Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

LEONIS NAVIGATION CO., INC. and WORLD MARINE PANAMA S.A.,
Petitioners,

-versus-

EDUARDO C. OBRERO and MERCEDITA P. OBRERO,
Respondents.

G.R. No. 192754

Present:

VELASCO, JR., *J., Chairperson,*
PERALTA,
PEREZ,
REYES,* and
JARDELEZA, *JJ.*

Promulgated:

September 7, 2016

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D E C I S I O N

JARDELEZA, *J.*:

This is a petition for review on *certiorari*[1] seeking to set aside the Decision[2] dated October 13, 2009 and Resolution[3] dated July 2, 2010 of the Court of Appeals in CA-G.R. SP No. 108214 which denied petitioners' petition for *certiorari* assailing the ruling of the National Labor Relations Commission (NLRC) that respondent Eduardo Obrero's illness was work-related and, therefore, compensable.

I

Petitioner Leonis Navigation Company, Inc. (LNCI), for and on behalf of its foreign principal co-petitioner World Marine Panama S.A. (World Marine), hired Obrero as a messman onboard M/V Brilliant Arc on October 3, 2003. The governing contract between the parties was the 2000 Philippine Overseas Employment Agency-Standard Employment Contract[4]

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* On official leave.

1 *Rollo*, pp. 41-68.

2 *Id.* at 77-95, Twelfth Division, penned by Associate Justice Mariflor P. Punzalan Castillo, with Associate Justices Mario L. Guariña III and Jane Aurora C. Lantion, concurring.

3 *Id.* at 32-38.

4 *Id.* at 78; 2000 Amended Standard Terms and Conditions Governing the Employment of Filipino Seafarers On Board Ocean Going Vessels, DOLE Department Order No. 4 (2000); POEA Memorandum Circular No. 9 (2000).

(POEA-SEC). This was the fourth time that LNCI, for and on behalf of World Marine, hired Obrero since 2000.[5]

Obrero was deployed onboard M/V Brilliant Arc on February 20, 2004. Sometime in October 2004, Obrero's crewmates observed him acting strangely.[6] The Master Report noted that Obrero's normal manner changed and that he was unable to sleep well. It added that Obrero could no longer perform his daily tasks and showed signs "of abnormality towards his daily gestures especially to the crew and other things."[7]

Upon the vessel's arrival at Tubarao, Brazil, Obrero was seen by Dr. Jose Carlos Soares Da Silva (Dr. Da Silva) and was confined in a psychiatric clinic for a month in Victoria, Brazil. He was later diagnosed with "bipolar disturbance (acute phase)" and given appropriate medications. Dr. Da Silva recommended Obrero's repatriation upon his discharge.[8]

Dr. Nicomedes Cruz (Dr. Cruz), the company-designated physician, examined Obrero shortly after he arrived in the Philippines. Dr. Cruz initially diagnosed him with major depression and referred him to a psychiatrist. Obrero was confined at the Manila Doctors Hospital and his diagnosis was updated to "schizophreniform disorder."[9]

On December 14, 2004, Dr. Cruz issued a certification upon the request of LNCI's counsel stating that "[s]chizophreniform disorder appears to be related to abnormalities in the structure and chemistry of the brain, and appears to have strong genetic links" and "[c]ategorically speaking schizophreniform disorder is not work-related."[10] Thus, LNCI refused to pay Obrero's total disability benefits.

Obrero filed a complaint with the NLRC claiming that he is entitled to total disability benefits because he has previously been declared fit to work by LNCI, following a rigid pre-employment medical examination (PEME), and, therefore, his worsening mental state was work-related. LNCI denied this, maintaining that his illness is not work-related as declared by Dr. Cruz.[11]

In the meantime, Obrero also sought the opinion of a psychiatrist, Dr. Pacita Ramos-Salceda.[12] The latter diagnosed Obrero as suffering from "*[p]sychotic [d]isorder, [n]ot otherwise specified.*"[13] In her psychiatric evaluation, Dr. Salceda noted that although Obrero was initially able to cope

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5 CA *rollo*, p. 129.
6 *Rollo*, p. 79.
7 *Id.* at 79-80.
8 *Id.* at 80.
9 *Id.*
10 *Rollo*, pp. 80-81, CA *rollo*, p. 110.
11 *Rollo*, pp. 81-82.
12 *Id.* at 81.
13 *Id.*, CA *rollo*, p. 137.

with the rigors and stress of his occupation, his coping abilities were eventually taxed "as he was continuously exposed to the adverse situation of repeatedly being at sea for prolonged periods of time."[14] Additionally, he was not able to handle the stress of being demoted from seaman to messman as a result of the discovery of his color blindness.[15]

The Labor Arbiter (LA) ruled in favor of LNCI and dismissed the complaint. The LA completely accepted Dr. Cruz's opinion that Obrero's illness was not work-related.[16] On appeal, the NLRC reversed the LA's findings. It noted that seafaring is a very stressful occupation and that, even if genetics were a factor in the development of Obrero's illness, "the inherent stress of a seafarer's work has undoubtedly triggered [Obrero's] condition."[17]

After the NLRC denied LNCI's motion for reconsideration, the latter filed a petition for *certiorari* with the CA. In its now assailed Decision, the CA sustained the NLRC.[18] The CA, citing *More Maritime Agencies, Inc. v. NLRC*[19] explained the nature of a work-related injury, that "[c]ompensability x x x does not depend on whether the injury or disease was pre-existing at the time of the employment but rather if the disease or injury is work-related or aggravated his condition. It is indeed safe to presume that, at the very least, the arduous nature of x x x employment had contributed to the aggravation of [the] injury, if indeed it was pre-existing at the time of [the] employment."[20] The CA disagreed with Dr. Cruz's assessment that *schizophreniform* disorder is categorically not work-related because in at least two cases the Court allowed compensation for such disorder. It also noted that the opinion of Dr. Cruz was nothing more than a "cryptic comment" which failed to elaborate on how he arrived at his finding.[21] The CA subsequently denied LNCI's motion for reconsideration.

In this petition for review, LNCI principally argues that both the CA and NLRC's findings that Obrero's illness was work-related are without basis and insists that the opinion of the company-designated physician, Dr. Cruz, should be given credence.[22] Both parties agree that Obrero's illness is permanent; the only dispute is whether it is compensable. We hold in the affirmative.

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14 *Id.*
15 CA *rollo*, p. 136.
16 *Id.* at 57-67.
17 *Id.* at 51.
18 *Rollo*, p. 86.
19 G.R. No. 124927, May 18, 1999, 307 SCRA 189.
20 *Rollo*, p. 88. Emphasis omitted.
21 *Id.* at 91.
22 *Id.* at 60-63.

II
A

For disability to be compensable under Section 20(B)(4) of the 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.[23] There is no question that the second element is present, since Obrero's psychological disorder manifested itself while onboard M/V Brilliant Arc. The sole question is whether his illness is work-related.

The POEA-SEC defines a work-related injury as "injury(ies) resulting in disability or death arising out of and in the course of employment," and a 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."[24] For illnesses not mentioned under Section 32, the POEA-SEC creates a disputable presumption in favor of the seafarer that these illnesses are work-related.[25] Notwithstanding the presumption, we have held that on due process grounds, the claimant-seafarer must still prove by substantial evidence that his work conditions caused or at least increased the risk of contracting the disease.[26] This is because awards of compensation cannot rest entirely on bare assertions and presumptions.[27] In order to establish compensability of a non-occupational disease, reasonable proof of work-connection is sufficient—direct causal relation is not required.[28] Thus, probability, not the ultimate degree of certainty, is the test of proof in compensation proceedings.[29]

Here, we agree with the CA and NLRC that Obrero has successfully proved that his illness was work-related. Taken together, Dr. Salceda's diagnosis and Obrero's previous unremarkable stints as a seaman reasonably support the conclusion that his work environment increased his risk of developing or triggering *schizophrenia*. As detailed in Dr. Salceda's diagnosis, Obrero's demotion to messman—which is inherently work-related and was conveniently ignored by LNCI in its pleadings—appears to be the event that precipitated his mental disorder. Prior to this, he was able

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[23] *Tagle v. Anglo-Eastern Crew Management, Phils., Inc.*, G.R. No. 209302, July 9, 2014, 729 SCRA 677, 694-695.

[24] POEA-SEC (2000), Definition of Terms.

[25] POEA-SEC (2000), Sec. 20(B)(4).

[26] *Philippine Transmarine Carriers, Inc. v. Aligway*, G.R. No. 201793, September 16, 2015, 770 SCRA 609; *Dohle-Philman Manning Agency, Inc. v. Heirs of Andres G. Gazzingan*, G.R. No. 199568, June 17, 2015, 759 SCRA 209, 226; *Magsaysay Maritime Corporation v. National Labor Relations Commission (Second Division)*, G.R. No. 186180, March 22, 2010, 616 SCRA 362, 376-377.

[27] *Casomo v. Career Philippines Shipmanagement, Inc.*, G.R. No. 191606, August 1, 2012, 678 SCRA 185, 191. The prevailing rule is analogous to the rule under the old Workmen's Compensation Act that a preliminary link between the illness and the employment must first be shown before the presumption of work-relation can attach.

[28] *Grace Marine Shipping Corporation v. Alarcon*, G.R. No. 201536, September 9, 2015, 770 SCRA 259, 279-280.

[29] *Gabunas, Sr. v. Scanmar Maritime Services, Inc.*, G.R. No. 188637, December 15, 2010, 638 SCRA 770, 780-781; *NFD International Manning Agents, Inc. v. NLRC*, G.R. No. 107131, March 13, 1997, 269 SCRA 486, 494.

to accomplish his tasks without any issue as an ordinary seaman (OS) from January 20, 2000 to February 3, 2001, and as an able seaman (AB) from August 12, 2001 to June 27, 2002 and May 14, 2003 to June 11, 2003.[30] It was only after he was deployed as messman onboard M/V Brilliant Arc that he began experiencing sleep interruptions and started having persecutory delusions, ultimately leading to the erratic behavior detailed in the Master Report.[31] Applying the standard of substantial evidence, *i.e.*, that amount of relevant evidence which a reasonable mind might accept as adequate to support a conclusion,[32] we find Dr. Salceda's explanation—that Obrero's prolonged stint at sea eventually taxed his coping abilities which rendered him incapable of handling the stress of being demoted—to be reasonable and highly probable.

B

To counter Dr. Salceda's diagnosis, LNCI insists that the medical opinion of Dr. Cruz, the company-designated physician, should be given credence. LNCI cites several cases where we adopted the findings of the company-designated physician. This argument, however, is *non-sequitur* because we never laid down a categorical rule that the findings of the company-designated physician are incontrovertible. While there are instances when we sided with the company-designated physician, there are also cases when we upheld opposite findings.[33] As we have already categorically stated, "courts are not bound by the assessment of the company-designated physician,"[34] and the seafarer is given the freedom of choosing his own medical specialist.[35] And in case of conflict, the determination of which diagnosis should prevail would primarily depend on the attendant facts and expertise of the physicians, and the Court is not precluded from awarding disability benefits on the basis of the medical opinion of the seafarer's physician.[36] Indeed, to create a sweeping rule that the findings of the company-designated physicians are conclusive would do great injustice to the constitutional protection afforded to laborers.[37]

We stress that the reason behind our rulings that favor the findings of company-designated physicians is not because they are infallible; rather, it is because of the assumption that they have "closely monitored and actually

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30 CA *rollo*, p. 129.

31 *Id.* at 102-103.

32 *Philippine Transmarine Carriers, Inc. v. Cristino*, G.R. No. 188638, December 9, 2015, 770 SCRA 609.

33 *Philippine Transmarine Carriers, Inc. v. Cristino, supra*; *Licayan v. Seacrest Maritime Management, Inc.*, G.R. No. 213679, November 25, 2015; *Grace Marine Shipping Corporation v. Alarcon, supra* note 28; *Magsaysay Mitsui OSK Marine, Inc. v. Bengson*, G.R. No. 198528, October 13, 2014, 738 SCRA 184, 201-202; *HFS Philippines, Inc. v. Pilar*, G.R. No. 168716, April 16, 2009, 585 SCRA 315, 324-328; *Wallem Maritime Services, Inc. v. NLRC*, G.R. No. 130772, November 19, 1999, 318 SCRA 623, 633.

34 *Dohle-Philman Manning Agency, Inc. v. Heirs of Andres G. Gazzingan, supra* note 26 at 228.

35 *Philippine Transmarine Carriers, Inc. v. Cristino, supra.*

36 *Id.*

37 CONSTITUTION, Art. XIII, Sec. 3.

treated the seafarer"[38] and are therefore in a better position to form an accurate diagnosis. In cases where the seafarer's own physician had a similar opportunity to observe and treat the seafarer, the assumption no longer holds, and the conflicting opinions stand in equipoise. In such instances, tribunals should closely scrutinize the conflicting medical findings. Thus, in *Maersk Filipinas Crewing, Inc./Maersk Services Ltd. v. Mesina*,[39] we compared the conflicting diagnoses and found the opinion of the seafarer's physician to be more reliable:

> After a circumspect evaluation of the conflicting medical certifications of Drs. Alegre and Fugoso, the Court finds that serious doubts pervade in the former. While both doctors gave a brief description of psoriasis, it was only Dr. Fugoso who categorically stated a factor that triggered the activity of the respondent's disease – stress, drug or alcohol intake, *etc.* Dr. Alegre immediately concluded that it is not work-related on the basis merely of the absence of psoriasis in the schedule of compensable diseases in Sections 32 and 32-A of the POEA-SEC. Dr. Alegre failed to consider the varied factors the respondent could have been exposed to while on board the vessel. At best, his certification was merely concerned with the examination of the respondent for purposes of diagnosis and treatment and not with the determination of his fitness to resume his work as a seafarer in stark contrast with the certification issued by Dr. Fugoso which categorically declared the respondent as "disabled." The certification of Dr. Alegre is, thus, inconclusive for purposes of determining the compensability of psoriasis under the POEA-SEC. Moreover, Dr. Alegre's specialization is General Surgery while Dr. Fugoso is a dermatologist, or one with specialized knowledge and expertise in skin conditions and diseases like psoriasis. Based on these observations, it is the Court's considered view that Dr. Fugoso's certification deserves greater weight.[40]

In *Philippine Transmarine Carriers, Inc. v. Cristino*, we held that the opinion of the seafarer's oncologist, who was actively involved in the former's treatment, should prevail over the negative one-liner by the company-designated physician:

> It is indisputable that the parties' physicians both came up with the same diagnosis as to Cristino's illness, that is, carcinoma of melanocytes or malignant melanoma, but issued contrasting medical opinions on the work-relatedness of Cristino's illness. Recalling the February 27, 2007 medical opinion of petitioners' designated physicians wherein they stated that Cristino's illness is not work-related, nowhere in said pronouncement can this Court find

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[38] *Monana v. MEC Global Ship Management and Manning Corporation*, G.R. No. 196122, November 12, 2014, 740 SCRA 99, 114.

[39] G.R. No. 200837, June 5, 2013, 697 SCRA 601.

[40] *Id.* at 618.

> support for their outright conclusion. It was a simple one-liner negation effectively cutting off Cristino's entitlement to disability benefits and sandwiched by paragraphs containing a narration of the medical care given to Cristino at Mary Johnston Hospital by other doctors and the recommended treatments.[41]

Applying the foregoing to the present case, we note that while it was Dr. Cruz who first treated Obrero, Dr. Salceda also had the opportunity to study and observe Obrero. The records show that Obrero first approached Dr. Salceda on January 10, 2005.[42] This was followed by a psychological test conducted at the Makati Medical Center on March 2, 2005.[43] Dr. Salceda then issued her psychiatric evaluation on March 16, 2005, where she traced in detail the experiences of Obrero and how this adversely affected his coping mechanisms while at sea.[44] Contrast this with the bare findings of Dr. Cruz, who only described Obrero's symptoms[45] and concluded, without citing any factual or scientific basis, that Obrero's illness is not work-related[46]—akin to the certifications issued by the company-designated physicians in *Philippine Transmarine* and *Maersk* which we ultimately found incredulous. We also take notice that Dr. Cruz's primary area of expertise is general and cancer surgery,[47] whereas Dr. Salceda is a fellow of the Philippine Psychiatric Association.[48] Thus, with respect to Obrero's illness, which is psychiatric in nature, Dr. Salceda is in a better position to make a more accurate medical assessment and, therefore, her findings deserve greater weight.[49] Finally, the records disclose that Obrero was apparently co-managed by a psychiatrist (with Dr. Cruz) during his confinement at the Manila Doctors Hospital.[50] The attending psychiatrist would have been in a better position to provide an accurate diagnosis than Dr. Cruz; unfortunately, LNCI never bothered to present in evidence the findings of such psychiatrist before the LA or NLRC. It only has itself to blame for this omission.

C

Moreover, the accuracy of Dr. Cruz's categorical declaration that *schizophreniform* disorder is not work-related is highly suspect. *Schizophrenia* is the most common form of psychotic disorder which involves a complex set of disturbances of thinking, perception, affect and social behavior and whose causes are still largely unknown.[51] It is generally acknowledged that *schizophrenia* has a multifactorial etiology, with multiple

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41 *Philippine Transmarine Carriers, Inc. v. Cristino*, *supra* note 32.
42 CA *rollo*, p. 136.
43 *Id.* at 138-140.
44 *Id.* at 136-137.
45 *Id.* at 105-109.
46 *Id.* at 110.
47 *Id.* at 105.
48 *Id.* at 137.
49 See *Maersk Filipinas Crewing, Inc./Maersk Services Ltd. v. Mesina*, *supra* note 39 at 618.
50 CA *rollo*, p. 105.
51 Angelo Barbato, *Schizophrenia and Public Health*, World Health Organization, Geneva, 1998.

susceptibility genes interacting with environmental insults to yield a range of phenotypes in the *schizophrenia* spectrum.[52] Stressful life events are identified as one of the risk factors in most etiological models of *schizophrenia*, with many studies reporting an excess of stressful life events in the few weeks prior to the onset of psychotic and affective disorders.[53] Therefore, it is possible that work-related stress may precipitate the disorder—contrary to the statement of Dr. Cruz.

Furthermore, we have already held that *schizophrenia* may be compensable, which negates any blanket exception against it as a compensable illness. In *Cabuyoc v. Inter-Orient Navigation Shipmanagement, Inc.*,[54] we allowed permanent disability compensation for *schizophrenia* after finding that the seafarer'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 onboard the vessel.[55] In *NFD International Manning Agents, Inc. v. NLRC*, we found *schizophrenia* to be work-related after the employer failed to negate the causal confluence between the epilepsy suffered by the seafarer after a mauling incident while onboard the vessel and his subsequent affliction of *schizophrenia*.[56] Notwithstanding the factual differences between those two cases and the case at bar, the underlying principle remains the same: work environment can trigger *schizophrenia*.

We reiterate that in compensation and disability claims, probability and not the ultimate degree of certainty is the test of proof. The precise medical causation of the illness is not significant, as long as the illness supervened in the course of employment and is reasonably shown to have been either precipitated or aggravated by work condition.

D

As a final point, we deem it necessary to distinguish the present case from *Philippine Hammonia Ship Agency, Inc. v. Dumadag*[57] in order to avoid confusion in the application of the POEA-SEC. In that case, we held that under Section 20(B)(3) of the POEA-SEC,[58] referral to a third physician

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[52] Larry J. Siever and Kenneth L. Davis, *The Pathophysiology of Schizophrenia Disorders: Perspectives From the Spectrum*, Am J Psychiatry 161:3 398, March 2004; Elaine Walker, *et al.*, *SCHIZOPHRENIA: Etiology and Course*, Annu. Rev. Psychol. 2004. 55:401–430.

[53] Kaplan & Sadock, *Comprehensive Textbook of Psychiatry*, 9th Ed., Vol. I, p. 1481; *SCHIZOPHRENIA: Etiology and Course*, *supra*.

[54] G.R. No. 166649, November 24, 2006, 508 SCRA 87.

[55] *Id.* at 103-105.

[56] *Supra* note 29 at 493-494.

[57] G.R. No. 194362, June 26, 2013, 700 SCRA 53.

[58] Section 20(B)(3) of the POEA-SEC provides:

> 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 physician but in no case shall this period exceed one hundred twenty (120) days.
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in case of contrasting medical opinions (between the company-designated physician and the seafarer-appointed physician) is a mandatory procedure that must be expressly requested by the seafarer.[59] As a consequence of the provision, the company can insist on its disability rating even against a contrary opinion by another physician, unless the seafarer signifies his intent to submit the disputed assessment to a third physician. We clarify, however, that Section 20(B)(3) refers only to **the declaration of fitness to work** or **the degree of disability**. *It **does not** cover the determination of whether the disability is work-related.* There is nothing in the POEA-SEC which mandates that the opinion of the company-designated physician regarding work-relation should prevail or that the determination of such relation be submitted to a third physician.

It bears emphasis that, in the present case, it is not disputed that Obrero's illness is permanent in nature. The only issue here is work-relatedness. The non-referral to a third physician is therefore inconsequential. The distinction from *Philippine Hammonia* is necessitated by the real risk of seafarers being cut off from receiving compensation benefits by mere one-liners from company-designated physicians negating work-relatedness.

WHEREFORE, the petition is **DENIED**. The Decision dated October 13, 2009 and Resolution dated July 2, 2010 of the Court of Appeals in CA-G.R. SP No. 108214 are **AFFIRMED**.

SO ORDERED.

FRANCIS H. JARDELEZA
Associate Justice

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

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.

[59] *Philippine Hammonia Ship Agency, Inc. v. Dumadag, supra* at 65-68.

DIOSDADO M. PERALTA
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

(*On Official Leave*)
BIENVENIDO L. REYES
Associate Justice

ATTESTATION

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

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's attestation, it is hereby certified 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

CERTIFIED TRUE COPY

WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
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