

**CONTINENTAL STEEL MANUFACTURING CORPORATION,
PETITIONER, VS. HON. ACCREDITED VOLUNTARY ARBITRATOR
ALLAN S. MONTAÑO AND NAGKAKAISANG MANGGAGAWA NG
CENTRO STEEL CORPORATION-SOLIDA...**

G.R. No. 182836. October 13, 2009

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

Before Us is a Petition for Review on Certiorari, under Rule 45 of the Rules of Court, assailing the Decision[1] dated 27 February 2008 and the Resolution[2] dated 9 May 2008 of the Court of Appeals in CA-G.R. SP No. 101697, affirming the Resolution[3] dated 20 November 2007 of respondent Accredited Voluntary Arbitrator Atty. Allan S. Montaña (Montaña) granting bereavement leave and other death benefits to Rolando P. Hortillano (Hortillano), grounded on the death of his unborn child.

The antecedent facts of the case are as follows:

Hortillano, an employee of petitioner Continental Steel Manufacturing Corporation (Continental Steel) and a member of respondent Nagkakaisang Manggagawa ng Centro Steel Corporation-Solidarity of Trade Unions in the Philippines for Empowerment and Reforms (Union) filed on 9 January 2006, a claim for Paternity Leave, Bereavement Leave and Death and Accident Insurance for dependent, pursuant to the Collective Bargaining Agreement (CBA) concluded between Continental and the Union, which reads:

ARTICLE X: LEAVE OF ABSENCE

x x x x

Section 2. BEREAVEMENT LEAVE--The Company agrees to grant a bereavement leave with pay to any employee in case of death of the employee's legitimate dependent (parents, spouse, children, brothers and sisters) based on the following:

2.1 Within Metro Manila up to Marilao, Bulacan - 7 days

2.2 Provincial/Outside Metro Manila - 11 days

x x x x

ARTICLE XVIII: OTHER BENEFITS

x x x x

Section 4. DEATH AND ACCIDENT INSURANCE--The Company shall grant death and accidental insurance to the employee or his family in the following manner:

x x x x

4.3 DEPENDENTS--Eleven Thousand Five Hundred Fifty Pesos (Php11,550.00) in case of death of the employees legitimate dependents (parents, spouse, and children). In case the employee is single, this benefit covers the legitimate parents, brothers and sisters only with proper legal document to be presented (e.g. death certificate).[4]

The claim was based on the death of Hortillano's unborn child. Hortillano's wife, Marife V. Hortillano, had a premature delivery on 5 January 2006 while she was in the 38th week of pregnancy.[5] According to the Certificate of Fetal Death dated 7 January 2006, the female fetus died during labor due to fetal Anoxia secondary to uteroplacental insufficiency.[6]

Continental Steel immediately granted Hortillano's claim for paternity leave but denied his claims for bereavement leave and other death benefits, consisting of the death and accident insurance.[7]

Seeking the reversal of the denial by Continental Steel of Hortillano's claims for bereavement and other death benefits, the Union resorted to the grievance machinery provided in the CBA. Despite the series of conferences held, the parties still failed to settle their dispute,[8] prompting the Union to file a Notice to Arbitrate before the National Conciliation and Mediation Board (NCMB) of the Department of Labor and Employment (DOLE), National Capital Region (NCR).[9] In a Submission Agreement dated 9 October 2006, the Union and Continental Steel submitted for voluntary arbitration the sole issue of whether Hortillano was entitled to bereavement leave and other death benefits pursuant to Article X, Section 2

and Article XVIII, Section 4.3 of the CBA.[10] The parties mutually chose Atty. Montaña, an Accredited Voluntary Arbitrator, to resolve said issue.[11]

When the preliminary conferences again proved futile in amicably settling the dispute, the parties proceeded to submit their respective Position Papers, [12] Replies,[13] and Rejoinders[14] to Atty. Montaña.

The Union argued that Hortillano was entitled to bereavement leave and other death benefits pursuant to the CBA. The Union maintained that Article X, Section 2 and Article XVIII, Section 4.3 of the CBA did not specifically state that the dependent should have first been born alive or must have acquired juridical personality so that his/her subsequent death could be covered by the CBA death benefits. The Union cited cases wherein employees of MKK Steel Corporation (MKK Steel) and Mayer Steel Pipe Corporation (Mayer Steel), sister companies of Continental Steel, in similar situations as Hortillano were able to receive death benefits under similar provisions of their CBAs.

The Union mentioned in particular the case of Steve L. Dugan (Dugan), an employee of Mayer Steel, whose wife also prematurely delivered a fetus, which had already died prior to the delivery. Dugan was able to receive paternity leave, bereavement leave, and voluntary contribution under the CBA between his union and Mayer Steel.[15] Dugan's child was only 24 weeks in the womb and died before labor, as opposed to Hortillano's child who was already 37-38 weeks in the womb and only died during labor.

The Union called attention to the fact that MKK Steel and Mayer Steel are located in the same compound as Continental Steel; and the representatives of MKK Steel and Mayer Steel who signed the CBA with their respective employees' unions were the same as the representatives of Continental Steel who signed the existing CBA with the Union.

Finally, the Union invoked Article 1702 of the Civil Code, which provides that all doubts in labor legislations and labor contracts shall be construed in favor of the safety of and decent living for the laborer.

On the other hand, Continental Steel posited that the express provision of the CBA did not contemplate the death of an unborn child, a fetus, without legal personality. It claimed that there are two elements for the entitlement to

the benefits, namely: (1) death and (2) status as legitimate dependent, none of which existed in Hortillano's case. Continental Steel, relying on Articles 40, 41 and 42[16] of the Civil Code, contended that only one with civil personality could die. Hence, the unborn child never died because it never acquired juridical personality. Proceeding from the same line of thought, Continental Steel reasoned that a fetus that was dead from the moment of delivery was not a person at all. Hence, the term dependent could not be applied to a fetus that never acquired juridical personality. A fetus that was delivered dead could not be considered a dependent, since it never needed any support, nor did it ever acquire the right to be supported.

Continental Steel maintained that the wording of the CBA was clear and unambiguous. Since neither of the parties qualified the terms used in the CBA, the legally accepted definitions thereof were deemed automatically accepted by both parties. The failure of the Union to have unborn child included in the definition of dependent, as used in the CBA - the death of whom would have qualified the parent-employee for bereavement leave and other death benefits - bound the Union to the legally accepted definition of the latter term.

Continental Steel, lastly, averred that similar cases involving the employees of its sister companies, MKK Steel and Mayer Steel, referred to by the Union, were irrelevant and incompetent evidence, given the separate and distinct personalities of the companies. Neither could the Union sustain its claim that the grant of bereavement leave and other death benefits to the parent-employee for the loss of an unborn child constituted "company practice."

On 20 November 2007, Atty. Montaño, the appointed Accredited Voluntary Arbitrator, issued a Resolution[17] ruling that Hortillano was entitled to bereavement leave with pay and death benefits.

Atty. Montaño identified the elements for entitlement to said benefits, thus:

This Office declares that for the entitlement of the benefit of bereavement leave with pay by the covered employees as provided under Article X, Section 2 of the parties' CBA, three (3) indispensable elements must be present: (1) there is "death"; (2) such death must be of employee's "dependent"; and (3) such dependent must be "legitimate".

On the otherhand, for the entitlement to benefit for death and accident insurance as provided under Article XVIII, Section 4, paragraph (4.3) of the parties' CBA, four (4) indispensable elements must be present: (a) there is "death"; (b) such death must be of employee's "dependent"; (c) such dependent must be "legitimate"; and (d) proper legal document to be presented.[18]

Atty. Montaño found that there was no dispute that the death of an employee's legitimate dependent occurred. The fetus had the right to be supported by the parents from the very moment he/she was conceived. The fetus had to rely on another for support; he/she could not have existed or sustained himself/herself without the power or aid of someone else, specifically, his/her mother. Therefore, the fetus was already a dependent, although he/she died during the labor or delivery. There was also no question that Hortillano and his wife were lawfully married, making their dependent, unborn child, legitimate.

In the end, Atty. Montaño decreed:

WHEREFORE, premises considered, a resolution is hereby rendered ORDERING [herein petitioner Continental Steel] to pay Rolando P. Hortillano the amount of Four Thousand Nine Hundred Thirty-Nine Pesos (P4,939.00), representing his bereavement leave pay and the amount of Eleven Thousand Five Hundred Fifty Pesos (P11,550.00) representing death benefits, or a total amount of P16,489.00

The complaint against Manuel Sy, however, is ORDERED DISMISSED for lack of merit.

All other claims are DISMISSED for lack of merit.

Further, parties are hereby ORDERED to faithfully abide with the herein dispositions.

Aggrieved, Continental Steel filed with the Court of Appeals a Petition for Review on Certiorari,[19] under Section 1, Rule 43 of the Rules of Court, docketed as CA-G.R. SP No. 101697.

Continental Steel claimed that Atty. Montaño erred in granting Hortillano's claims for bereavement leave with pay and other death benefits because no death of an employee's dependent had occurred. The death of a fetus, at whatever stage of pregnancy, was excluded from the coverage of the CBA since what was contemplated by the CBA was the death of a legal person, and not that of a fetus, which did not acquire any juridical personality. Continental Steel pointed out that its contention was bolstered by the fact that the term death was qualified by the phrase legitimate dependent. It asserted that the status of a child could only be determined upon said child's birth, otherwise, no such appellation can be had. Hence, the conditions sine qua non for Hortillano's entitlement to bereavement leave and other death benefits under the CBA were lacking.

The Court of Appeals, in its Decision dated 27 February 2008, affirmed Atty. Montaño's Resolution dated 20 November 2007. The appellate court interpreted death to mean as follows:

[Herein petitioner Continental Steel's] exposition on the legal sense in which the term "death" is used in the CBA fails to impress the Court, and the same is irrelevant for ascertaining the purpose, which the grant of bereavement leave and death benefits thereunder, is intended to serve. While there is no arguing with [Continental Steel] that the acquisition of civil personality of a child or fetus is conditioned on being born alive upon delivery, it does not follow that such event of premature delivery of a fetus could never be contemplated as a "death" as to be covered by the CBA provision, undoubtedly an event causing loss and grief to the affected employee, with whom the dead fetus stands in a legitimate relation. [Continental Steel] has proposed a narrow and technical significance to the term "death of a legitimate dependent" as condition for granting bereavement leave and death benefits under the CBA. Following [Continental Steel's] theory, there can be no experience of "death" to speak of. The Court, however, does not share this view. A dead fetus simply cannot be equated with anything less than "loss of human life", especially for the expectant parents. In this light, bereavement leave and death benefits are meant to assuage the employee and the latter's immediate family, extend to them solace and support, rather than an act conferring legal status or personality upon the unborn child. [Continental Steel's] insistence that the certificate of fetal death is for statistical purposes only sadly misses this crucial point.[20]

Accordingly, the fallo of the 27 February 2008 Decision of the Court of Appeals reads:

WHEREFORE, premises considered, the present petition is hereby DENIED for lack of merit. The assailed Resolution dated November 20, 2007 of Accredited Voluntary Arbitrator Atty. Allan S. Montaño is hereby AFFIRMED and UPHELD.

With costs against [herein petitioner Continental Steel].[21]

In a Resolution[22] dated 9 May 2008, the Court of Appeals denied the Motion for Reconsideration[23] of Continental Steel.

Hence, this Petition, in which Continental Steel persistently argues that the CBA is clear and unambiguous, so that the literal and legal meaning of death should be applied. Only one with juridical personality can die and a dead fetus never acquired a juridical personality.

We are not persuaded.

As Atty. Montaño identified, the elements for bereavement leave under Article X, Section 2 of the CBA are: (1) death; (2) the death must be of a dependent, i.e., parent, spouse, child, brother, or sister, of an employee; and (3) legitimate relations of the dependent to the employee. The requisites for death and accident insurance under

Article XVIII, Section 4(3) of the CBA are: (1) death; (2) the death must be of a dependent, who could be a parent, spouse, or child of a married employee; or a parent, brother, or sister of a single employee; and (4) presentation of the proper legal document to prove such death, e.g., death certificate.

It is worthy to note that despite the repeated assertion of Continental Steel that the provisions of the CBA are clear and unambiguous, its fundamental argument for denying Hortillano's claim for bereavement leave and other death benefits rests on the purportedly proper interpretation of the terms "death" and "dependent" as used in the CBA. If the provisions of the CBA are indeed clear and unambiguous, then there is no need to resort to the interpretation or construction of the same. Moreover, Continental Steel itself admitted that neither management nor the Union sought to define the pertinent terms for bereavement leave and other death benefits during the negotiation of the CBA.

The reliance of Continental Steel on Articles 40, 41 and 42 of the Civil Code for the legal definition of death is misplaced. Article 40 provides that a conceived child acquires personality only when it is born, and Article 41 defines when a child is considered born. Article 42 plainly states that civil personality is extinguished by death.

First, the issue of civil personality is not relevant herein. Articles 40, 41 and 42 of the Civil Code on natural persons, must be applied in relation to Article 37 of the same Code, the very first of the general provisions on civil personality, which reads:

Art. 37. Juridical capacity, which is the fitness to be the subject of legal relations, is inherent in every natural person and is lost only through death. Capacity to act, which is the power to do acts with legal effect, is acquired and may be lost.

We need not establish civil personality of the unborn child herein since his/her juridical capacity and capacity to act as a person are not in issue. It is not a question before us whether the unborn child acquired any rights or incurred any obligations prior to his/her death that were passed on to or assumed by the child's parents. The rights to bereavement leave and other death benefits in the instant case pertain directly to the parents of the unborn child upon the latter's death.

Second, Sections 40, 41 and 42 of the Civil Code do not provide at all a definition of death. Moreover, while the Civil Code expressly provides that civil personality may be extinguished by death, it does not explicitly state that only those who have acquired juridical personality could die.

And third, death has been defined as the cessation of life.[24] Life is not synonymous with civil personality. One need not acquire civil personality first before he/she could die. Even a child inside the womb already has life. No less than the Constitution recognizes the life of the unborn from conception,[25] that the State must protect equally with the life of the mother. If the unborn already has life, then the cessation thereof even prior to the child being delivered, qualifies as death.

Likewise, the unborn child can be considered a dependent under the CBA. As Continental Steel itself defines, a dependent is "one who relies on another for support; one not able to exist or sustain oneself without the power or aid of someone else." Under said general definition,[26] even an unborn child is a dependent of its parents. Hortillano's child could not have reached 38-39 weeks of its gestational life without depending upon its mother, Hortillano's wife, for sustenance. Additionally, it is explicit in the CBA provisions in question that the dependent may be the parent, spouse, or child of a married employee; or the parent, brother, or sister of a single employee. The CBA did not provide a qualification for the child dependent, such that the child must have been born or must have acquired civil personality, as Continental Steel avers. Without such qualification, then child shall be understood in its more general sense, which includes the unborn fetus in the mother's womb.

The term legitimate merely addresses the dependent child's status in relation to his/her parents. In *Angeles v. Maglaya*,^[27] we have expounded on who is a legitimate child, viz:

A legitimate child is a product of, and, therefore, implies a valid and lawful marriage. Remove the element of lawful union and there is strictly no legitimate filiation between parents and child. Article 164 of the Family Code cannot be more emphatic on the matter: "Children conceived or born during the marriage of the parents are legitimate." (Emphasis ours.)

Conversely, in *Briones v. Miguel*,^[28] we identified an illegitimate child to be as follows:

The fine distinctions among the various types of illegitimate children have been eliminated in the Family Code. Now, there are only two classes of children -- legitimate (and those who, like the legally adopted, have the rights of legitimate children) and illegitimate. All children conceived and born outside a valid marriage are illegitimate, unless the law itself gives them legitimate status. (Emphasis ours.)

It is apparent that according to the Family Code and the afore-cited jurisprudence, the legitimacy or illegitimacy of a child attaches upon his/her conception. In the present case, it was not disputed that Hortillano and his wife were validly married and that their child was conceived during said marriage, hence, making said child legitimate upon her conception.

Also incontestable is the fact that Hortillano was able to comply with the fourth element entitling him to death and accident insurance under the CBA, i.e., presentation of the death certificate of his unborn child.

Given the existence of all the requisites for bereavement leave and other death benefits under the CBA, Hortillano's claims for the same should have been granted by Continental Steel.

We emphasize that bereavement leave and other death benefits are granted to an employee to give aid to, and if possible, lessen the grief of, the said employee and his family who suffered the loss of a loved one. It cannot be said that the parents' grief and sense of loss arising from the death of their unborn child, who, in this case, had a gestational life of 38-39 weeks but died during delivery, is any less than that of parents whose child was born alive but died subsequently.

Being for the benefit of the employee, CBA provisions on bereavement leave and other death benefits should be interpreted liberally to give life to the intentions thereof. Time and again, the Labor Code is specific in enunciating that in case of doubt in the interpretation of any law or provision affecting labor, such should be interpreted in favor of labor.^[29] In the same way, the CBA and CBA provisions should be interpreted in favor of labor. In *Marcopper Mining v. National Labor Relations Commission*,^[30] we pronounced:

Finally, petitioner misinterprets the declaration of the Labor Arbiter in the assailed decision that "when the pendulum of judgment swings to and fro and the forces are equal on both sides, the same must be stilled in favor of labor." While petitioner acknowledges that all doubts in the interpretation of the Labor Code shall be resolved in favor of labor, it insists that what is involved here is the amended CBA which is essentially a contract between private persons. What petitioner has lost sight of is the avowed policy of the State, enshrined in our Constitution, to accord utmost protection and justice to labor, a policy, we are, likewise, sworn to uphold.

In *Philippine Telegraph & Telephone Corporation v. NLRC* [183 SCRA 451 (1990)], we categorically stated that:

When conflicting interests of labor and capital are to be weighed on the scales of social justice, the heavier influence of the latter should be counter-balanced by sympathy and compassion the law must accord the underprivileged worker.

Likewise, in *Terminal Facilities and Services Corporation v. NLRC* [199 SCRA 265 (1991)], we declared:

Any doubt concerning the rights of labor should be resolved in its favor pursuant to the social justice policy.

IN VIEW WHEREOF, the Petition is DENIED. The Decision dated 27 February 2008 and Resolution dated 9 May 2008 of the Court of Appeals in CA-G.R. SP No. 101697, affirming the Resolution dated 20 November 2007 of Accredited Voluntary Arbitrator Atty. Allan S. Montaña, which granted to Rolando P. Hortillano bereavement leave pay and other death benefits in the amounts of Four Thousand Nine Hundred Thirty-Nine Pesos (P4,939.00) and Eleven Thousand Five Hundred Fifty Pesos (P11,550.00), respectively, grounded on the death of his unborn child, are AFFIRMED. Costs against Continental Steel Manufacturing Corporation.

SO ORDERED.

Carpio, (Chairperson), Velasco, Jr., Nachura, and Peralta, JJ., concur.

[1] Penned by Associate Justice Martin S. Villarama, Jr. with Associate Justices Noel G. Tijam and Sisinando E. Villon concurring; rollo, pp. 32-40.

[2] Id. at 42.

[3] Penned by Atty. Allan S. Montaña, Accredited Voluntary Arbitrator; records, pp. 381-392.

[4] CA rollo, p. 26.

[5] Rollo, pp. 84-92.

[6] Id. at 93.

[7] Id. at 86.

[8] Id. at 33.

[9] CA rollo, p. 60.

[10] Id. at 67.

[11] Id. at 46.

[12] Id. at 25.

[13] Id. at 62-65.

[14] Id at 66-72.

[15] Records, pp. 46-53.

[16] Article 40. Birth determines personality; but the conceived child shall be considered born for all purposes that are favorable to it, provided it be born later with the conditions specified in the following article.

Article 41. For civil purposes, the foetus is considered born if it is alive at the time it is completely delivered from the mother's womb. However, if the foetus had an intra-uterine life of less than seven months, it is not deemed born if it dies within twenty-four hours after its complete delivery from the maternal womb.

Article 42. Civil personality is extinguished by death. The effect of death upon the rights and obligations of the deceased is determined by law, by contract and by will.

[17] CA rollo, pp. 24-34.

[18] Id. at 32.

[19] Id. at 2-18.

Art. 262-A of the Labor Code as amended in relation to Section 7, Rule XIX of Department Order No. 40-03 series of 2003 provides that the decision, order, resolution or award of the Voluntary Arbitrator shall be final and executory after ten (10) calendar days from receipt of the copy of the award or decision by the parties and that it shall not be subject of a motion for reconsideration.

[20] Rollo, pp. 38-39.

[21] Id. at 39.

[22] Id. at 153.

[23] Id. at 136-143.

[24] Black's Law Dictionary

[25] Article II, Section 12 of the Constitution reads in full:

Sec. 12. The State recognizes the sanctity of family life and shall protect and strengthen the family as a basic autonomous social institution. It shall equally protect the life of the mother and the life of the unborn from conception. The natural and primary right and duty of parents in the rearing of the youth for civic efficiency and the development of moral character shall receive the support of the Government.

[26] As opposed to the more limited or precise definition of a dependent child for income tax purposes, which means "a legitimate, illegitimate or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect."

[27] G.R. No. 153798, 2 September 2005, 469 SCRA 363, 369.

[28] 483 Phil. 483, 491 (2004).

[29] Faculty Association of Mapua Institute of Technology (FAMIT) v. Court of Appeals, G.R. No. 164060, 15 June 2007, 524 SCRA 709, 716.

[30] 325 Phil. 618, 634-635 (1996).

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