress Report<sup>15</sup> on the findings of the examination conducted on Godinez on even date was ostensibly issued by Sachly. It contained findings that Godinez was "asymptomatic and doing well with no recurrence of depressive episodes;" that Godinez "verbalized a feeling of wellness;" that his "[v]ital signs were stable;" that he was in a "euthymic mood, and is able to sleep and eat well;" and finally, that he was "found to be functionally stable at present."

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<sup>11</sup> Id. at 225.

<sup>12</sup> Id. at 227.

<sup>13</sup> Id. at 229.

<sup>14</sup> Id. at 230.

<sup>15</sup> Id. at 231, 659.

That very same day, or on March 12, 2004, Godinez was made to sign a prepared form/document entitled "Certificate of Fitness for Work"<sup>16</sup> whose particulars were mechanically filled out. Godinez signed this document as the declarant, and, interestingly, Sachly's Medical Coordinator, Dr. Salvador, signed as witness. The document was likewise notarized. It reads as follows:

I, Eduard Godinez, for myself and my heirs, do hereby release Columbia Shipmanagement Ltd. and Career Phils. Shipmgt. Inc. of all actions, claims, demands, etc., in connection with being released on this date as fit for duty.

In recognizing this Certificate of Fitness for Work, I hold the said Columbia Shipmanagement Ltd. and its Agent Career Phils. Shipmgt. Inc. free from all liabilities as consequence thereof.

Finally, I hereby declare that this Certificate of Fitness for Work may be pleaded in bar or any proceedings of the law that may be taken by any government agency, and I do promise to defend the right of said Career Phils. Shipmgt. Inc. and Columbia Shipmanagement Ltd. in connection with this Certificate of Fitness for Work.

Witness my hand this 12 day of March 2004 in the City of Manila, Philippines.

(signed)

EDUARD GODINEZ

Name of Vessel: M/V NORVIKEN

Nature of Illness or Injury: BIPOLAR MOOD  
DISORDER, TYPE II, IMPROVED

Date of Ill/Inj.: 25 December 2003

(signed)

Witness: SUSANNAH O. SALVADOR      MEDICAL COORDINATOR

Ako, EDUARD GODINEZ, ay nagsasaad na ang bahagi ng salaysay na ito ay aking nabasa at ang nasabi ay naipaliwanag sa akin sa salitang aking naiintindihan. Ito pa rin ay katunayan na ang aking pagsangayon sa nasabi ay aking sarili at kusang kagustuhan, at hindi bunga ng anumang pangako, pagkukunwari o pagpilit ng sinumang may kinalaman sa mga nasasaad na usapin.

Katunayan, aking nilagdaan ang pagpapahayag nitong ika-12 ng MARSO 2004 sa MANILA.

(signed)

EDUARD GODINEZ

(jurat and notarization)

All medical expenses incurred prior to Godinez's above certification were paid for by Career and Columbian. Godinez also received his sickness allowance for the period beginning from his repatriation up to March 12, 2004.<sup>17</sup>

<sup>16</sup> Id. at 232.

<sup>17</sup> Id. at 192.

Godinez sought to be re-hired and re-engaged by Career, but he was denied. He sought to be hired by other manning agents as well, but he was rejected just the same.<sup>18</sup>

On February 26, 2006, Godinez consulted an independent specialist, Dr. Randy Dellosa (Dellosa), who diagnosed him to be suffering from bipolar disorder, per Dellosa's handwritten Medical Certificate/Psychiatric Report dated February 27, 2006.<sup>19</sup> Godinez was declared "unfit to work as a seaman," placed on "maintenance medication," and advised to undergo "regular counseling and psychotherapy" as he was "prone to relapses due to emotional triggers."

Godinez returned to the company-designated physician, Dr. Johnny K. Lokin (Lokin), who provided regular treatment and medication at Godinez's personal expense.

### ***Ruling of the Labor Arbiter***

On March 7, 2006, Godinez filed a labor case with a claim for disability benefits, sickness allowance, medical and hospital expenses, moral and exemplary damages, attorney's fees, and other relief against Career, Columbian, and Verlou Carmelino (Carmelino), Career's Operations Manager. The case was docketed as NLRC-NCR Case No. (M) 06-03-00768-00.

In his Position Paper<sup>20</sup> and Reply,<sup>21</sup> Godinez essentially argued that he should be paid permanent total disability benefits for contracting bipolar disorder during his employment; that such illness was work-related and aggravated by the harsh treatment he received from Dayo; that there was no declaration of fitness to work as the March 12, 2004 Medical Progress Report merely stated that he "was found to be functionally stable at present," which did not amount to an assessment of his fitness for work; that his illness persisted and had not been cured; that the Certification of Fitness for Work he signed was void as it was a general waiver, and he was cajoled into signing it under the false hope that he would be re-employed by Career, and for the reason that he could not make a competent finding or declaration of his own state of health since he was not a doctor; that based on Dellosa's findings, he was deemed unfit to work as a seaman, and thus entitled to disability benefits, sickness allowance, and other benefits; and that he should be entitled to moral and exemplary damages and attorney's fees for the treatment he received from his employers, and for the latter's malice and bad faith in evading their liabilities. Thus, Godinez prayed that Career, Columbian and

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<sup>18</sup> Id. at 248.

<sup>19</sup> Id. at 261. Since the document is handwritten, it is difficult to discern if the date as written appears as a "27" or "22." However, since the record, specifically the Labor Arbiter, NLRC, and CA Decisions, indicates that Godinez consulted Dellosa on February 26, 2006, then it must be assumed that the latter's findings were embodied in a report only on February 27, or the following day, and not before the date of consultation.

<sup>20</sup> Id. at 245-258.

<sup>21</sup> Id. at 318-331.

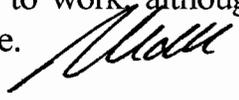


Carmelino be held solidarily liable for the following:

1. To pay disability grading equivalent to Grade 1 of the POEA SEC and based on Amosup ITF-TCC Agreement or US\$60,000.00[;]
2. To pay 120 days sickness allowance equivalent to US\$1,000.00[;]
3. To pay medical and hospital expenses in the total amount of Php70,475.90[;]
4. To pay moral damages in the amount of US\$10,000 and exemplary damages in the amount of US\$10,000[;]
5. To pay attorney's fees equivalent to 10% of the total award[;]
6. Other relief just and equitable under the premises, are also prayed for.<sup>22</sup>

In their joint Position Paper,<sup>23</sup> Career, Columbian, and Carmelino argued that Godinez should have filed his case before the Voluntary Arbitrator as it involved a dispute regarding a collective bargaining agreement and the interpretation of the POEA-Standard Employment Contract; that his illness is not compensable and work-related, since bipolar disorder is “chiefly rooted in gene defects” and in heredity; therefore, he could not have contracted bipolar disorder during his employment on board Columbian’s vessel, and his work did not expose him to any risk of contracting the illness; that he was nonetheless declared fit to work, and he did not dispute this, as he, in fact, executed a Certificate of Fitness for Work; that Godinez’s failure to declare in his pre-employment medical examination that he previously suffered from insomnia and paranoia amounted to fraudulent concealment under Section 20(E) of the POEA contract which states that “a seafarer who knowingly conceals and does not disclose past medical condition, disability and history in the pre-employment medical examination constitutes fraudulent misrepresentation and shall disqualify him from any compensation and benefits. This may also be a valid ground for termination of employment and imposition of the appropriate administrative and legal sanctions;” that Godinez has been paid his illness allowance; and that for lack of merit, Godinez is not entitled to his claim of damages and attorney’s fees. Thus, they prayed for dismissal of the case.

In their joint Reply,<sup>24</sup> Career, Columbian, and Carmelino also argued that it was not possible for Godinez to have been maltreated by Dayo during the period from December 17 to 25, 2003, since the latter was repatriated on November 29, 2003 due to chronic gastritis, hyperlipidemia and hypercholesteremia; and that Dellosa’s findings actually indicated that Godinez was fit to work, although he was required to continue medication in order to avoid relapse.



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<sup>22</sup> Id. at 257.

<sup>23</sup> Id. at 185-218.

<sup>24</sup> Id. at 302-311.

On May 16, 2007, Labor Arbiter Thelma M. Concepcion issued her Decision<sup>25</sup> declaring that her office had jurisdiction over the case; that Godinez's bipolar disorder was work-connected and thus compensable, pursuant to Section 20(B)(4) of the POEA Standard Employment Contract; and that based on substantial evidence, the nature of Godinez's work and/or his working conditions on board "M/V Norviken," as well as Dayo's harsh treatment, which caused trauma and anxiety, increased the risk of contracting his illness.

The Labor Arbiter stated further that the defense that Dayo could not have maltreated Godinez in December, 2003, since he was already medically repatriated as early as November 29, 2003, could not hold because: a) there was no documentary or other evidence to prove that Dayo was indeed repatriated on said date; b) on the contrary, the documentary evidence submitted, a November 21, 2003 Medical Examination Report<sup>26</sup> on Dayo's condition, did not contain an advice of repatriation, but instead a recommendation "to consult doctor for more detailed exams and further treatment at the patient's home country **3 months later;**" c) an Initial Medical Report<sup>27</sup> dated February 3, 2004 issued by Sachly's Salvador showed that Dayo was examined only on February 3, 2004, indicating that he could not have been repatriated on November 29, 2003 but later, at a date closer to February 3, 2004, as it would be illogical for him to have belatedly consulted a doctor given the seriousness of the declared illnesses, chronic gastritis, hyperlipidemia and hypercholesteremia, which caused his repatriation; and d) the said February 3, 2004 Initial Medical Report is a forgery, considering that Salvador's signature affixed thereon is "strikingly dissimilar" to her signature contained in the other medical reports she issued in Godinez's case. The Labor Arbiter concluded that Career, Columbian, and Carmelino were guilty of misrepresentation for submitting a forged document.

The Labor Arbiter held further that the "psychological trauma and anxiety attacks as a result of the maltreatment which complainant suffered under 2<sup>nd</sup> Officer Dayo has already rendered Godinez permanently and totally disabled;"<sup>28</sup> that the "result of the x x x trauma and anxiety attacks caused by 2<sup>nd</sup> Officer Dayo's harassment and maltreatment of Godinez caused his permanent and total disability considering that the result of the first episode has left Godinez a high risk to subsequent episodes of a mood disorder;"<sup>29</sup> that Godinez's status and his genetic history were not factors to be considered as he was still single and there was no history of bipolar disorder in his family; that the claim that Godinez was already fit for work, as opined by Sachly's doctors and certified in the March 12, 2004 Medical Progress Report could not be considered as there was nothing in said report to suggest that Godinez was fit for work; that the Certificate of Fitness for Work executed by Godinez was an improper waiver, "irregular and

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<sup>25</sup> Id. at 333-353.

<sup>26</sup> Id. at 315.

<sup>27</sup> Id. at 316-317.

<sup>28</sup> Id. at 348.

<sup>29</sup> Id.



scandalous”<sup>30</sup> especially when it was witnessed by Salvador, and did not deserve evidentiary weight since there was nothing in the POEA contract authorizing or requiring a seafarer to certify his own state of health.

On the defense that following Section 20(E) of the POEA contract, Godinez should be barred from claiming benefits in view of his concealment of and failure to disclose during the PEME that he consulted medically for insomnia and paranoia when he was 15 years old, the Labor Arbiter held that Godinez’s failure to disclose this fact was not intentional and did not amount to intentional concealment; that the fact simply “slipped his mind considering the passage of time;”<sup>31</sup> and that when he underwent the PEME, he was only 20 years old and could not have known the consequences of the PEME except that it was a simple prerequisite to employment.

Regarding monetary claims, the Labor Arbiter held that, having found permanent and total disability, Godinez was entitled to US\$60,000.00 as disability benefit; sickness allowance, less what he already received; medical expenses; moral and exemplary damages since malice and bad faith attended the denial of his claims and for presenting forged documentary evidence; and attorney’s fees. The Decision thus decreed:

WHEREFORE, premises considered, respondents Career Phils. Shipmanagement, Inc.; Columbia Shipmanagement Ltd. and individual respondent Verlou R. Carmelino are hereby ordered jointly and severally to pay complaint Eduard J. Godinez the following:

1. Permanent and total disability compensation in the amount of US\$60,000.00;
2. Sickness allowance amounting to US\$475.00;
3. Reimbursement of medical expenses in the amount of Php70,475.90;
4. Moral damages in the amount of US\$10,000.00; and Exemplary damages in the amount of US\$5,000.00; and
5. Ten percent (10%) of the total judgment award for and as attorney’s fees.

In US DOLLARS or its equivalent in PHILIPPINE PESO at the time of payment.

All other claims are hereby ordered dismissed for lack of merit.

SO ORDERED.<sup>32</sup>



<sup>30</sup> Id. at 349.

<sup>31</sup> Id. at 350.

<sup>32</sup> Id. at 353.

***Ruling of the National Labor Relations Commission***

Career, Columbian, and Carmelino appealed before the National Labor Relations Commission (NLRC), which docketed the case as OFW(M) 06-03-00768-00 (CA NO. 08-000152-07).

On April 30, 2008, the NLRC issued a Decision<sup>33</sup> declaring as follows:

Aggrieved by the adverse ruling, the respondents-appellants interposed the instant appeal premised on serious errors, allegedly committed by the Labor Arbiter, such as:

1. In ruling that the Labor Arbiter has jurisdiction over the complaint *a quo*;
2. In awarding disability benefits to appellee;
3. In ruling that appellee is entitled to sickness allowance amounting to US\$475.00;
4. In failing to consider that appellee's claims for medical expenses against appellants have been fully paid;
5. In awarding moral and exemplary damages; and,
6. In holding individual appellant personally liable.

WE MODIFY.

x x x x

It must be stressed though that pursuant to Section 10 of R.A. No. 8042, entitled Migrant Workers and Overseas Filipinos Act of 1995, 'the Labor Arbiter of the NLRC shall have the original and exclusive jurisdiction to hear and decide within ninety (90) calendar days after filing of the complaint, the claims arising out of an employer-employee relationship involving Filipino workers for overseas deployment x x x.'

Similarly, under the 2005 Revised Rules of Procedure of the NLRC, particularly Section (G), Rule V, thereof, explicitly provides that:

'Section 1. Jurisdiction of Labor Arbiters. – Labor Arbiters shall have original and exclusive jurisdiction to hear and decide the following cases, including workers, whether agricultural or non-agricultural;

x x x x

g) Money claims arising out of employer-employee relationship or by virtue of any law or contract, involving



<sup>33</sup> Id. at 407-417; penned by Presiding Commissioner Raul T. Aquino and concurred in by Commissioner Victoriano R. Calaycay.

Filipino workers for overseas deployment including claims for actual, moral, exemplary and other forms of damages.’

It is also observed that the respondents-appellants herein vigorously participated and argued their defense during the proceedings below, hence, it is too late in the day to question the same on appeal.

Moreover, as between the provisions of a mere administrative order and the Republic Act and of the 2005 Revised Rules of Procedure of the NLRC, we are persuaded that the law should be accorded with respect. In other words, R.A. 8042 that confers exclusive and original jurisdiction to the Labor Arbiter and of the Commission, to hear and decided money claims arising out of an employer-employee relationship of Filipino overseas workers should prevail.

As to the averment x x x that the award of disability benefits has no basis in law because complainant-appellee has been declared fit to return to his duties, We are more inclined though to agree with the Labor Arbiter’s position that there is ‘nothing on record that would suggest that complainant is already fit and may now go back to work’ x x x. If indeed, the said allegation is to be accorded with respect, how come that herein respondents-appellants did not welcome him back? Moreover, as observed by the Labor Arbiter which we adopt as Ours,

‘Furthermore, we find irregular and scandalous the execution by Godinez of the ‘Certificate of Fitness For Work’ on March 12, 2004, specially so, when witnessed by the company-designated physician. This certification do not deserve evidentiary value, as there is nothing in the POEA Standard Employment Contract requiring the seafarer to certify as to his own health status. Neither can the said certificate bar complainant to his claim for disability compensation. Jurisprudence is replete that waiver and release cannot bar complainant from claiming what he is legally entitled to.’ x x x

Anent the issue of complainant-appellee’s entitlement to sickness allowance in the amount of US\$ 475.00, the respondents-appellants alleged that the same has been reimbursed to him x x x. A closer examination of the alleged Annex ‘Q’ of their Position Paper, however, would show that this refers to a handwritten ‘Medical Certificate-Psychiatric Report’ of a certain Dr. Randy Dellosa, which does not show of any payment made to him x x x. The alleged Annex ‘Q-1’ is also not among the records. Hence, the said finding of the Labor Arbiter must be sustained.

The awards for moral and exemplary damages should, likewise, be granted because the instant case falls under the instances when such award is due, considering that the respondents-appellants acted in bad faith in refusing to comply with their obligation and such refusal is clearly tainted with oppression to labor.

Attorney’s fees is also justifiable because this is an action for recovery of unpaid monetary benefits and complainant-appellee was forced to litigate and incur expenses to protect his rights and interests.

The ruling of the Labor Arbiter ‘holding individual appellant personally liable in this action’, cannot be sustained though. We agree with the respondents-appellants’ position that there is really no basis, in fact and in law, to make



individual respondent-appellant liable both by way of official capacity as officer and in his individual capacity. Worded differently, since the corporate employer has already been specified in the case, his inclusion in the caption of the case is therefore immaterial.

WHEREFORE, premises considered, the appealed Decision is hereby, AFFIRMED with MODIFICATION only, insofar as Our order for individual respondent-appellant to be deleted from the dispositive portion.

SO ORDERED.<sup>34</sup>

Career and Columbian moved to reconsider, but in a July 31, 2008 Resolution,<sup>35</sup> the NLRC held its ground.

### ***Ruling of the Court of Appeals***

Career and Columbian went up to the CA on *certiorari*. On May 22, 2012, the CA issued the assailed Decision, decreeing as follows:

As gleaned from the above-cited issues, petitioners anchor this Petition on procedural and substantive grounds. Anent the procedural matter, petitioners question the assumption of jurisdiction by the Labor Arbiter in this case on the supposition that the case should have been lodged with the Voluntary Arbitrator, in accordance with Section 29 of POEA Standard Contract. As to substantive matters, on the other hand, petitioners bewail the common decision of the Labor Arbiter and the NLRC to grant disability benefits and other monetary awards to private respondent on the theory that their decisions are bereft of factual basis and were done in utter disregard of evidence as well as applicable laws and jurisprudence.

Resolving the issue of jurisdiction, We are of the considered view that petitioners cannot fault the Labor Arbiter for taking cognizance of this case. Section 29 of the POEA Standard Contract is explicit that the voluntary arbitrator or panel of arbitrators have jurisdiction only when the claim or dispute arises from employment. In the instant case, the Labor Arbiter was correct that there was no longer an employer-employee relationship existing between the parties when private respondent filed the Complaint. Consequently, We agree with the Labor Arbiter that Section 31 of the POEA Standard Contract, and not Section 29 thereof, should apply in this case. As said provision states –

‘SECTION 31. APPLICABLE LAW

Any unresolved dispute, claim or grievance arising out of or in connection with this Contract, including the annexes thereof, shall be governed by the laws of the Republic of the Philippines, international conventions, treaties and covenants where the Philippines is a signatory.



<sup>34</sup> Id. at 411-416.

<sup>35</sup> Id. at 478-479; penned by Presiding Commissioner Raul T. Aquino and concurred in by Commissioners Victoriano R. Calaycay and Angelita A. Gacutan.

We also find it apt to point out that Section 10 of Republic Act No. 8042 (Migrant Workers Act) clearly states that claims arising from contract entered into by Filipino workers for overseas employment are cognizable by the labor arbiters of the NLRC –

x x x x

In view of the foregoing, We hold that the labor tribunals did not err in taking cognizance of this case.

Prescinding, this Court, after thoroughly reading the entire records and weighing all the facts and evidence on hand, found [sic] and so holds that petitioners failed in their duty to prove that the NLRC committed grave abuse of discretion or had grossly misappreciated evidence insofar as its affirmation of the Labor Arbiter's conclusion that private respondent was entitled to disability benefits in the amount of Sixty Thousand US Dollars (US\$60,000.00).

As the records bear out, the Labor Arbiter declared private respondent to be suffering from a permanent and total disability because of the psychological trauma and anxiety attacks which resulted from the maltreatment inflicted on him by Second Officer Dayo, private respondent's immediate superior on board 'MV Norviken'. We see no reason to reverse this finding as the same is duly supported by substantial evidence. Significantly, the Labor Arbiter even emphasized that such 'factual findings is supported by the medical opinion on Psychosocial Factors, a risk factor as shown in Chapter 15, P. 543, Kaplan and Sadock's Synopsis of Psychiatry, Eighth Edition x x x.'

Notably, petitioners vehemently deny that private respondent's illness was compensable and take serious exception on [sic] the common findings of the Labor Arbiter and the NLRC that private respondent's working conditions on board the 'M/V Norviken' aggravated his illness.

To be sure, this Court agrees that '[f]or disability to be compensable under **Section 20(B) of the 2000 POEA-SEC**, two elements must concur: (1) the injury or illness must be work-related; and (2) the work-related injury or illness must have **existed during the term of the seafarer's employment contract**. In other words, to be entitled to compensation and benefits under this provision, it is not sufficient to establish that the seafarer's illness or injury has rendered him permanently or partially disabled; **it must also be shown** that there is a causal connection between the seafarer's illness or injury and the work for which he had been contracted. The 2000 POEA-SEC defines 'work-related injury' as 'injury[ies] resulting in disability or death arising out of and in the course of employment' and 'work-related illness' as 'any sickness resulting to disability or death as a result of an occupational disease listed under Section 32-A of this contract with the conditions set therein satisfied.'

Relative to the foregoing, it bears pointing out that this pertinent provision under the POEA Standard Contract is interpreted to mean that it is the company-designated physician who is entrusted with the task of assessing the seaman's disability, whether total or partial, due to either injury or illness, during the term of the latter's employment. x x x

In light of the foregoing pertinent precepts, the question now is whether there is substantial evidence to prove the existence of the above-stated elements.



Our assiduous assessment of the records leads Us to answer in the affirmative. Indeed, like the Labor Arbiter and the NLRC, We too are convinced that private respondent was able to prove by substantial evidence that his risk of contracting such illness was aggravated by his working conditions on board petitioners' 'MV Norviken', specially taking into consideration the inhumane treatment he suffered from Second Officer Dayo which ultimately led private respondent to snap. And as aptly pointed out by the Labor Arbiter, the degree of proof required in this case is merely substantial evidence and a reasonable work-connection; not a direct causal relation. 'It is enough that the hypothesis on which the workmen's claim is based is probable. Medical opinion to the contrary can be disregarded especially where there is some [basis] in the facts for inferring a work connection. Probability, not certainty, is the touchstone. x x x.' Furthermore, under the POEA Standard Contract, private respondent is disputably presumed work-related [sic] and, therefore, it is incumbent for petitioners to contradict it by their own substantial evidence. As the records would reveal, however, petitioner miserably failed to discharge this burden since, as found by the Labor Arbiter, and affirmed by the NLRC, the pieces of evidence, which petitioners presented were either of dubious character or bereft of probative value.

On petitioners' stance that private respondent is, under Section 20(E) of the POEA Standard Contract, barred from claiming disability benefit for his failure to disclose his previous bout with insomnia and paranoia, suffice it to state that We fully concur with the labor tribunal that this omission cannot just be taken against private respondent as to deprive him of disability benefits considering that Section 20(E) requires that such information should have been knowingly concealed. Considering that private respondent was only at a tender age of fifteen (15) when it happened, it is indeed fair to conclude that he really had no intention of deliberately withholding such information and that it merely slipped his mind when answering his PEME.

All the foregoing considered, We hold that there is no basis for Us to annul and set aside the findings of the Labor Arbiter, as affirmed by the NLRC, with respect to private respondent's right to disability benefit, as no amount of grave abuse of discretion attended the same.

x x x x

With respect to the award of sickness allowance, Paragraph 3, Section 20(B) of the 2000 POEA Standard Employment Contract is categorical that '[u]pon 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 physician but in no case shall this period exceed one hundred twenty (120) days.'

Based on this provision and given the finding that private respondent's illness was work-related and had become total and permanent, We hold that the NLRC correctly awarded sickness allowance equivalent to his four (4) months salary or the maximum period of one hundred twenty (120) days.

x x x x

In the instant case, however, We found that the pieces of evidence submitted by private respondent are not sufficient enough for him to successfully claim reimbursement of x x x [P70,475.90]. To be sure, most of the documents



submitted by private respondent are not official receipts but are actually mere itemization of the medicines supposedly procured by private respondent as well as the price of each medicine prescribed by his doctor. 'Jurisprudence instructs that the award of actual damages must be duly substantiated by receipts.' Verily, '[a] list of expenses cannot replace receipts when the latter should have been issued as a matter of course in business transactions.' For this reason, the award for reimbursement of medical expenses should be reduced appropriately. Based on this Court's computation, private respondent should be entitled only to a reimbursement of x x x [P16,647.85], as this is only the amount duly substantiated by receipts.

Coming now to the award of moral damages and exemplary damages, it is long settled that '[m]oral damages may be recovered only where the dismissal of the employee was tainted by bad faith or fraud, or where it constituted an act oppressive to labor, and done in a manner contrary to morals, good customs or public policy while exemplary damages are recoverable only if the dismissal was done in a wanton, oppressive, or malevolent manner.'

In the instant case, the records show that the awards are premised on the following findings of the Labor Arbiter –

x x x x

Consequently, we hold respondents Career Phils. and Columbia and individual respondent Verlou Carmelino guilty of 'misrepresentation for having falsely claimed that 2<sup>nd</sup> Officer Dayo was no longer on board M/V NORVIKEN at the time complainant was allegedly subjected to 'verbal and psychological harassment' x x x .

We are also led to believe that respondents submitted a fraudulent Medical Report x x x. Thus, we find the signature of Dr. Susannah Ong-Salvador appearing on the Initial Medical Report relative to the health status of 2<sup>nd</sup> Officer Dayo, a 'forgery', which rendered the claim of 2<sup>nd</sup> Officer Dayo's repatriation a mere afterthought.

x x x x.

Considering that the NLRC affirmed the grant of moral damages and exemplary damages based on such findings of the Labor Arbiter and considering further that petitioners did not shown [sic] any convincing proof to contradict such findings before this Court, as in fact they did not make any effort to directly contest the said findings of the Labor Arbiter, We are wont to likewise affirm private respondent's entitlement to moral damages and exemplary damages in view of the express findings of bad faith and malice on the part of the petitioners in denying private respondent's just claims.

However, while We affirm the Labor Arbiter's award of moral damages and exemplary damages, We are convinced that the amount of moral damages and the exemplary damages awarded are far too excessive, if not unconscionable. As it is always stressed in jurisprudence, '[m]oral damages are recoverable only if the defendant has acted fraudulently or in bad faith, or is guilty of gross negligence amounting to bad faith, or in wanton disregard of his contractual obligations. The breach must be wanton, reckless, malicious, or in bad faith, oppressive or abusive.' Similarly, 'x x x [e]xemplary [d]amages are imposed not to enrich one party or impoverish another but to serve as a deterrent against or as



a negative incentive to curb socially deleterious actions.’ In line with prevailing jurisprudence, We hereby reduce the moral damages and exemplary damages to the more equitable level of One Thousand US Dollars (US\$1,000.00) each.

Finally, regarding the award of attorney’s fees to private respondent, We found the same to be warranted based on the facts of this case and prevailing jurisprudence. As it is oft-said, ‘[t]he law allows the award of attorney’s fees when exemplary damages are awarded, and when the party to a suit was compelled to incur expenses to protect his interest.’

In view of Our herein disquisition, We shall no longer delve into the merits of petitioners’ prayer for issuance of a Temporary Restraining Order (TRO) for it is now moot and academic.

**WHEREFORE**, premises considered, the instant Petition is **DISMISSED**. The assailed Decision and Resolution of the NLRC are **AFFIRMED** with the following **MODIFICATIONS** –

1. Reimbursement of medical expenses is **REDUCED** to Sixteen Thousand Six Hundred Forty-Seven Pesos and 85/100 (₱16,647.85);
2. Moral damages is **REDUCED** to One Thousand US Dollars (US\$1,000.00); and
3. Exemplary damages is **REDUCED** to One Thousand US Dollars (US\$1,000.00).

In addition, the prayer for issuance of Temporary Restraining Order (TRO) is hereby **DENIED** for being moot and academic. All other claims are likewise **DISMISSED** for lack of merit.

**SO ORDERED.**<sup>36</sup> (Citations omitted; emphasis and underscoring in the original)

Godinez filed a Motion for Partial Reconsideration, questioning the reduction in the award of medical expenses and moral and exemplary damages. In essence, he sought reinstatement of the monetary awards contained in the NLRC Decision. On the other hand, Career and Columbian filed a joint Motion for Reconsideration questioning the entire decision and award, and reiterating all their arguments before the Labor Arbiter, NLRC, and in their Petition for *Certiorari*.

On April 18, 2013, the CA issued the assailed Resolution denying the parties’ respective motions for reconsideration. Thus, the present petitions.

### Issues

The following issues are raised by the parties in their respective Petitions:



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<sup>36</sup> Id. at 96-107.

By Career and Columbian as petitioners in G.R. No. 206826

A. THE HONORABLE COURT OF APPEALS COMMITTED CLEAR ERROR OF LAW AND IN ITS APPRECIATION OF THE FACTS AND EVIDENCE WHEN IT AFFIRMED THE AWARD OF TOTAL AND PERMANENT DISABILITY BENEFITS, SICKNESS ALLOWANCE, AND REIMBURSEMENT OF MEDICAL EXPENSES DESPITE THE FOLLOWING:

- a.1 Malicious concealment of a past mental disorder is fraudulent misrepresentation. Under express provisions of the governing POEA Contract, fraudulent misrepresentation of a past medical condition disqualifies a seafarer from any contractual benefits and claims [sic].
- a.2 Work-relation must be proved by substantial evidence. Convenient allegations cannot justify a claim for disability benefits. In the present case, respondent's allegations that his mental breakdown was due to the maltreatment of Second Officer Dayo is a falsity as the latter had already been signed-off prior to the material period. Work-relation is therefore absent and the claim is not compensable.
- a.3 Notwithstanding the above, respondent was provided necessary treatment until he was declared fit to work, a fact he himself confirmed and never disputed for almost two (2) years. Clearly therefore, petitioners can no longer be rendered liable for respondent's subsequent mental condition.

B. THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN AFFIRMING THE AWARD OF DAMAGES AND ATTORNEY'S FEES DESPITE ABSENCE OF ANY FINDING OR DISCUSSION SHOWING BAD FAITH OR MALICE ON THE PART OF PETITIONERS.<sup>37</sup>

By Godinez as petitioner in G.R. No. 206828

THE LONE ISSUE BEING RAISED BY THE PETITIONER IN THIS CASE IS WHETHER THE HONORABLE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION IN MODIFYING AND REDUCING THE AMOUNT OF DAMAGES.<sup>38</sup>

***The Parties' Respective Arguments***

**In G.R. No. 206826.** In their Petition and Reply,<sup>39</sup> Career and Columbian insist that Godinez's failure to disclose his past medical record amounts to fraudulent concealment which disqualifies him from receiving the benefits and claims he seeks; that it was erroneous for the CA to simply assume that this fact merely slipped Godinez's mind during the PEME; that the PEME itself contained a certification, which Godinez read and signed, that any false statement made

<sup>37</sup> Id. at 59-60.

<sup>38</sup> *Rollo*, G.R. No. 206828, p. 43.

<sup>39</sup> Id., G.R. No. 206826, pp. 708-720.



therein shall disqualify him from any benefits and claims; that Godinez's condition is not work-related; that Dayo's alleged maltreatment is not supported by any other evidence, such as written statements of other crewmembers; that on the contrary, it has been sufficiently shown that Dayo was no longer aboard the vessel during the period that Godinez claims Dayo maltreated him; that it has been opined and certified by the company-designated medical facility in a February 6, 2004 medical report that Godinez's illness is not an occupational disease, but a mere symptom of genetic defects, developmental problems, and psychological stresses; that even assuming that Godinez's misrepresentation is excusable and his illness is work-related, he was nonetheless afforded full medical treatment and was cured and declared fit for work by the company-designated medical facility in a March 12, 2004 medical progress report; that Godinez himself declared that he was cured and fit for work by way of his March 12, 2004 Certificate of Fitness for Work; and, that Dellosa's February 27, 2006 Medical Certificate/Psychiatric Report actually declared that Godinez was fit for work.

As for the other monetary awards, Career and Columbian argue that moral and exemplary damages may not be awarded to Godinez, absent malice and bad faith on their part. On the award of attorney's fees, they claim that this must be deleted as well, since they are not at fault and did not conduct themselves in bad faith and with malice. Thus, they pray that the assailed CA dispositions be reversed and set aside; that Godinez's labor case be ordered dismissed; and that he be ordered to return the amount of ₱4,105,276.07 which was advanced to him by virtue of a premature execution of the judgment award.

In his Comment<sup>40</sup> seeking denial of the Petition and reinstatement of the NLRC's April 30, 2008 Decision, Godinez reiterates that his illness is compensable as it is work-related; that there is no fraudulent concealment on his part; that permanent and total disability has been shown to exist and was caused and triggered by the harsh and cruel treatment he received while aboard "M/V Norviken," as well as by conditions of work, such as "confined living quarters, motion of the ship, exposure to varied climatic conditions, lack of stability in hours [of] work, noise and vibrations from engines and equipment, exposure to irritant substances, inadequate nutrition, overheated surroundings and inadequate physical work combined with monotony and mental stress resulting from larger and more automated vessels, x x x seasickness x x x unsuitable [food] and water supplies on board, improper eating habits, and intemperate behavior while ashore,"<sup>41</sup> and psychosocial factors and stressors in the work environment, such as "role ambiguity, role conflicts, discrimination, supervisor-supervisee conflicts, work overload, and work setting [which are] associated with greater susceptibility to stress-related illness, tardiness, absenteeism, poor performance, depression, anxiety, and other psychological distress;"<sup>42</sup> that there was no categorical

<sup>40</sup> Id. at 673-688.

<sup>41</sup> Id. at 675; citing the *International Labor Organization Encyclopedia of Occupational Health and Safety*, Volume 2, Third Edition, 1989, pp. 1330-1331.

<sup>42</sup> Id. at 675-676; citing Levi, Frandenhacuser and Gardell 1986; Sutherland and Cooper 1988.



declaration by the company-designated physician that he is cured and fit for work; that the certificate of fitness for work he was made to execute is null and void as it was forced upon him at a time of financial and emotional distress, and he was made to believe falsely that after its execution, he may once more work for Career and Columbian; that his medical expenses should be reimbursed in full; that while the CA did not err in affirming the award of moral and exemplary damages, it was not correct in reducing them, considering the fraudulent and malicious manner in which Career and Columbian conducted themselves in the proceedings, in trying to avoid liability and deny medical assistance to him and sacrificing the welfare of their employees for the sake of keeping and protecting their profits; and, that as a result of the cruel and inhuman treatment he received at work, he is now condemned to a lifetime of maintenance medication consisting of mood stabilizers and other medicines, under pain of relapse.

**G.R. No. 206828.** In his Petition and Reply,<sup>43</sup> Godinez essentially reproduces and reiterates the issues and arguments contained in his Comment to the Petition in G.R. No. 206826.

In their Comment,<sup>44</sup> Career and Columbian essentially reproduce and replead the allegations, arguments, and relief sought in their Petition in G.R. No. 206826, apart from seeking the denial of the Petition in G.R. No. 206828. They, however, reiterate that in dealing with Godinez, they were not motivated by bad faith, malice, or ill will; nor did they act in a manner that is contrary to morals, good customs, or public policy.

### **Our Ruling**

We find for Godinez.

Workers are not robots built simply for labor; nor are they machines that may be turned on or off at will; not objects that are conveniently discarded when every ounce of efficiency and utility has been squeezed out of them; not appliances that may be thrown away when they conk out. They are thinking and feeling beings possessed of humanity and dignity, worthy of compassion, understanding, and respect.

### ***Defense of Fraudulent Concealment***

It is claimed that Godinez concealed his past medical history when he failed to disclose during the PEME that when he was 15, he suffered from insomnia and paranoia for which he sought psychiatric evaluation and management. This is based on an unsigned document, an Initial Medical Report, containing a supposed

<sup>43</sup> *Rollo*, G.R. No. 206828, pp. 177-187.

<sup>44</sup> *Id.* at 143-158.



admission by Godinez that he was treated in the past for insomnia and paranoia. However, this unsigned report cannot have any evidentiary value, as it is self-serving and of dubious character. In *Asuncion v. National Labor Relations Commission*,<sup>45</sup> the Court disregarded unsigned listings and computer printouts presented in evidence by the employer to prove its employee's absenteeism and tardiness. It was held therein that --

In the case at bar, there is a paucity of evidence to establish the charges of absenteeism and tardiness. We note that the employer company submitted mere handwritten listing and computer print-outs. The handwritten listing was not signed by the one who made the same. As regards the print-outs, while the listing was computer generated, the entries of time and other annotations were again handwritten and unsigned.

We find that the handwritten listing and unsigned computer print-outs were **unauthenticated** and, hence, **unreliable**. **Mere self-serving evidence of which the listing and print-outs are of that nature should be rejected as evidence without any rational probative value even in administrative proceedings.** x x x (Emphasis supplied)

Thus, there could be no fraudulent concealment on Godinez's part.

Even if it is true that Godinez suffered from insomnia and paranoia and he failed to disclose this fact, we do not believe that the omission was intentional and fraudulent. As the labor tribunals and the CA correctly opined, the fact may have simply "slipped his mind considering the passage of time"<sup>46</sup> since his bout with insomnia and paranoia occurred when he was only 15 years old. Given his age, innocence, and lack of experience at the time he was applying for work with Career, one is not quick to assume that Godinez was capable of deception or prevarication; as a young boy breaking into the world and facing the prospect of serious honest work for the first time in his life, it can be said that he innocently believed this fact to be unimportant and irrelevant. In any event, Career and Columbian's defense is grounded on Section 20(E) of the POEA contract which, to be applicable, requires that the seafarer must *knowingly* conceal his past medical condition, disability, and history. This cannot apply in Godinez's case. If he were a seasoned and experienced seafarer, this Court would have viewed his failure to disclose in a different way.

### *Nature and Cause of Godinez's Illness*

On the other hand, the Court believes that Godinez was unjustifiably maltreated by his superior, 2nd Officer Dayo, who, according to the former in his Position Paper below —

<sup>45</sup> 414 Phil. 329, 337 (2001). In this case, the Court also cited *Jarcia Machine Shop and Auto Supply, Inc. v. National Labor Relations Commission*, 334 Phil. 84 (1997), where unsigned daily time records presented to prove the employee's neglect of duties were held incompetent.

<sup>46</sup> *Rollo*, G.R. No. 206826, p. 350.

x x x suddenly became irritated and angry at the complainant x x x, ordered and forced complainant to clean the toilets as punishment instead of performing his regular functions and duties on board as watch on the bridge. Then, Second Officer Dayo became rude to him, always finding fault in him, humiliating him or giving him conflicting orders such as cleaning all the toilets instead of performing the look-out job which he regularly performed from 12:00 P.M. – 16:00 P.M. and 00:00 – 04:00 A.M. In every instance when there is an opportunity to accuse him, Second Officer Dayo would snap at him, nag him and shout to him in front of everyone while the poor complainant cadet was performing his four-hour watch job. In other words, these harrowing experiences became regular. Such daily and regular acts of harassment by the said Second Officer took its toll on the emotional and psychological health of the complainant. He was traumatized and it had become so unbearable for him to continue working.

Regularly, from 00:00 (Midnight) to 04:00 A.M., complainant was regularly not allowed to prepare his food for breakfast and snacks. Because of this, he starved and he became weak. As a result, he became mentally and physically weak during his regular four (4)[-]hour watch. Furthermore, having experienced insults, verbal abused [sic], humiliation, pressures and stress during his three-day ordeal with his indifferent supervisor Second Officer Dayo, complainant suffered trauma and anxiety attacks during the period from December 21 to December 25, 2003 x x x.<sup>47</sup>

When Godinez applied for work with Career, he was an innocent boy of 20; his stint with Career would be his very first employment as a seafarer onboard an ocean-going vessel.<sup>48</sup> He was lacking in experience and knowledge, yet full of innocence, dreams, idealism, positive expectations, enthusiasm, and optimism. All these were shattered by his horrible experience onboard the “M/V Norviken,” under the hands of Dayo, who unnecessarily exposed the young, inexperienced, and innocent boy to a different reality, a cruel one, and robbed him of the positive expectations and dreams he had coming to his very first job as a seafarer. His uncalled for cruelty broke the heart and spirit of this fledgling until he could no longer take it. The conditions of work, the elements, the environment, the fear and loneliness, the strange surroundings, and the unnecessary cruelty and lack of understanding and compassion of his immediate superior, the weight of all these was too much for the young man to handle. Like a tender twig in a vicious storm, he snapped.

To complicate matters, Godinez was never given medical care onboard as soon as he became ill. The December 24 and 25, 2003 reports of the vessel master, Capt. Vicente A. Capero, sent to Career prove that even as Godinez was already exhibiting the symptoms of a nervous breakdown, his superiors and the crew provided no medical intervention or support. Instead, they ignored him as he wandered aimlessly half-naked around the ship; simply watched him make a fool of himself in front of his peers; and allowed him to precariously roam the ship even as it became evident that he was becoming a danger to himself, the crew, and

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<sup>47</sup> Id. at 247.

<sup>48</sup> Id. at 188, 219.



the ship. In short, he was treated like a stray dog, whose presence is merely condoned. The vessel master's reaction was not reassuring either: instead of exhibiting compassion and providing needed care, he could not wait to expel Godinez from the ship, because the poor boy's strange behavior was starting to get on his nerves. We quote him, thus:

In this condition of him which x x x is getting [worse everyday], **I strongly oppose his presence on board. I want him to be dis-embarked immediately** on arrival. He is now resisting orders, he [doesn't] listen to the officers and to his escort. This endanger[s] the safety of all crew on board and the vessel especially during transit and maneuvering. **All my patience is over now.**<sup>49</sup> (Emphasis supplied)

The confluence of all these, the inhumane treatment inflicted upon this green, fragile, and innocent fledgling; the harsh environment and conditions of work he was exposed to for the very first time in his young life; the indifference of his superiors despite realizing what was happening to him; and the utter lack of a professional and medical response to the boy's progressing medical condition, led to the complete breakdown of Godinez's body, mind, and spirit.

The Court concludes that Godinez's grave illness was directly caused by the unprofessional and inhumane treatment, as well as the physical, psychological, and mental abuse inflicted upon him by his superiors, aggravated by the latter's failure and refusal to provide timely medical and/or professional intervention, and their neglect and indifference to his condition even as it was deteriorating before their very eyes.

The Court does not subscribe to the defense that Dayo could not have committed the acts attributed to him as he was medically repatriated on November 29, 2003 due to chronic gastritis, hyperlipidemia and hypercholesteremia. The only evidence presented to substantiate his claimed repatriation consist of: 1) a November 21, 2003 Medical Examination Report issued by a doctor in Japan,<sup>50</sup> and 2) an Initial Medical Report dated February 3, 2004 issued by Sachly's Salvador.<sup>51</sup> However:

1. The **November 21, 2003** Medical Examination Report contains a recommendation for Dayo to consult a "doctor for more detailed exams and further treatment at the patient's home country **3 months later.**"<sup>52</sup> The second medical report **coincides** with the first, being dated **February 3, 2004**, or nearly three months after November 21, 2003, meaning that Dayo must have followed the Japanese doctor's advice and indeed consulted Sachly nearly three months

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<sup>49</sup> Id. at 224.

<sup>50</sup> Id. at 315.

<sup>51</sup> Id. at 316.

<sup>52</sup> Id. at 315.

after he consulted with the latter. It can only be that before that time, February 3, 2004, Dayo remained onboard "M/V Norviken".

2. If Dayo was truly repatriated on November 29, 2003, experience and logic dictate that he should have, pursuant to the provisions of the standard POEA contract, submitted himself to a post-employment medical examination by a company-designated physician within three working days upon his return, because his failure to comply with such mandatory examination shall result in the forfeiture of his benefits. Yet it appears that he only presented himself for post-employment medical examination on February 3, 2004. Given that he was then suffering from serious illnesses, chronic gastritis, hyperlipidemia and hypercholesteremia, and his failure to timely submit himself for examination would result in the forfeiture of his benefits, it cannot be believed that he consulted with Sachly only on February 3, 2004.

3. An examination of Salvador's signature affixed on the February 3, 2004 medical report would indeed lead Us to the conclusion that it is materially different from her customary signature affixed on the five medical reports she issued in this case and on the Certificate of Fitness for Work executed by Godinez, where she signed as witness.

The Court thus concludes that Dayo was not repatriated on November 29, 2003; he remained as part of the "M/V Norviken" crew, which leads us to the allegations of Godinez that he was maltreated and harassed by Dayo, which, apart from being credible, necessarily remain unrefuted by Career and Columbian on account of their insistence upon the sole defense that Dayo was not on board during the time that Godinez claims he was maltreated.

In *Cabuyoc v. Inter-Orient Navigation Shipmanagement, Inc.*,<sup>53</sup> the Court declared that work-connected mental illnesses or disorders are compensable, thus:

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. 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. x x x

x x x x



<sup>53</sup> 537 Phil. 897, 912-916 (2006).

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[red, 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%

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.



**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*,<sup>54</sup> the Court went further by saying:

Strict rules of evidence, it 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 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 through its attending doctor Leonardo Bascar, that petitioner is suffering from 'schizophrenic form disorder.'

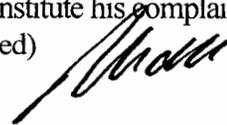
Time and again, the Court has consistently ruled that *disability should not be understood more on its medical significance but on the loss of earning capacity*. Permanent total disability means disablement of an employee to earn wages in the same kind of work, or work of similar nature that she was 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.

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. (Emphasis supplied)

<sup>54</sup> 336 Phil. 466 (1997).



***Permanent and Total Disability,  
Benefits and Medical Expenses***

The Court finds as well that Godinez suffered permanent total disability, as there has been no definite medical assessment by the company-designated physician regarding his condition – even up to now. “The company-designated doctor is expected to arrive at a definite assessment of the seafarer’s fitness to work or to determine [the degree of] his disability within a period of 120 or 240 days from repatriation, [as the case may be. If after the lapse of the 120/240-day period the seafarer remains incapacitated and the company-designated physician has not yet declared him fit to work or determined his degree of disability,] the seafarer is deemed totally and permanently disabled.”<sup>55</sup>

The defense that Godinez was cured and became fit for work is founded on an **unsigned** March 12, 2004 Medical Progress Report (Annex “M” of Career and Columbian’s Position Paper<sup>56</sup>) stating that Godinez was “asymptomatic and doing well with no recurrence of depressive episodes;”<sup>57</sup> that Godinez “verbalized a feeling of wellness;”<sup>58</sup> that his “[v]ital signs were stable;”<sup>59</sup> that he was in a “euthymic mood, and is able to sleep and eat well;”<sup>60</sup> and that he was “found to be functionally stable at present.”<sup>61</sup> Being unsigned, it has no evidentiary value as well, just like the January 10, 2004 Initial Medical Report containing Godinez’s supposed admission to a past history of mental illness. Indeed, even the Labor Arbiter must have noted that this January 10, 2004 medical report was unsigned, as it was not considered in the comparison of Salvador’s customary signature and that appearing on the Initial Medical Report dated February 3, 2004 utilized by Career and Columbian to prove Dayo’s alleged repatriation on November 29, 2003.<sup>62</sup>

Neither can the Certificate of Fitness for Work executed by Godinez serve as proof of his state of health. He is not a trained physician; his declaration is not competent and cannot take the place of the company-designated physician’s assessment required by law and the POEA contract. Nor can Salvador’s signature as witness on the certificate validate the document or be considered as substitute for the legally required medical assessment; quite the contrary, it proves her unethical and unprofessional conduct. As the Medical Coordinator of Sachly and the officer who customarily signs the medical reports issued in Godinez’s case, it was fundamentally improper for her not to have signed the Medical Progress Report issued by her employer on March 12, 2004, and yet participate as witness

<sup>55</sup> *Magsaysay Maritime Corporation v. Cruz*, G.R. No. 204769, June 6, 2016, 792 SCRA 344, 356.

<sup>56</sup> *Rollo*, G.R. No. 206826, p. 231.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* at 347.



in Godinez's certificate, executed on that very same day to boot.

On the matter of medical expenses, this Court finds nothing irregular in the CA's finding that the amount awarded must be reduced on account of failure to substantiate. An examination of the evidence supports the view that some of the claimed expenses were not actually supported by the necessary receipts. In the determination of actual damages, "[c]redence can be given only to claims which are duly supported by receipts."<sup>63</sup>

### ***Fabricated Evidence and Underhanded Tactics***

This Court notes that Career, Columbian, and their counsel-of-record, have submitted documents of dubious nature and content; inadmissible in evidence and oppressive to the cause of labor; and condoned a licensed physician's unethical and unprofessional conduct.

For this case, they submitted no less than four (4) dubious and irregular pieces of evidence. **First** of all, the January 10, 2004 *unsigned* Initial Medical Report where Godinez is claimed to have admitted to a history of insomnia and paranoia. The **second** is the March 12, 2004 Medical Progress Report, also *unsigned*, which supposedly contains a physician's certification that Godinez was cured or fit for work. The **third** is the March 12, 2004 Certificate of Fitness for Work, a prepared blank form which Godinez merely filled up and signed, which, given the surrounding circumstances, shows that it was prepared by them and not by Godinez. And **fourth** is the falsified Initial Medical Report dated February 3, 2004 containing an express declaration that Dayo was medically repatriated on November 29, 2003.

The execution of the "Certificate of Fitness for Work" is inherently absurd in light of the fact that Godinez is not a doctor and also considering the legal requirement that only a licensed physician may issue such certification. It is a ploy that aims to take advantage of the worker's lack of sufficient legal knowledge and his desperate circumstances.

Indeed, the impression generated by the absence of Salvador's signature on the March 12, 2004 Medical Progress Report, and her consenting to sign as witness to Godinez's Certificate of Fitness for Work instead, is that Salvador refused to certify that Godinez's condition had been cured or had improved. But somehow, she was prevailed upon to affix her signature just the same, but only as witness to Godinez's Certificate of Fitness for Work, which must have been the final concession she was willing to make, but an unethical and unprofessional one

<sup>63</sup> *OMC Carriers, Inc. v. Spouses Nabian*, 126 F.3d 534, 550 (2010).



nonetheless. By what she did, she was hiding, as witness, under the cloak of Godinez's own admission that he was already well, hoping and expecting that any tribunal, *including this Court*, possibly gullible or unthinking, might be duped into believing that her signature should lend credibility to Godinez's certification.

Thus, this Court warns against the continued use of underhanded tactics that undermine the interests of labor, damages the integrity of the legal profession, mock the judicial process as a whole, and insult the intelligence of this Court. In prosecuting a client's case, there are multiple ways of securing victory, other than through fabrication, prevarication, and guile.

### ***Evident Malice and Bad Faith***

It has become evident, without need of further elaboration, that in dealing with Godinez and in prosecuting their case, Career and Columbian acted in evident malice and bad faith thus entitling Godinez to an award of moral and exemplary damages.

Not only was Godinez's illness caused directly by his employment, as a result of unnecessary cruelty on the part of the officers aboard Columbian's ship; there was also failure and refusal to properly and professionally address his condition until it became worse; and lack of compassion and understanding on the part of the ship's officers in failing to consider that Godinez was an innocent young man who was on his very first assignment onboard an ocean-going vessel, and in treating him inhumanely even as it became evident that he was already gravely afflicted. The manner in which Godinez was dealt with in these proceedings evinces a perverse attempt to evade liability by fabricating evidence and utilizing objectionable and oppressive means and schemes to secure victory. It constitutes an affront, not only to this Court, but to all honest workingmen earning a living through hard work and risking their lives for their families.

**WHEREFORE**, the Court resolves to **DENY** the Petitions in G.R. No. 206826 and G.R. No. 206828. The May 22, 2012 Decision of the Court of Appeals in CA-G.R. SP No. 105602 is **AFFIRMED WITH MODIFICATION**, in that **INTEREST** is hereby imposed upon the total monetary award at the rate of six percent (6%) per annum from the date of finality of this judgment until full satisfaction.

**SO ORDERED.**

  
**MARIANO C. DEL CASTILLO**  
*Associate Justice*

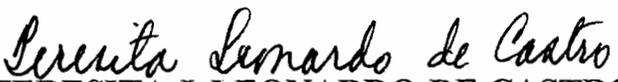
WE CONCUR:



**MARIA LOURDES P. A. SERENO**

*Chief Justice*

*Chairperson*

  
**TERESITA J. LEONARDO-DE CASTRO**  
*Associate Justice*

  
**FRANCIS H. JARDELEZA**  
*Associate Justice*

  
**NOEL GIMENEZ TIJAM**  
*Associate Justice*

### 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.

  
**MARIA LOURDES P. A. SERENO**  
*Chief Justice*

