

MARCOPPER MINING CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND NATIONAL MINES & #038; ALLIED WORKERS UNION, AND HEIRS OF CALIXTO C. GAMBOA, PETRONIO Q. ROBLES, ...

G.R. No. 83207. August 05, 1991

Ponente: CRUZ, J.

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CRUZ, J.:

The issue before us is the correct interpretation of the following provision in Article XII of the collective bargaining agreement between petitioner Marcopper Mining Corporation and private respondent National Mines and Allied Workers Union (NMAWU):

Section 1. The COMPANY agrees to grant a severance pay equivalent to twenty (20) days of base wage for every year of service to regular employees covered by this Agreement who leave the COMPANY other than for cause before qualifying for early retirement under the Retirement Plan as provided hereunder, provided, however, that an employee who voluntarily resigns from the COMPANY shall not be entitled to the benefits herein unless he has completed at least ten (10) years of services. Any dismissal on ground of illness shall be treated in accordance with the provisions of the Labor Code as amended and its implementing rules and regulations except that where an employee who has rendered ten (10) or more years of service to the COMPANY shall be entitled to the above benefit in lieu of what is provided for under the Labor Code.

This case arose when three employees of the petitioner company, namely, Calixto Gamboa, Petronio Robles and Alfredo Rances, died after serving therein for 17, 12, and 18 years respectively. Pursuant to the CBA, the petitioner paid the heirs of the deceased employees the proceeds of the group life insurance plan and the cash value of their unused vacation and sick leaves, besides waiving certain amounts owing to it by Rances and Robles. The payments are itemized as follows:[1]

ALFREDO B. RANCES

(Group Life Insurance Proceeds) -

P45,700.00

(Vacation & Sick Leave Balances) -

1,830.65

TOTAL -

P47,530.65

[The amount of P47,530.00 excludes the amount of P33,594.68 which represents share in medical expenses, Loyola Memorial Chapel charges and various cash advances which were written off and/or waived by Marcopper in favor of the heirs of the deceased].

PEDRONIO Q. ROBLES

(Group Life Insurance Proceeds) -

P37,400.00

(Vacation & Sick Leave Balances -

__3,156.55

TOTAL -

P40,556.55

[They amount of P40,556.55 excludes the amount of P15,739.55 representing various accounts of the deceased with Petitioner which was written off and/or waived by Marcopper in favor of the heirs of the Deceased].

CALIXTO C. GAMBOA

(Group Life Insurance Proceeds -

P44,600.00

(Vacation & Sick Leave Balances -

1,485.90

TOTAL -

P46,085.90

After receipt of the foregoing payments, the heirs executed separate quitclaims-releases in favor of the petitioner.[2]

Subsequently, NAMAWU demanded from the petitioner severance pay for the said deceased employees on the basis of the above-cited Article XII; Section 1, of the CBA. The demand was rejected and the union thereupon filed a complaint on behalf of the heirs for the recovery of the said claim.

After considering the position papers of the parties, Labor Arbiter Cornelio Linsangan rendered a decision[3] on February 13, 1987, disposing as follows:

WHEREFORE, judgment is hereby rendered ordering the respondent to pay the heirs of Calixto Gamboa, Alfredo Rances and Petronio Robles, all represented by herein complainant union, separation pay equivalent to twenty (20) days salary for every year of service.

The rationale of the decision was explained thus:

There is an apparent doubt on how Section I is to be interpreted. However, in consonance with Article 4, Preliminary Title, Labor Code, aforesaid provision should be interpreted in favor of Labor. Statutes granting rights to laborers are liberally construed. (Union Trust Co. vs. State, 24 LRA (NS) 111).

But even in the absence of Article 4 of the Labor Code, which provides -

Construction in favor of labor. All doubts in the implementation and interpretation of the provisions of this Code, including its implementing rules and regulations shall be resolved in favor of labor.

It would still appear that the claim of complainant union is founded on cogent logic. The granting by the company of severance pay to its employees who leave other than for cause is, in effect, a recognition of their

services worthy of a reward. It can be easily discussed from subject provision the rationale and purpose for the granting of severance pay. The provision aims and intends to provide to the employee and his family financial security, at least during the period immediately following his leaving the company. It will, therefore, be absurd and self-defeating if subject CBA provision will be interpreted otherwise as it is precisely in case of death of the employee that his family needs most the severance benefit or assistance contemplated in the provision under consideration. Needless to state that by reason of death of Calixto Gamboa, Alfredo Rances and Petronio Robles the source of livelihood of their heirs was extinguished. It is only fitting that they should be rewarded in consideration of their length of service, which reward should be extended to their heirs in the form of severance pay.

Anent the contention of respondent that the heirs have already received certain fringe benefits, it should be remembered those were proceeds emanating from insurance contracts. The severance pay being claimed does not spring from said insurance contract but by virtue of a separate provision of the CBA.

Marcopper appealed to the NLRC, which affirmed the decision on October 8, 1987, and denied the motion for reconsideration on January 4, 1988. This petition for certiorari was then filed on the grounds that the NLRC committed grave abuse of discretion in its interpretation of the questioned CBA provision; in not taking into account the various amounts due to Marcopper from the deceased employees which it had written off as an act of compassion and in recognition of the deceased employees' non-entitlement to separation pay; and in disregarding the affidavits of release and quitclaim executed by the heirs of the deceased employees.

The petitioner contends that the clause "who leave the company other than for cause" is clear and unambiguous, leaving no room for interpretation and calling for the application of Article 1370 of the Civil Code, viz.:

Article 1370. If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulation shall control.

x x x

"Leave" should be given a literal or dictionary interpretation as signifying "willful departure with intent to remain away and not temporary absence with intention of returning." [4] The word should be understood as referring to a positive and voluntary act of departure and does not include death, which is involuntary. In fact, the Pilipino equivalent of the word "leave" as used in the official translation of the CBA, is "aalis."

Assuming arguendo that the provision is not really clear, Article 4 of the Labor Code should not have been resorted to as this applies only in case of doubt in the interpretation and implementation of the provisions of the Labor Code and its implementing rules and regulations. The CBA being a contract, the rules embodied in the Civil Code on interpretation of contracts should govern. The intent of the parties should be ascertained by considering relevant provisions of the CBA on the retirement plan, the group life insurance, and bereavement assistance together with Section 1 in the light of Article 1374 of the Civil Code. [5]

The petitioner further points out that aside from dismissal for cause, there are only three modes by which an employer-employee relationship is terminated, to wit, voluntary resignation, retirement and death of the employee. The Labor Code does not require separation pay in these instances, but the CBA corrects the omission by providing for these contingencies. Thus, death benefits consisting of bereavement assistance under Section 5 [6] and insurance proceeds are made available under the group life insurance plan, [7] resignation benefits under Section 1, [8] and retirement benefits under Section 2, [9] of the CBA.

The phrase "other than for cause" in reference to "early retirement" taken in conjunction with "leave" connotes a voluntary, willful and intentional act of separation other than by retirement. If "other than for cause" were construed to include even death, which is involuntary, the reference to early retirement would be meaningless.

The petitioner adds that insurance proceeds are given in case of death to help the family of the deceased. The grant of severance pay in case of death would extend the scope of the benefit beyond its purpose and defeat the intent behind the grant of funeral benefits, retirement benefits and severance coverage in the CBA.

At any rate, it also maintains, the heirs of the deceased have executed quitclaims/releases which now bar them from demanding severance pay.

For their part, the respondents argue that while resignation is a voluntary mode of separation, dismissal on the ground of illness is also provided for in the same Section 1 of Article XII although it is an involuntary mode of separation. Obviously, the word "leave" is used in its generic sense. To grant severance pay to an employee who is dismissed on the ground of illness and to exclude one who dies is to them "a myopic and constricted view." The provision should be interpreted under the spirit that gives life and not the letter that killeth.

The respondents see no reason why the deceased employees should be placed at a disadvantage merely because they did not resign or were dismissed on the ground of illness after having served the company for more than 10 years. If a worker who willingly leaves the company is entitled to severance pay under the CBA, the same benefit should not be denied one, who, through no choice of his own, is separated from employment by reason of death.

They also contend that the NLRC correctly applied not only Article 4 of the Labor Code but also Article 1702 of the Civil Code, which applies not only to labor legislation but also to labor contracts, thus:

Article 1702. In case of doubt, all labor legislation and all labor contracts shall be construed in favor of the safety and decent living for the laborer.

The private respondents point out that there is nothing in the CBA which states that insurance benefits and severance pay are mutually exclusive, unlike retirement and severance pay under Section 2, Article XII. Furthermore, it is the insurance company that pays the insurance benefits while it is the company or employer that is liable for severance benefits. Since the primary purpose of the CBA is to provide more benefits to workers, the contract would be rendered more effectual if the heirs were awarded both insurance benefits and severance pay.

The Solicitor General takes the side of the respondents. He maintains that the clause "who leave the company other than for cause" literally includes death as a manner of leaving the company because death terminates an existing employer-employee relationship. It cannot be validly argued that the leave-taking mentioned in the phrase refers exclusively to voluntary resignation because the very same article is made applicable also to any employee who is dismissed on the ground of illness. As long as he has rendered at least 10 years of service, the employee shall also be entitled to the benefits therein provided although his separation is not voluntary. If the parties to the CBA had really intended a restrictive interpretation of the provision in question, they would have so provided clearly and placed the word voluntarily before the word "leave."

These are the arguments of the parties. Now for the opinion of the Court.

The title of Article XII is SEVERANCE, RETIREMENT AND LIFE INSURANCE.

Severance is "the termination of contractual association (as employment)."[10] Severance pay is defined as "an allowance usually based on length of service that is payable to an employee on severance except usually in case of disciplinary discharge"[11] or as "compensation due an employee upon the severance of his employment status with the employer." [12]

The word leave is defined in Black's Law Dictionary as "willful departure with intent to remain away" and in Webster's as to "desert, abandon, forsake, to terminate association with, quit the service of." Given these definitions, the petitioner argues that death should not be included in the term as this is an involuntary mode of

separation that is covered by another provision of the CBA.

This is a correct conclusion insofar as the word is used in the basic rule embodied in Section 1 of Article XII of the CBA declaring that those entitled to severance pay are regular employees "who leave the COMPANY other than for cause before qualifying for early retirement under the Retirement Plan as provided hereunder, provided, however, that an employee who voluntarily resigns from the COMPANY shall not be entitled to the benefits herein unless he has completed at least ten (10) years of service."

The trouble with the petitioner's contention is that it is a generalization that does not take into account the specific exception thereto that in fact has been clearly expressed also in the same provision of the CBA. The last part of the section reads as follows:

x x x Any dismissal on ground of illness shall be treated in accordance with the provisions of the Labor Code as amended and its implementing rules and regulations except that where an employee who has rendered ten (10) or more years of service to the COMPANY shall be entitled to the above benefit in lieu of what is provided for under the Labor Code.

It would really seem strange, as the private respondent muses, that while an employee who is dismissed for illness may be entitled to severance pay under this exception, he will not be similarly benefited if he dies of that illness during his employment. Death, to be sure, is an involuntary mode of separation. We agree with NAMA-WU, however, that it is covered by the situation contemplated in the above-cited exception, which, if it is to be reasonably interpreted, should include the aggravation of illness. The exception, as we understand it, is intended to provide some measure of relief to the dismissed employee, on the justification that it is not his fault that he is ill and he needs some financial assistance for his cure and treatment. As it is clearly not the worker's fault either if he should die in the course of his employment, nor can it be suggested that he needs in this case less financial assistance, we see no reason why he should be treated differently.

This interpretation need not be based on the rule that doubts on the meaning of labor contracts should be resolved in favor of labor. It is dictated, as we see it, by ordinary logic and by the obvious intent behind the above-quoted exception. The Court will concede that without this exception, the general rule preceding it would have defeated the private respondents' claim for severance pay. But as the petitioner itself correctly contends, the section must be read in its entirety and, indeed, in relation to the rest of the CBA.

It is also our belief, and we so hold, that the quitclaims/releases, while concededly made voluntarily, did not constitute a knowing waiver of the severance pay because the heirs of the deceased employees were not aware at that time that they were entitled to such pay.

We are not persuaded that the insurance benefits should be discounted because they do not come from the insurance company and not the petitioner itself. On the contrary, the private respondents should be properly grateful therefore because these would not have been available at all if the petitioner had not paid the premiums on the group insurance of its employees, who have not contributed a single centavo for such payment. Nevertheless, we agree that the insurance benefits do not exclude the severance pay as there is no clear agreement on that point nor has the petitioner pointed to any law or rule clearly providing for such exclusion.

The Court is convinced that the petitioner has acted in complete good faith in this case and that its position is based on a sincere and even reasonable interpretation of the section in question. To repeat, it should have operated in its favor were it not for the exception embodied therein as we now interpret it. We must add that Marcopper should be commended for its treatment of the heirs of the deceased employees, particularly Rances and Robles, whose respective accountabilities in the amounts of P33,594.68 and P15,739.55 it voluntarily and graciously wrote off as a gesture of good will and generosity. This speaks well of its attitude toward its loyal employees, who

for their part appear to be appreciative enough albeit they cannot yield on this question before us. That is their right, of course. At any rate, the Court is gratified over the intelligent and respectful debate of the parties in their pleadings which it found especially noteworthy for the lack of acrimony and bellicoseness that usually taint adversarial discussions, particularly in labor disputes.

We rule for the private respondents, but not completely. The Court feels that if the private respondents are to be given severance pay, as we here hold, it is only fair that the amounts earlier condoned by the petitioner be also taken into account in the final disposition of the conflicting claims. Thus, even as we disregard the quitclaims of the private respondents on the ground that these did not cover the severance pay, so too must we in fairness deduct such severance pay from the amounts the petitioner has waived in good faith.

The record shows that Robles is entitled to severance pay of P11,508.00 for 12 years service and Rances to P21,096.00 for 18 years service, and that they had outstanding liabilities of P15,739.55 and P33,594.68, respectively, that were condoned by the petitioner. Their severance pay should now be charged against their indebtedness, leaving a balance of P4,231.55 against Robles and P12,498.68, respectively, still due to the petitioner. These are the amounts only that are deemed waived by the petitioner after full settlement of the severance pay of the deceased employees.

WHEREFORE, the petition is DISMISSED and the challenged decision AFFIRMED, but with the modification that the severance pay due to the private respondents is deemed paid and covered by the amounts previously condoned by the petitioner. The severance pay owing to Calixto Gamboa shall be paid in full. No costs.

SO ORDERED.

Narvasa, (Chairman), Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] Rollo, p. 14.

[2] Ibid., pp. 88-90.

[3] Id., p. 104.

[4] Black's Law Dictionary, Revised Fourth Edition, p. 1036 citing Landreth v. Casey, 340 I11. 519. 173 N.E. 84, 85.

[5] Art. 1374. The various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.

[6] Section 5. Bereavement Assistance. The COMPANY will grant the following financial assistance for burial expenses:

(a) For an employee's death P2,000.00

(b) For the death of a spouse or a dependent child as defined in Article XI, Section 2(a) hereof 1,000.00

[7]

ANNEX "B"

GROUP LIFE INSURANCE PLAN WITH ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT

This is a brief description of the group life insurance plan for Marcopper employees. The complete details are in

the Group Life Insurance Policy. All cases under this plan are to be governed by the provisions of this insurance policy.

BASIC INSURANCE

ELIGIBILITY

All regular employees actively at work shall be covered by a non-contributory group insurance plan the insurable amount of which shall be 2-1/2 times the amount of an employee's annual basic salary or wage. The insurable amount shall be rounded off to the nearest P100.00 and the premium shall be borne exclusively by the Company.

[8] Supra.

[9] Section 2. Retirement Plan. The COMPANY will continue with the existing Retirement Plan as referred to in Annex "D." The employee's availment of the retirement benefits under the Retirement Plan does not entitle him to the benefits provided under Section 1 above.

[10] Webster's Third New International Dictionary, 1969 ed., p. 2081.

[11] Ibid.

[12] 48 Am. Jur. 2d., Labor and Labor Relations 1242.

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