Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

N O T I C E

Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated **August 26, 2020**, *which reads as follows:*

"G.R. No. 213665 — (ANGEL LLADOC, represented by his widow, EDITA LLADOC, *petitioner* v. ANSCOR SWIRE SHIP MANAGEMENT CORPORATION, SWIRE PACIFIC SHIP MANAGEMENT, LTD., and EDMUND MENES, *respondents).* — Although an illness enjoys the presumption of being work-related, the claiming seafarer must still prove his or her entitlement to the appurtenant benefits. Thus, if the seafarer fails to contest the company-designated physician's proof that the illness is not work-related, the seafarer cannot be entitled to the benefits claimed.

This is a Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Civil Procedure praying for the reversal of the Decision[1] and Resolution[2] of the Court of Appeals in CA-G.R. SP No. 131696, which reversed and set aside the June 30, 2008 Decision and June 24, 2013 Resolution of the National Labor Relations Commission. The prior Decision and Resolution of the National Labor Relations Commission granted Angel Lladoc's prayer for disability benefits.

On July 27, 2004, Angel Lladoc (Lladoc) was employed as a General Purpose Seaman on board the MV Chek Chau owned by respondent Swire Pacific Ship Management, Ltd. (Swire Pacific). Anscor Swire Ship Management Corporation (Anscor) acts as Swire Pacific's local manning agent in the Philippines.[3]

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1 *Rollo*, pp. 48–59. The March 20, 2014 Decision docketed as CA-G.R. SP No. 131696 was penned by Associate Justice Hakim S. Abdulwahid, and concurred in by Associate Justices Romeo F. Barza and Ramon A. Cruz of the Sixth Division of the Court of Appeals, Manila.

2 Id. at 76–77. The July 25, 2014 Resolution docketed as CA-G.R. SP No. 131696 was penned by Associate Justice Hakim S. Abdulwahid, and concurred in by Associate Justices Romeo F. Barza and Ramon A. Cruz of the Former Sixth Division of the Court of Appeals, Manila.

3 Id. at 7.

Lladoc joined the crew on August 5, 2004 and served until September 8, 2004. He was later transferred to another Swire Pacific vessel, the MV Taikoo, where he served until September 14, 2004, when he had to be admitted to the Yan Chai Hospital in Hong Kong for vomiting coffee grounds.[4]

On September 16, 2004, Lladoc was repatriated to the Philippines. Yan Chai Hospital issued a medical report dated September 18, 2004 diagnosing Lladoc with "cancer of the stomach – adenocarcinoma, diffuse type and oesophagitis."[5]

On September 21, 2004, Lladoc was admitted to Metropolitan Hospital in the Philippines where he received further evaluation and treatment under the company-designated physician, Dr. Robert D. Lim (Dr. Lim). Dr. Lim confirmed Lladoc's first diagnosis of stomach cancer, but issued a Medical Report ruling it out as being work-related. Lladoc then underwent a subtotal gastrectomy with gastrojejunostomy on September 30, 2004. Anscor shouldered Lladoc's hospital expenses amounting to ₱250,054.26 and also paid for his accrued sickness allowance amounting to US$687.87. On even date, Lladoc executed a Quitclaim or a *Pagpapaubaya ng Lahat ng Karapatan* in favor of Anscor, relieving them from further liabilities.[6]

However, on October 8, 2004, Lladoc filed a complaint against Anscor et al. for payment of total and permanent disability benefits, reimbursement of medical expenses, moral and exemplary damages, 120-day sickness allowance, legal interest until time of actual payment, and attorney's fees equivalent to ten percent (10%) of his total claim.[7]

Lladoc cited his personal physician, Dr. Rex Melchor D. Muyco's (Dr. Muyco) medical report confirming his stomach cancer diagnosis. He argued that he was entitled to sickness wage allowance under Section 20(B)(2) and (3) of the Philippine Overseas Employment Agency Standard Employment Contract (the Standard Employment Contract), since the amounts given to him by Anscor were not enough to cover his chemotherapy.[8]

Lladoc also contended that even if his illness was not a listed occupational disease under Section 32-A of the Standard Employment Contract, the presumption of work-relatedness shifted the burden upon respondents to prove that his condition was not at all related to the strenuous physical activity he had to endure during his employment.[9] Lastly, Lladoc

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4 Id.
5 Id.
6 Id.
7 Id. at 8.
8 Id.
9 Id.

alleged he was entitled to total and permanent disability benefits because he was unable to work for a period exceeding 120 days.[10]

Anscor countered that Lladoc is not entitled to the benefits listed under the Standard Employment Contract because: (1) stomach cancer is not listed as an occupational disease; (2) three months on board the MV Chek Chau and MV Taikoo could not have exposed Lladoc to factors that caused his stomach cancer; (3) Lladoc failed to secure his own physician's findings to refute the company-designated physician's certification that his illness was not work-related; and (4) Lladoc executed a quitclaim waiving all further claims against Anscor.[11]

Lladoc denied working for respondents for only three (3) months, arguing that Anscor repeatedly hired him for a total of ten (10) years. Clearly, therefore, the stomach cancer was contracted at some point during his employment. Furthermore, Lladoc argued that his unhealthy diet on the ship, comprised mostly of canned, frozen and/or highly preserved food, contributed to the risk of stomach cancer.[12]

Lladoc passed away on November 23, 2005. His widow, Edita R. Lladoc, (Edita) filed a Motion for Substitution which was granted on April 3, 2006. On December 29, 2006, the Labor Arbiter ruled in favor of Lladoc:

> WHEREFORE, judgment is hereby rendered ordering Respondents, Anscor Swire Ship Management Corporation and/or Swire Pacific Ship Management LTD to jointly and severally liable to pay deceased complainant's heirs, Edita Ros Lladoc, Nash Brian Ros Lladoc, Mark Angelo Ros Lladoc and Al Vincent Ros Lladoc the amount of **US$60,000.00** or its equivalent in Philippine currency at the time of payment as full and total permanent disability benefits.
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> Furthermore, Respondents are further ordered to pay complainant's heirs 10% attorney[']s fees based on the total award.
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> All other claims are hereby disallowed for lack of merit.
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> SO ORDERED.[13] (Emphasis in the original)

Anscor appealed to the National Labor Relations Commission, which affirmed the Labor Arbiter's Decision on June 30, 2008. It held that 10 successive years of strenuous work and a diet of canned and processed foods greatly contributed to the aggravation of Lladoc's illness. It further held that mere non-inclusion of stomach cancer in the list of occupational diseases is not enough to bar Lladoc from claiming benefits under the Philippine

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10 Id.
11 Id. at 9.
12 Id.
13 Id. at 9–10.

Overseas Employment Agency Standard Employment Contract.[14] Respondents' Motion for Reconsideration was denied in a June 24, 2013 Resolution.[15]

Anscor filed a Petition for Certiorari[16] with the Court of Appeals, arguing that the National Labor Relations Commission committed grave abuse of discretion by holding that Lladoc's illness was work-related and compensable despite the absence of evidence to that effect. Anscor argued that their evidence rebutted the presumption of work-relatedness, thus, shifting the burden upon Lladoc to present substantial evidence to the contrary. Since Lladoc had none, they claimed the labor tribunals committed grave abuse of discretion by granting disability benefits.[17] Anscor also emphasized that Lladoc's quitclaim barred his claim of benefits.[18] Anscor likewise contested the award of damages and attorney's fees.[19]

In its March 20, 2014 Decision,[20] the Court of Appeals granted Anscor's petition for certiorari and reversed the National Labor Relations Commission's ruling. It held that since "stomach cancer is not listed as one of the diseases considered an occupational disease [. . .] Lladoc has the burden of showing by substantial evidence that his illness had developed or was aggravated from work-related causes."[21] It ruled that the parties' medical reports showed that Anscor's physician was able to extensively examine Lladoc's illness in relation to his work, and, thus, rule out its work-relatedness.[22] On the other hand, Lladoc's personal physician did not even state whether his illness was work-related.[23] Thus, the Court of Appeals upheld the company-designated physician's finding that the illness was not work-related. As the parties did not seek the opinion of a third physician despite the conflicting findings of their respective doctors, the Court of Appeals upheld the company-designated physician's certification.[24]

Edita moved for reconsideration of the Court of Appeals Decision, but was denied in a July 25, 2014 Resolution.[25]

Thus, Lladoc, through his widow Edita, filed this Petition for Review on Certiorari.[26] Petitioner argues that in proving work-relatedness, "it is sufficient that there is a reasonable linkage between the disease suffered by the employee and his work[,] to lead a rational mind to conclude that his

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14 Id. at 10–11.
15 Id. at 97–114A.
16 Id. at 116–151.
17 Id. at 127–129.
18 Id. at 139–140.
19 Id. at 141–144.
20 Id. at 48–59.
21 Id. at 14.
22 Id. at 15.
23 Id. at 14.
24 Id. at 15–16.
25 Id. at 76–77.
26 Id. at 26–46.

work may have contributed to the establishment or, at the very least, aggravation of any pre-existing condition he might have had."[27] Thus, his stomach cancer was allegedly proven to be caused, or at least aggravated, by his physically strenuous work, his unsafe working conditions, and his unhealthy diet while at sea. In any event, petitioner argues that the testimony of respondent's physician "is palpably self-serving and biased in favor of [Anscor]"[28] and "was not backed up by any significant medical findings or scientific proof[.]"[29]

Respondents' Comment reiterates that since stomach cancer is not listed under Section 32-A of the Standard Employment Contract, petitioner had the burden of proving its work-relatedness.[30] Even so, respondents' evidence proved that the illness was "not due to the physically-demanding nature of [Lladoc's] duties as a General Purpose seaman,"[31] as shown by the report of the medical expert who conducted "diagnostic tests and procedures"[32] on Lladoc. On the other hand, respondents aver that petitioner's evidence miserably failed to bridge the lack of causality between Lladoc's illness and his work. They also argue that petitioner's failure to seek a third opinion amounts to an admission of the company-designated physician's findings.[33] Finally, respondents assert Lladoc's waiver of his claims under the quitclaim he executed on September 30, 2004.[34]

When required to file a Reply to respondents' Comment, petitioner manifested that the arguments in the Petition for Review would suffice.[35]

The Petition presents the sole issue of whether or not the Court of Appeals erred in reversing the Decision of the National Labor Relations Commission, and denying disability benefits to petitioner.

We deny the Petition.

The Court of Appeals correctly reversed the National Labor Relations Commission's ruling. The provisions of the POEA Memorandum Circular No. 010-10, or the Amended Standard Terms and Conditions Governing the Overseas Employment of Filipino Seafarers On-Board Ocean-Going Ships, are deemed incorporated into all Filipino seafarer contracts, as they contain the minimum standards for their employment.[36] Section 20(A)(6) lay down

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27 Id. at 33.
28 Id. at 39.
29 Id.
30 Id. at 525.
31 Id. at 526.
32 Id. at 531.
33 Id. at 535–536.
34 Id. at 541–542.
35 Id. at 571–572.
36 *Jebsens Maritime, Inc. v. Undag*, 678 Phil. 938, 944–945 (2011) [Per J. Mendoza, Third Division].

> SECTION 20. COMPENSATION AND BENEFITS
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> A. COMPENSATION AND BENEFITS FOR INJURY OR ILLNESS:
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> *The liabilities of the employer when the seafarer suffers injury or illness during the term of his contract are as follows:*
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> . . . .
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> 6. *In case of permanent total* or partial *disability of the seafarer during the term of employment caused by either injury or illness the seafarer shall be compensated in accordance with the schedule of benefits enumerated in Section 32 of his Contract.* Computation of his benefits arising from an illness or disease shall be governed by the rates and the rules of compensation applicable at the illness or disease was contracted.
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> . . . . (Emphasis supplied)

Thus, two requisites must concur: (1) the illness must be work-related; and (2) the work-related illness must have existed during the term of the contract.[37] In relation to this, the work-related illness must be of a nature that not only rendered the seafarer permanently or partially disabled, but there must also exist a causal connection between that illness and the type of work performed during employment.[38]

A work-related illness is "any sickness resulting to disability or death as a result of an occupational disease listed under Section 32-A of [POEA Memorandum Circular No. 10] with the conditions set therein satisfied."[39] In turn, Section 32-A provides the requirements for an occupational disease to be compensable:

> Section 32-A. Occupational Diseases. —
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> For an occupational disease and the resulting disability or death to be compensable, all of the following conditions must be satisfied:
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> 1. The seafarer's work must involve the risks described herein;
> 2. The disease was contracted as a result of the seafarer's exposure to the described risks;
> 3. The disease was contracted within a period of exposure and under such other factors necessary to contract it; and
> 4. There was no notorious negligence on the part of the seafarer.

Here, the illness suffered by Lladoc—stomach cancer—is not listed as

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37 Id. at 945.

38 *See Magsaysay Maritime Corporation v. National Labor Relations Comission*, 630 Phil. 352 (2010) [Per J. Brion, Second Division].

39 POEA Memorandum Circular No. 10 (2010), Definition of Terms.

an occupational disease. This alone, however, does not automatically lead to the failure of petitioner's case. For one, the 2000 Philippine Overseas Employment Agency Standard Employment Contract states that the occupational diseases enumerated under section 32-A is not an exhaustive list.[40] It likewise provides that in cases where an illness is not explicitly provided under Section 32-A, it shall still be disputably presumed to be work-related.[41]

Despite this presumption, *Dayo v. Status Maritime Corporation*[42] reiterated the rule that seafarers must still prove through substantial evidence the causal connection between their illness and the nature of the work performed during their employment.:

> Settled is the rule that for illness to be compensable, it is not necessary that the nature of the employment be the sole and only reason for the illness suffered by the seafarer. It is sufficient that there is a reasonable linkage between the disease suffered by the employee and his work to lead a rational mind to conclude that his work may have contributed to the establishment or, at the very least, aggravation of any pre-existing condition he might have had.[43]

Nonay v. Bahia Shipping Services, Inc.[44] likewise provides:

> In some cases, illnesses that are contracted by seafarers and are not listed as occupational diseases under the 2000 Philippine Overseas Employment Administration-Standard Employment Contract may be disputably presumed to be work-related or work-aggravated. The relation of the disease contracted to the work done by the seafarer, or that the work aggravated the disease, must be sufficiently proven by substantial evidence. Otherwise, the claim for disability benefits cannot be granted.[45]

Quizora v. Denholm Crew Management (Philippines), Inc.[46] also states that even with this disputable presumption in play, a seafarer "cannot simply rely on the disputable presumption provision mentioned in Section 20 (B) (4) of the 2000 [Philippine Overseas Employment Agency Standard Employment Contract]."[47] It was further discussed that:

> At any rate, granting that the provisions of the 2000 [Philippine Overseas Employment Agency Standard Employment Contract] apply, the disputable presumption provision in Section 20 (B) does not allow him to

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40 *Dayo v. Status Maritime Corporation*, 751 Phil. 778, 788 (2015) [Per J. Leonen, Second Division].
41 POEA Memorandum Circular No. 10 (2010), sec. 20(A)(4)
42 751 Phil. 778 (2015) [Per J. Leonen, Second Division].
43 Id. at 789 citing *Magsaysay Maritime Services v. Laurel*, 707 Phil. 210, 225 (2013) [Per J. Mendoza, Third Division].
44 781 Phil. 197 (2016) [Per J. Leonen, Second Division].
45 Id. at 202.
46 676 Phil. 313 (2011) [Per J. Mendoza, Third Division].
47 Id. at 326.

> just sit down and wait for respondent company to present evidence to overcome the disputable presumption of work-relatedness of the illness. Contrary to his position, he still has to substantiate his claim in order to be entitled to disability compensation. He has to prove that the illness he suffered was work-related and that it must have existed during the term of his employment contract. He cannot simply argue that the burden of proof belongs to respondent company.[48]

Petitioner failed to adduce substantial evidence proving that Lladoc's stomach cancer was, in fact, work-related. Although petitioner alleged that Lladoc's work contributed to his illness—namely, that as a diver, he ingested seawater that contained germs, dirt, and oil, and on top of this had an unhealthy diet[49]—the certification from his private physician, Dr. Muyco, failed to show how these factors created or aggravated Lladoc's illness. Verily, the certification merely confirmed the diagnosis made at Yan Chai Hospital, but neither alleged nor substantiated how the illness was, or could have been contracted.

> 12 Jan. 2005
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> To Whom It May Concern.
>
> Mr Angel Lladoc 41 y.o. Male is a diagnosed case of gastric carcinoma, s/p partial gastric-insection. He is currently undergoing chemotherapy treatment. He has received 2 cycles of chemotherapy at the moment. He is due for his next treatment on Jan 17, 2005 (3rd cycle)
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> (Sgd.)[50]

Likewise, petitioner's cited articles did not establish how Lladoc's work contributed to his illness. The statistics referred to were outdated and were gathered from seafarers in Iceland -- a country with little to no geographical similarities to the Philippines.[51] Thus, petitioner failed to substantiate the work-relatedness of Lladoc's illness.

Petitioner's failure leaves the company-designated physician's findings unrebutted. As opposed to the medical report of petitioner's doctor, the diagnosis made by Dr. Lim categorically stated that Lladoc's illness was not work-related and was shown to have covered Lladoc's treatment over a prolonged period of time.[52] *Perea v. Elburg Shipmanagement Philippines*,[53] discussed the relevant standards for weighing conflicting medical examinations by the parties' respective physicians:

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48 Id.at 327.
49 *Rollo*, p. 32.
50 Id. at 14.
51 Id. at 33–34.
52 Id. at 526.
53 816 Phil. 445 (2017) [Per J. Leonen, Second Division].

This Court sees no reason to distrust Dr. Hao-Quan and Dr. Lim's assessment of Perea's condition considering that they were *able to monitor Perea's condition over a prolonged period.* As the Court of Appeals discussed:

> As between the findings made by the company-designated physicians who conducted an extensive examination on the petitioner and Dr. Pascual who saw petitioner on only one (1) occasion and did not even order that medical tests be done to support his declaration that petitioner is unfit to work as [a] seaman, the company-designated physicians' findings that petitioner has been cleared for work should prevail.

This finds support in *Philman Marine v. Cabanban*, which also gave more credence to the findings of the company-designated physician over those of the private physician:

> *In several cases, we held that the doctor who have had a personal knowledge of the actual medical condition, having closely, meticulously and regularly monitored and actually treated the seafarer's illness, is more qualified to assess the seafarer's disability.* In *Coastal Safeway Marine Services, Inc. v. Esguerra*, the Court significantly brushed aside the probative weight of the medical certifications of the private physicians, which were based merely on vague diagnosis and general impressions. Similarly in *Ruben D. Andrada v. Agemar Manning Agency, Inc., et al.*, the Court accorded greater weight to the assessments of the company-designated physician and the consulting medical specialist which resulted from an extensive examination, monitoring and treatment of the seafarer's condition, in contrast with the recommendation of the private physician which was "based only on a single medical report . . . [outlining] the alleged findings and medical history . . . obtained after . . . [one examination]."[54] (Emphasis supplied)

In any event, there is no conflicting medical examination because petitioner's physician did not refute the company-designated physician's finding that the illness was not work-related. Thus, the Court of Appeals gave appropriate weight to the company-designated physician's findings.

Petitioner is also not entitled to attorney's fees. *Spouses Timado v. Rural Bank of San Jose*[55] requires factual, legal, and equitable justification before this Court may award attorney's fees under Article 2208 of the Civil Code. Petitioner's failure to substantiate its claims negates any basis for an award for attorney's fees.[56] Neither was petitioner compelled to litigate, as respondents were only protecting their interests.

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[54] Id. at 461–462.
[55] 789 Phil. 453 (2016) [Per J. Brion, Second Division].
[56] Id. at 460.

WHEREFORE, the Petition for Review on Certiorari is **DENIED** for failure to show reversible error by the Court of Appeals.

SO ORDERED."

By authority of the Court:

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