

**PILIPINAS SHELL PETROLEUM CORPORATION OF THE PHILIPPINES,
PETITIONER, VS. HERMINIO DE LA ROSA AND THE
WORKMEN'S COMPENSATION COMMISSION, RESPONDENTS.**

G.R. No. L-41301. December 15, 1986

Ponente: PARAS, J.

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PARAS, J.:

Submitted on March 31, 1976 for Our decision is this petition for review on certiorari of the Decision of the defunct Workmen's Compensation Commission dated July 31, 1975 in RO4-WC Case No. 11376, which: (a) reversed the Decision of Acting Referee Tomas G. Montesines of the then Department of Labor (now Ministry of Labor and Employment) dismissing the claim of herein private respondent for lack of cause of action and (b) granted private respondent's disability compensation.

As found by the respondent Commission, the facts of this case are the following:

"Claimant was employed by respondent as a laborer working 8 hours a day, 5 days a week with a daily salary of P28.24. While in the service sometime on May 13, 1969, claimant contracted illness with symptoms of gradual numbness of the body, which prompted him to consult Dr. Romeo Tamayo who advised him that his sickness was due to lack of vitamins. Despite his sickness, claimant continued working. On June 2, 1969, claimant, notwithstanding his complaint about his illness, was transferred by respondent to its branch in Davao with the same kind of work. After working there for about 15 days, he was again transferred to the respondent's branch in Butuan City where he worked as a laborer rolling drums of gasoline under varying weather conditions. While at the respondent's Depot in Butuan City, claimant suffered a stroke. He was brought by his supervisor to the San Pedro Hospital, Butuan City where he was examined. After which, claimant was sent back to Manila where, upon the instance of respondent, he was hospitalized at the Marian General Hospital under the medical care of Dr. Lourdes Mabanta who diagnosed his ailment as transient ischemic attack secondary to vascular insufficiency. He was confined therein from July 1, 1969 to July 5, 1969, after which he was discharged therefrom and was given two months vacation leave. After the expiration of his vacation leave, respondent separated him from the service because of his sickness. Respondent paid him his retirement gratuity and special benefit pursuant to its retirement plan and collective bargaining agreement and in consideration of which, claimant signed a document entitled 'Release' releasing respondent from all claims whatsoever including the Workmen's Compensation Benefit to which he may be entitled under the Act. Then claimant continued having himself treated by Dr. Cariño after his separation from the service." (WCC Decision, Rollo, pp. 32-33).

On February 24, 1970, private respondent filed a claim for disability compensation under the Workmen's Compensation Act against the petitioner with Regional Office 4, Workmen's Compensation Unit, Department of Labor (Private Respondent's Memorandum, Rollo, p. 85). After the case was heard on its merits, the Regional Office rendered a decision dismissing the claim on the following grounds: (a) that the Rules of Retirement Gratuity Scheme of herein petitioner are not contrary to law and inconsistent with the provisions of the Workmen's Compensation Act, as amended; (b) that private respondent was given the option to make his choice

and by his choice in favor of the retirement plan, he has thereby waived his right to receive benefits under the Workmen's Compensation Act, as amended; (c) and that since private respondent has been paid his salary in full during the period of his disability up to the time of his retirement, he shall no longer be entitled to temporary total disability (Decision of Regional Office, Rollo, pp. 23-24).

On May 26, 1975, private respondent filed a Motion for Reconsideration with the respondent Commission contending that the Decision of Regional Office 4 was contrary to law and evidence adduced at the trial of this case (Annex B, Rollo, p. 25).

Finding private respondent's petition to be meritorious, the respondent commission rendered a Decision dated July 31, 1975 (Annex C, Rollo, pp. 32-36) reversing the Regional Office's decision and granting private respondent disability compensation in the amount of P6,000.00; P600.00 to private respondent's lawyer, and ordering petitioner to pay an administrative fee of P61.00.

Taking exception to the foregoing decision, petitioner filed the present petition on the following ground:

"THE PAYMENT BY PETITIONER TO RESPONDENT HERMINIO DE LA ROSA OF GRATUITY BENEFITS UNDER ITS RETIREMENT GRATUITY SCHEME AMOUNTING TO P15,889.00 WHICH BENEFITS INCLUDED BENEFITS UNDER THE WORKMEN'S COMPENSATION ACT, AS AMENDED, DISCHARGED IN FULL ITS OBLIGATIONS UNDER THE SAID ACT AND THEREFORE THE RESPONDENT WORKMEN'S COMPENSATION COMMISSION ERRED AND ABUSED ITS DISCRETION AND AUTHORITY IN REVERSING THE DISMISSAL OF THE CLAIM FOR COMPENSATION FILED BY RESPONDENT HERMINIO DE LA ROSA AND IN AWARDING HIM DISABILITY BENEFITS OF P6,000.00 - BENEFITS WHICH HE HAD ALREADY RECEIVED FROM PETITIONER." (Petition, Rollo, p. 10).

On October 8, 1975, this Court, without giving due course to the petition, required respondents to comment. Private respondent's comment was filed on October 28, 1975 (Rollo, pp. 43-48) that, of the respondent Commission, on January 5, 1976 (Rollo, pp. 64-70).

In a resolution of the First Division dated November 5, 1975 (Rollo, p. 72), this Court resolved: (a) to give due course to the petition; (b) to treat the petition for review as a special civil action; (c) to consider the comment as answer; and (d) to require both parties to submit simultaneous memoranda within thirty (30) days from notice.

Thereafter, this case was declared submitted for decision on March 31, 1976 (Rollo, p. 118).

The crucial issue to be resolved in this case is whether or not the amount termed as special payment can be considered as payment for compensation benefits under the Workmen's Compensation Act.

The law to be applied in this case is the Workmen's Compensation Act following the principle that in Workmen's Compensation cases the governing law is to be determined by the date on which the claimant contracted, his illness (*Cepeda v. Bacolod*, 135 SCRA 505). Since claimant's illness commenced in 1969, the provisions of the Workmen's Compensation Act should apply.

At the time of his separation from the service, private respondent was paid the sum of P15,889.00. Petitioner alleges the amount represents private respondent's retirement benefits as well as a special payment covering P9,762.35 of the P15,889.00 (Petition, Rollo, p. 12).

In the assailed decision of respondent Commission, petitioner was required to pay compensation benefits to private respondent in the amount of P6,000.00. To this, petitioner takes exception on the argument that private respondent has already received the same under the category of "special payment" (12th line, Rollo, p. 13).

This, however, is hardly convincing. The records disclose that the payment of P15,889.00 is evidenced by two separate documents: Exhibit "1" entitled "Release" for P10,389.87 and Exhibit "1-A" entitled "Supplementary Release" for P5,500.00. Exhibit "1" specifies that it is a payment for private respondent's retirement gratuity while Exhibit "1-A" states it is for "special payment" (Rollo, pp. 87-88).

"Retirement gratuity and disability compensation benefits under the Workmen's Compensation Act, as amended, are indeed different benefits. Precisely, they were segregated in the 'Release' executed by respondent Herminio de la Rosa. He received both benefits totalling P15,889.00 although the retirement gratuity was specified in the 'Release', the compensation benefits were merely denominated 'special payment.' But that did not change the nature of such payment. It was a payment of disability benefit under the Workmen's Compensation Act, as amended." (Rollo, p. 13).

Very significant is the fact that in the Release Document executed by private respondent, the retirement gratuity was clearly and definitely categorized while the alleged compensation benefits were vaguely called "special payment". The term is so broad and general it could encompass any or all liability the petitioner would be subjected to pay.

As correctly pointed out by respondent Commission, "the payment made by respondent entitled 'special payment' does not refer to disability benefits for if it did, it would have been definitely stated" (WCC Decision, Rollo, p. 34). This opinion is in accord with the ruling of this Court in the case of *Limos v. Fernandez Hermanos, Inc.* (84 SCRA 646, 652) which states:

"We agree with referee Sagun that the aforesaid document which We quoted earlier, is worded 'in broad terms', from which We deduce that the P15,000.00 paid to Mariano Limos was given as separation pay or in the form of gratuity for his twenty years of faithful service. In fact, respondent employer offered as its Exh. 3, a letter of petitioner wherein the P15,000.00 paid to him was mentioned as a 'retirement pay' (See p. 28, *Ibid.*). The document 'Release of claim' did not expressly include compensation for any illness petitioner may have contracted in the course of employment and the disability arising therefrom; in the absence of such a provision, the employer cannot now evade liability for compensation due to the employee under the Workmen's Compensation Act which was the law in force at the time."

In its effort to avoid liability, petitioner relied heavily on the "release" document signed by private respondent releasing it from all claims including that under the Workmen's Compensation Act. It insists there is nothing illegal or objectionable in any of the provisions of its Retirement Gratuity Scheme nor in the Release because it did not exempt the petitioner from liability under the Workmen's Compensation Act, neither did it lessen such liability (Petition, Rollo, p. 13).

Petitioner's view is untenable.

Section 7 of Act No. 3428, as amended, (otherwise known as the Workmen's Compensation Act) expressly condemns such contracts like "Document of Full Satisfaction" (*Centeno v. WCC*, 72 SCRA 115 [1976]), or "Release" (*Phil. International Shipping Corp. vs. NLRC*, 136 SCRA 605 [1985]), or "Release of Claim" (*Limos v. Fernandez Hermanos, Inc.*, 84 SCRA 646 [1978]).

The law provides:

"Sec. 7. Contract prohibited. - 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."

Thus, petitioner, having failed to prove that private respondent was paid the compensation benefits as mandated by WCA, it should be held liable therefor, the Release document executed by private respondent being null and void.

The case of Koppel (Phil.) Inc. v. Javellana (13 SCRA 677) cited by petitioner to support its argument is inapplicable in this case. In the cited case, the agreement is clear 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, the said sum of P1,237.50 shall be considered an advance against the amount so awarded to employee". In the case at bar, the amount denominated as special payment did not definitely state what it was for. Considering the rule that the Workmen's Compensation Act is a social legislation designed to give relief to the working man (Vda. de Galang v. WCC, 76 SCRA 153) every possible interpretation that would uplift the already unfortunate condition of the working masses should be favored.

Also of equal significance is the fact that private respondent was involuntarily separated from the service. It does not appear from the records that he was paid his separation pay pursuant to the separation pay law which leads to the logical conclusion drawn by the respondent Commission that the special payment stands aptly more as a consideration for his involuntary separation.

PREMISES CONSIDERED, the decision appealed from is hereby AFFIRMED.

SO ORDERED.

Feria, (Chairman), Fernan, Alampay, and Gutierrez, Jr., JJ., concur.

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