

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY, PETITIONER, VS. LEONORA B. ROSAL, ET AL. AND THE WORKMEN'S COMPENSATION COMMISSION, RESPONDENTS.

G.R. No. L-39566. February 21, 1980

Ponente: GUERRERO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/d859b5f7926d/>

GUERRERO, J.:

Appeal from the decision of the Workmen's Compensation Commission dated October 11, 1973 in RO4-WC Case No. 125022 and its Resolution en banc of October 10, 1974, granting private respondents Leonora B. Rosal and her minor children Artemio, Armando, Edgardo, Lorna, Josephine, Fernando, Bernadette and Bernard, all surnamed Rosal, death compensation benefits under the Workmen's Compensation Act, as amended, for the death of Godofredo Rosal, husband of Leonora and father of the above-named minor children.

On July 15, 1971, respondent Leonora B. Rosal, in her own behalf as widow of the late Godofredo Rosal and her legitimate minor children with the deceased, filed with the Regional Office No. 4, Department of Labor, Manila a claim for compensation under the Workmen's Compensation Act from the petitioner Philippine Long Distance Telephone Company on account of the death of said deceased on May 4, 1971 who was then an employee of petitioner company.

Godofredo Rosal was employed by petitioner company for 12 years as Maintenance Technician II, working 8 hours a day, 5 days a week and was paid a weekly wage of P84.50. On May 30, 1969, he met an accident when the vehicle of petitioner company on which he was riding with other 30 co-employees and going home from his temporary assignment at the Lucena Central Office of the company skidded and turned-turtle on the road. He was seriously injured, sustaining a lacerated wound in the head and general body pain. He was first treated by one, Dr. Yu in Biñan, Laguna and later transferred to the Waterous Hospital for treatment. As a result of the accident and injury on his head, he developed intra-cranial tumor, complicated with tuberculosis and cardio-respiratory illness which eventually led to his death on May 4, 1971.

The claim having been declared uncontroverted, the Acting Chief of the Workmen's Compensation Section of the Regional Office No. 4, Department of Labor, Manila rendered on November 19, 1971 the Award in favor of the claimants and ordered the Philippine Long Distance Company to pay Leonora B. Rosal and her minor children the amount of Six Thousand Pesos (P6,000.00) as death compensation benefits and reimbursement of Two Hundred Pesos (P200.00) as burial expenses.

In its Motion to Set Aside Award and/or For Reconsideration of November 26, 1973, petitioner sought to have the Award set aside on the ground that petitioner was not given its day in court and that the cause of death of the deceased Godofredo Rosal is not compensable under the law. The Workmen's Compensation Commission denied the motion. In a subsequent Motion for Reconsideration, petitioner moved to have the amount of P4,959.96 previously received by respondent Leonora B. Rosal in accordance with the Benefit Plan of petitioner company, deducted from the Award on the ground that it constituted benefits under the Workmen's Compensation Act, as

amended, as specifically provided in said Plan under Section 1, Article VIII which states:

"Section 1. In the event an employee or worker dies while in the service of the company, except for death resulting from any of the causes set forth in Section 4 of this Article, his spouse or lawful heirs shall be entitled to death benefit pay in an amount computed in accordance with Article VI hereof, provided, however, that in no case shall the beneficiaries of an employee who dies while in the service of the Company receive less than the deceased employee's one month pay, and provided, further, that if the employee concerned is entitled to compensation under the Workmen's Compensation Law, his heirs shall only be entitled to whichever is the greater amount between what is due him under the Workmen's Compensation Law and what is due him under the Plan."

Petitioner's Motion for Reconsideration was denied by the respondent Commission, hence this petition.

The one legal issue, therefore, presented in this case is whether the amount of P4,959.96 previously paid by petitioner to respondent Leonora B. Rosal and her minor children pursuant to Section 1, Article VIII of its Benefit Plan as a result of the death of Godofredo Rosal, constitute part of the death compensation benefits provided under the Workmen's Compensation Act, as amended, and therefore, deductible from the Award granted by the respondent Workmen's Compensation Commission. Petitioner's one assignment of error is that respondent Commission erred in not deducting the amount of P4,959.96 previously paid by petitioner to respondent Leonora B. Rosal from the award of death compensation benefits in her favor.

Petitioner argues that there is nothing illegal or objectionable in any of the provisions of petitioner's Benefit Plan. Section 1 of Article VIII under which respondent Leonora B. Rosal was paid death benefits of P4,959.96 does not contravene the provisions of the Workmen's Compensation Act. Petitioner cites as authority the case of Koppel (Phil.), Inc. vs. Javellana, Sr., 13 SCRA 677, 678, where the Supreme Court, speaking through Justice Makalintal, said:

"The next issue is with respect to the amount which, prior to the award, petitioner paid to respondent and which must therefore be deducted from the amount of compensation due the latter. The Commissioner allowed the deduction of only P1,098.00 this being the amount which petitioner mentioned in its 'Employer's Supplementary Report', wherein it stated that the amount it had paid respondent was really P1,199.00. The first report, as now pointed out, must have been a mistake. It refers to payment of 'P1,098.00 for 15 weeks and 5 days or 3 months and 19 days', but the correct amount for such period of time, at respondent's salary of P330.00 a month, is P1,199.00. This is the amount that should have been deducted from the compensation due to respondent.

We now come to the amount of P1,237.50 which respondent had likewise received from petitioner. The Commission refused to subtract this amount from respondent's compensation award on the ground that it constituted retirement pay. The ruling is based on the fact that in the voucher covering the payment it is referred to as 'retirement pay' and as retirement credits of Salesman A. H. Javellana from March 22, 1954 to March 31, 1959 at 6.25% of P330.00 (monthly salary) per month, or P20.625 x 60 months.' But it appears that on the same day the amount was paid the parties executed an 'Agreement of Release', one of the provisions of which was that 'all claims of whatever nature and kind which employee has or may have against employer and its officers shall be considered fully satisfied upon payment of the sum of one thousand two hundred thirty seven pesos and fifty centavos (P1,237.50) provided that, with respect to any workmen's compensation to which employee may be entitled and in the event that the Workmen's Compensation Commission awards employee an amount greater than P1,237.50, said sum of P1,237.50 shall be considered as an advance against the amount so awarded to employee.'

The terms of the agreement are quite clear. Should the Commission grant to respondent said amount would be deemed as an advance on the award. This does not run counter to Section 7 of our Compensation Law, which

says that any contract, regulation or device of any sort intended to exempt the employer from all or part of the liability does not in any way exempt petitioner from the liability created by law shall be null and void. The agreement does not in any way exempt petitioner from paying compensation should respondent be declared entitled thereto. It merely provides that the payment voluntarily made shall be deemed as an advance payment on any compensation to be awarded. There is nothing illegal in this agreement and it must be given effect."

It is further argued by petitioner that Section 1, Article VIII of petitioner's Benefit Plan does not in any way exempt it from liability under the Workmen's Compensation Act, as amended. It merely stipulated that if the death of the employee is compensable under the law, his heirs shall be entitled to whichever is the greater amount of benefits due them, either under the Benefit Plan or the Workmen's Compensation Law, but not to both. In other words, if the death of the employee is compensable, petitioner pays the death compensation benefits provided under the Workmen's Compensation Act, as amended, if its amount is greater than that provided under the Plan. Otherwise, petitioner pays the benefits provided in its Benefit Plan. Consequently, what petitioner has previously paid to respondent Leonora B. Rosal and her minor children in the amount of P4,959.96 should be deducted from the award of death compensation benefits granted in their favor by the respondent Workmen's Compensation Commission. The result is that respondents are entitled only to the difference between P6,200.00 and P4,959.96, which is P1,241.04.

Respondent Commission, on the other hand, contends that petitioner's liability under the Benefit Plan is distinct, separate and apart from its liability under the Workmen's Compensation Act. Payments under the Plan are for separation, retirement and gratuity pay to permanent and regular employees who are separated or retired from the service either by reaching the age of 65 or by becoming physically disabled due to illness or injury which is not necessarily work-connected or by exhausting the accrued sick leaves. 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. Furthermore, the 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 which is different from that under the Workmen's Compensation Act. Strictly, what was paid to private respondent were retirement benefits and not disability benefits.

Respondents also insist that the obligation created under the petitioner's Benefit Plan is an obligation *ex contractu* whereas the benefits provided under the Workmen's Compensation Act, as amended, is an obligation *ex lege*, thereby indicating that the two benefits are entirely separate and distinct from each other so that whatever amount paid under the former should not be deducted from the latter. Any rule to the contrary is simply looked upon with disfavor for being against equity.

Under the Workmen's Compensation Act, any contract, regulation, or device of any sort intended to exempt the employer from all or part of the liability created by the Act, shall be null and void (Section 7). Section 29 of the Act also provides:

"Section 29 - In case the employer and the injured laborer or the dependents entitled to compensation arrive at an agreement concerning the compensation provided for by this Act, such agreement in order to be valid, shall provide, at least, the same amount of compensation as that prescribed by this Act and must be approved by the Workmen's Compensation Commissioner, or any of his authorized representatives: Provided, however, That the employer shall be exempt from all liability under this Act as soon as the compensation has been paid in accordance with this section, saving the provisions of section six of this Act."

Commenting on Section 29 above, the Supreme Court in the case of *Pangasinan Transportation Co., Inc. vs. WCC*, L-25974, April 4, 1975, 63 SCRA 349, 353, had occasion to apply said section where the claimant therein, after signing an amicable settlement with the employer, withdrew his claim. The Court, speaking through Chief

Justice Makalintal, laid down the ruling thus:

"x x x However, under Section 29 of Act 3428, two requisites must be fulfilled for any agreement concerning compensation to be valid, namely: (1) the amount agreed upon must be at least equal to that provided by the Act, and (2) the agreement must be approved by the Workmen's Compensation Commissioner or his authorized representative. Even granting that the first requisite regarding the amount to be paid was complied with, still the agreement reached by the parties that led to the withdrawal of the claim is not valid since it was not approved by the Workmen's Compensation Commissioner or any of his authorized representatives."

Considering the merits of the respective contentions of both parties, including the authorities cited by each, We rule for the respondents.

First, it has not been shown that the Benefit Plan of the petitioner company under which the amount of P4,959.96 was ever presented to and approved by the Workmen's Compensation Commissioner or any of his duly authorized representatives as required under Section 29 of the Workmen's Compensation Act. Hence, under Section 29 of the Workmen's Compensation Act, as amended, and as ruled in the Pangasinan Transportation case, *supra*, the agreement embodied in the Benefit Plan is not valid nor binding.

Second, 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 by 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."

In said *Philippine Long Distance Telephone Company vs. Workmen's Compensation Commission and Marcial Brofas* case, L-39536, private respondent was paid by the company the sum of P21,380.67 under the company's Benefit Plan and notwithstanding the petition of the PLDT that the decision of the Workmen's Compensation Commission awarding the maximum amount of P6,000.00 to Brofas be set aside and that the payment made by the PLDT in the amount of P21,380.67 be considered a full and final payment of all the disability benefits for compensation to which the latter is entitled under said Benefit Plan and under the Workmen's Compensation Act, the Supreme Court denied the petition for lack of merit in Our Resolution of December 20, 1974.

And third, the petition in the *PLDT Co. vs. WCC and Marcial Brofas* case, having been dismissed by this Court,

the instant petition which raises the same effect of the payment to respondent Leonora B. Rosal and her minor children under the company's Benefit Plan must likewise be dismissed.

WHEREFORE, IN VIEW OF THE FOREGOING, the decision appealed from and rendered by the Workmen's Compensation Commission dated October 11, 1973 is hereby **AFFIRMED**.

No costs.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Fernandez, De Castro, and Melencio-Herrera, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.