

FRANKLIN BAKER COMPANY OF THE PHILIPPINES, PETITIONER, VS. WORKMEN'S COMPENSATION COMMISSION, PROCOPIO K. SANTOS AND CITY SHERIFF OF SAN PABLO CITY, RESPONDENTS.

G.R. No. L-27885. February 26, 1981

Ponente: MAKASIAR, J.

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MAKASIAR, J.:

This is a special civil action for certiorari and prohibition with preliminary injunction to review the order of the Workmen's Compensation Commission in R05-WC Case No. 25 dated December 6, 1966 issued pursuant to its decision in the same case dated January 27, 1964 and to restrain respondents from further continuing in the enforcement of the writ of execution therein issued dated July 14, 1967.

On May 27, 1959, Salvador Abrigo, an employee of Franklin Baker Company of the Philippines, petitioner herein, filed a claim for compensation with the Regional Office No. 5, Department of Labor, San Pablo City, docketed as R05 WC Case No. 25, for his disability from work during the following periods: February 26 to July 15, 1957; October 22 to October 26, 1967, and November 29, 1958 to May 31, 1959 when he retired from petitioner's service allegedly due to "psycho-neurosis" traceable to his work.

Records show that the claimant started working for the petitioner on September 10, 1947 as meat collector and had then served in various capacities as washing foreman, screening operator and assistant opening foreman up to January 16, 1957 when he was assigned as acting electronic counting machine operator. According to Abrigo, his work as electronic counting machine operator required concentration and that after one and a half weeks working as such, he experienced dizziness and suffered constant headaches.

On March 27, 1963, Domingo A. Reyes, the hearing officer in the said case, ruled that the claimant's illness known as psycho-neurosis was traceable to his work and therefore compensable and ordered petitioner herein 1) to pay the claimant the sum of P3,818.56; 2) to pay the amount of P39.00 as fee for making the decision; and 3) to pay attorney's fees equivalent to 5% of the award, or P190.52 (Annex E, pp. 19-23, rec.).

On April 15, 1963, petitioner filed before the said office a petition for review of said decision (Annex F, pp. 24-33, rec.). The same was denied but the entire records of the case were ordered elevated to the Workmen's Compensation Commission (Annex G, p. 34, rec.).

On January 27, 1964, respondent Commission rendered a decision finding that "the nature of the claimant's employment with the respondent as electronic counting machine operator contributed to his temporary total disability for labor from February 26, 1957 to July 15, 1957 and he is therefore entitled to sixty percentum of his average weekly wage of P30.53 or P18.32 for 19-4/7 weeks, or the total amount of P358.55 under Section 14 of Act 3428, as amended" and accordingly ordered herein petitioner

"1) to pay the claimant the amount of THREE HUNDRED FIFTY EIGHT and 55/100 PESOS (P358.55) as

compensation from February 26, 1957 to July 15, 1957;

"2) to pay counsel's fee in the amount of P26.89; and

"3) to pay to the Workmen's Compensation Fund the amount of P10.00 as fees" (Annex H, pp. 35-38, rec.).

On March 21, 1964, claimant Abrigo filed a motion for reconsideration of the said decision praying that it be modified to extend the period of paid coverage from February 26, 1957 up to at least August 12, 1960 (Annex L, pp. 39-48, rec.).

On April 17, 1964, the Commission en banc resolved to dismiss the said motion for reconsideration (Annex J, p. 49, rec.). No appeal was taken on the said decision.

On July 8, 1964, Procopio K. Santos, Secretary of the respondent Commission, wrote to petitioner requesting remittance of the sums adjudged against the latter (Annex K, p. 50, rec.).

On July 28, 1964, petitioner issued checks in the amounts stated in the January 27, 1964 decision of the respondent Commission. However, with respect to the check in the amount of P358.55 payable to claimant Abrigo, petitioner deducted therefrom P118.75 claiming that said deduction represented the amount previously paid to Abrigo under the company's "Non-Occupational Accident and Sickness Disability Benefit Plan" which allegedly was in accordance with the company's collective bargaining agreement (Annex L, p. 51, rec.).

On December 6, 1966, respondent Commission issued an order stating that "inasmuch as the amount of P118.75 represents a benefit born out of a collective bargaining agreement between the respondent-employer and its workers, which is private in character, the deduction of said amount from the amount of P358.55 due the claimant as compensation is erroneous because the latter is a liability created by law" (Annex S, p. 58, rec.).

Notwithstanding this order and several letters of request for payment, petitioner refused and still refuses to remit the amount of P118.75 representing the balance of compensation still owing to claimant Abrigo.

In view thereof, respondent Commission, through its chairman, Hon. Nieves Baens del Rosario, issued on July 14, 1967, a writ of execution (pursuant to Section 51 of Act No. 3428, as amended) for the satisfaction of the said amount (Annex V, p. 60, rec.).

Forthwith, on August 8, 1967, Franklin Baker Company of the Philippines filed the instant petition (pp. 1-14, rec.).

A supplemental motion for the issuance of a writ of preliminary injunction and/or restraining order was filed on August 17, 1967 by petitioner to restrain respondents from further continuing in the execution of the decision rendered by respondent Commission in R05-WC Case No. 25, and/or to restrain the city sheriff of San Pablo City from proceeding with the sale at public auction of petitioner's property (1 standard Remington typewriter) scheduled in the morning of August 23, 1967 (pp. 62-64, rec.). The same was granted by resolution of this Court dated August 22, 1967 and upon petitioner's posting of a bond in the amount of P500.00 (p. 69, rec.).

There is only one issue which needs to be resolved in this case: whether or not the deduction of P118.75 previously paid by petitioner to claimant Abrigo under its non-occupational accident and sickness disability benefit plan from the compensation benefits awarded by respondent Commission is proper.

It appears that petitioner erroneously paid the amount of P118.75 to Abrigo on the belief that his illness was not

compensable and therefore covered by its non-occupational accident and sickness disability benefit plan contained in the collective bargaining agreement between petitioner and the union of which Abrigo was a member.

Under the said benefit plan:

"The Franklin Baker Company will provide, without cost to employees, benefits during extended periods of disability resulting from non-occupational accidents and sickness under the following terms and conditions. x x x:

Further, it provided the following:

"II Disabilities For Which No Benefits Shall Be Paid.

"No benefits under this Plan shall be paid for disability arising as a result of occupational accidents covered under Workmen's Compensation Laws or disability directly or indirectly due to the use of intoxicants, stimulants, or drugs, or to immoral conduct or unjustified fighting, or to violation of Company Rules such as unauthorized use of Company cars or other equipment or to pregnancy.

"Reservation Clause

"The Company reserves the right in its exclusive discretion to apply all or any part of any benefit, gratuity, or contribution to be paid to any employee hereunder to the full or partial discharge of any liability or obligation of the Company, its agents, officers, or employees, to the employee, his heirs, dependents, or beneficiaries, under any present or future law, regulation or ruling, or any present or future determination of any court, judicial body, or government office or official, including but not limited to its liability for illness or injuries arising out of employment, Workmen's Compensation, death or disability benefits, pension, retirement or social security payments, severance or termination payments and unemployment payment or benefits of any kind."

Petitioner's main argument is anchored heavily on this Court's pronouncement in the case of Koppel Philippines vs. Aurelio Javellana (13 SCRA 673 [1965]), that an agreement between an employer and an employee that payments voluntarily made shall be deemed as an advance payment deductible from any compensation which may be awarded by the Workmen's Compensation Commission is not illegal and must be given effect.

This argument is simply untenable. It is directly inferrable from the terms of the Benefit Plan as quoted, especially in the reservation clause, that the intent of petitioner is to exempt itself whether fully or partially from any liability arising against it, including its liability under the Workmen's Compensation Act. This is contrary to law. Section 7 of the Workmen's Compensation Act, as amended, decrees that "any contract, regulation or device of any sort intended to exempt the employer from all or part of the liability created by this Act shall be null and void." The agreement purporting to be a benefit plan is actually a means employed by petitioner to circumvent the provision of Section 7 of the Workmen's Compensation Act. Being illegal and abhorrent to public policy, petitioner cannot invoke the same as basis for non-completion of payment. Besides, even if it were valid, payment under which cannot extinguish petitioner's liability under the Workmen's Compensation Act as liability under the Plan is separate, distinct and apart from liability under the Act. As to nature, WE agree with respondent Commission's

finding that liability under the Plan is private in character while that under the Act is created by law. In other words, the former is an obligation ex-contractu while the latter is an obligation ex-lege. But more significantly, the distinction lies in scope. The Benefit Plan covered only non-occupational accidents and sickness whereas the Workmen's Compensation Act covered only work-connected disabilities or death. Even with this single feature to consider, one can already draw the conclusion that indeed liability under the Plan is different from liability under the Act and that payment under one cannot constitute payment under the other.

WE take occasion to quote the ruling in the case of Philippine Long Distance Telephone Company vs. Rosal (96 SCRA 250, 257-258 /1980/) thus -

“x x x We agree with the respondents that petitioner's liability under the Benefit Plan is distinct, separate and apart from its liability under the Workmen's Compensation Act, and that what was paid to private respondents were retirement benefits and not disability benefits.

“In Philippine Long Distance Telephone Company vs. Workmen's Compensation Commission and Marcial Brofas, L-39536, which was an appeal from the decision of the Workmen's Compensation Commission, the nature, concept and purpose of the Benefit Plan of the petitioner company, which is the same Benefit Plan involved in the case at bar, was examined, thus:

'An examination of respondent's benefit plan would show that benefits are paid only to permanent and regular employees who are separated or retired from the service either by reaching the age of 65 or becoming physically disabled due to illness or injury, which is not necessarily work-connected, or by exhausting the accrued sick leave credits, as well as to heirs of deceased permanent and regular employees. Unlike the Workmen's Compensation Act, the Plan does not give benefits to temporary or casual employees who are temporarily and totally disabled from labor due to work-connected sickness or injury, who are not separated or retired from the service. It will also be noted that benefits under the Plan are computed on the basis of one month salary based on the average salary for the last five years of service, for every year of service (See Article VI of the Plan, Exhibit B, p. 33, Record). With these features of the Plan which markedly contrast with the Act, it is obvious that payments pursuant thereto are not in the concept of workmen's compensation. More appropriately, payments under the Plan are for separation, retirement and gratuity pay. Thus, respondent's liability under its Plan is distinct, separate and apart from its liability under the Workmen's Compensation Act. Consequently, respondent's payment pursuant to the Plan did not extinguish its liability to pay compensation under the Act.'”

Furthermore, physician's and employer's reports on claimant Abrigo's sickness (Annexes B, C, and D, pp. 16-18, rec.) reveal that the amount of P118.75 previously paid by petitioner pursuant to its non-occupational accident and sickness disability benefit plan was not specially for the headache and dizziness diagnosed as traumatic syndrome; error of refraction; later diagnosed as psycho-neurosis and found to be compensable but likewise for asthma and vertigo resulting in claimant's temporary total disability also from October 26, 1957 to July 15, 1957. Presumably, vertigo might be non-occupational and therefore covered by the benefit plan. Hence, petitioner made payment therefor. Apparently, petitioner now attempts to reduce its liability under the law by deducting the said amount from the award claiming that the previous payment of P118.75 was made based on a false assumption that the disease of Abrigo was not compensable. WE cannot be deluded by this pretext. Neither can WE be deceived by the fact that claimant Abrigo had signed a "Satisfaction of Award or Decision" (Annex O, p. 54, rec.) which may

be construed as a waiver. As held in the case of *Franklin Baker Co. of the Phil. vs. Alillana* (21 SCRA 1247 /1967/), the fact that the disabled employee has signed a satisfaction receipt does not result in waiver; the law does not consider as valid any agreement to receive less compensation than what the worker is entitled to recover under the Act.

Lastly, the decision of respondent Workmen's Compensation Commission dated January 27, 1964 ordering petitioner to pay the amount of P358.55 to claimant Abrigo is already final considering that petitioner did not appeal therefrom. As borne out by the facts, only claimant Abrigo filed a motion for reconsideration of the said decision which however was denied by the Commission en banc in a resolution dated April 17, 1964. No further appeal was taken from this denial. Needless to say, the decision having become final, compliance therewith had likewise become legally mandatory. Therefore, petitioner's subsequent act of deducting motu proprio the amount of P118.75 from the award is totally unwarranted and its continued refusal in remitting the said amount despite several requests for payment amounts to bad faith resulting in unjustifiable delay to the great prejudice of claimant who was not able to enjoy the said amount for over sixteen (16) years.

WHEREFORE, THE PETITION IS HEREBY DENIED. THE DECISION OF JANUARY 27, 1964 AND THE ORDER OF DECEMBER 6, 1966 AS WELL AS THE WRIT OF EXECUTION DATED JULY 14, 1967 ISSUED BY RESPONDENT COMMISSION ARE HEREBY AFFIRMED. IN ADDITION, PETITIONER IS HEREBY ORDERED TO PAY TWELVE (12%) PERCENT INTEREST PER ANNUM ON THE AMOUNT OF P118.75 FROM JULY 8, 1964, UNTIL FULLY PAID.

THIS JUDGMENT IS HEREBY DECLARED FINAL AND IMMEDIATELY EXECUTORY.

SO ORDERED.

Teehankee, J., (Chairman), Fernandez, Guerrero, and Melencio-Herrera, JJ., concur.

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