Republic of the Philippines
Supreme Court
Manila

EN BANC

OCEANMARINE RESOURCES CORPORATION,	**G.R. No. 236263**
Petitioner,	Present:
- versus -	GESMUNDO, *CJ*, LEONEN, CAGUIOA, HERNANDO, LAZARO-JAVIER, INTING, ZALAMEDA, LOPEZ, M., GAERLAN, ROSARIO, LOPEZ, J., DIMAAMPAO, MARQUEZ, KHO, JR., and SINGH, *JJ.*
JENNY ROSE G. NEDIC, on behalf of her minor son, JEROME NEDIC ELLAO,	
Respondent.	Promulgated:
	July 19, 2022

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D E C I S I O N

ZALAMEDA, *J.*:

Title II, Book IV of the Labor Code on Employees Compensation and State Insurance Fund has already superseded Article 1711 of the Civil Code. Nonetheless, in case an injured worker dies, his or her heirs have a choice of remedy

between filing a compensation claim under the Labor Code or proceeding against the employer in an action for damages under the Civil Code.

The Case

In this Petition for Review on *Certiorari*, petitioner Oceanmarine Resources Corporation (petitioner) assails the Decision[1] dated 19 December 2017 promulgated by the Court of Appeals (CA) in CA-G.R. CV No. 103881 granting the appeal of respondent Jenny Rose G. Nedic (respondent) and awarding her actual damages for the loss of earning capacity of Romeo S. Ellao (Romeo).

Antecedents

The controversy stemmed from a Complaint dated 16 April 2012 filed by respondent on behalf of her minor son, Jerome Nedic Ellao (Jerome), for ₱3,383,640.00 representing the "Lost Future Income" of Jerome's father and her common-law partner, Romeo.[2]

According to the Complaint, Romeo worked as a company driver for petitioner. On or about 02 November 2011, Romeo was instructed to drive for several company employees. They first went to the Allied Bank located along Domestic Road, Pasay City to withdraw money for the company. Thereafter, he was instructed to drive to a Metrobank branch along Roxas Boulevard near the intersection of MIA Road, Parañaque City for another transaction. They then proceeded to a Bank of the Philippine Islands branch in Barangay La Huerta, along Quirino Avenue, Parañaque City. While driving along Bayview Drive in Barangay Tambo, Parañaque City, two (2) unidentified motorcycle-riding assailants stopped the vehicle and shot Romeo to death. The assailants immediately took the bag of money in the vehicle and escaped.[3]

Following Romeo's death, respondent, through her counsel, wrote a letter to petitioner demanding ₱3,382,560.00 in damages by way of loss of future income. Petitioner, through a letter dated 27 January 2012, denied the

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1 *Rollo*, pp. 27-40; penned by Associate Justice Zenaida T. Galapate-Laguilles, and concurred in by Associate Justices Rosmari D. Carandang (now a retired Member of this Court) and Jane Aurora C. Lantion.

2 Id. at 27-28.

3 Id. at 28.

claim for being unfounded and premature since she had yet to be designated as the guardian of Jerome.[4]

Petitioner's refusal prompted respondent to file the present claim under Article 1711 of the Civil Code, which expressly holds owners of enterprises and other employers liable to pay compensation for the death of their employees if the death arose out of and in the course of employment even if it was accidental or entirely due to a fortuitous cause. At the time of his death, Romeo was thirty-three (33) years old.[5]

In its Answer, petitioner denied liability and argued that the complaint had no cause of action. It maintained that it did not commit any act constituting fault or negligence, which was the proximate cause of Romeo's demise. Moreover, cases where indemnity for loss of earning capacity was awarded involved a tortfeasor or a criminal whose act was the proximate cause of the death of the victim under Article 2176 of the Civil Code. These have no application to an employer's liability under Article 1711, which does not even contain the manner of computation of death compensation.[6] Petitioner further argued that Romeo's death had already been compensated under existing labor laws.[7]

Ruling of the Regional Trial Court

The Regional Trial Court (RTC), through its Decision[8] dated 22 September 2014, dismissed respondent's complaint for failure to establish the causal connection between petitioner's negligence and Romeo's death,[9] hence:

> WHEREFORE, based on the foregoing and for failure of the plaintiff to support her allegations with preponderance of evidence, this case is dismissed as well as the defendant's claim.
>
> SO ORDERED.[10]

As ruled by the RTC, the injured laborer has the option to either recover the fixed amounts set by the compensation law or to prosecute an

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4 Id.
5 Id. at 28-29.
6 Id. at 29-30.
7 Id. at 11.
8 RTC records, pp. 497-507; penned by Presiding Judge Noemi J. Balitaan.
9 Id.
10 Id. at 507.

ordinary action against the tortfeasor for higher damages.[11] Respondent, as claimant for damages under the Civil Code, has the burden of proving the causal relation between petitioner's negligence and the resulting injury, as well as damages suffered.[12] However, when asked if there was any fault on the part of petitioner resulting to the death of Romeo, respondent answered that the fault of petitioner was its failure to give assistance to her and her son.[13] Said failure to give assistance cannot sustain the claim for damages since the cause of Romeo's death was an accident.[14]

Ruling of the CA

In the assailed Decision dated 19 December 2017, the CA reversed the RTC's ruling and awarded respondent actual damages for loss of earning capacity:

> **WHEREFORE**, premises considered, the *Appeal* filed by Jenny Rose G. Nedic on 14 November 2014 on behalf of Jerome Nedic Ellao, her minor son with deceased Romeo S. Ellao, is **GRANTED**. The *Decision* rendered by Branch 258 of the Regional Trial Court of Parañaque City on 22 September 2014 is **REVERSED** and **SET ASIDE.**
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> Oceanmarine Resources Corporation is **ORDERED** to pay the amount of PHP1,409,850.00, as actual damages for the loss of Romeo S. Ellao's earning capacity, plus 10% of the amount awarded as attorney's fees, plus costs of suit, with legal interest thereon at 6% per annum computed from the date the judgment of this Court is made until fully satisfied.
>
> **SO ORDERED.**[15]

The CA stated that the trial court directed too much of its attention to the concept of negligence *vis-à-vis* Article 1711 of the Civil Code. However, said provision absolutely makes no mention of the notion of negligence. The provision only requires for the death or personal injury of the employee to have arisen out of and in the course of employment. Citing *Candano Shipping Lines, Inc. v. Sugata-on*[16] (*Candano*), the CA held that the employer's obligation for indemnity automatically attaches so long as the employee died or was injured in the course of employment. Hence, respondent is entitled to the award of actual damages, particularly the award

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[11] Id. at 504.
[12] Id. at 504-505.
[13] Id. at 506.
[14] Id.
[15] *Rollo*, p. 39.
[16] 547 Phil. 131 (2007).

for loss of earning capacity. Based on the formula used by courts to determine net earning capacity, the CA awarded respondent ₱1,409,850.00, as well as attorney's fees, costs of suit, and interest on the monetary award.[17]

Issues

Petitioner now comes before the Court and raises the following issues for this Court's consideration:

> First: That Article 1711 of the Civil Code, which talks of compensation for which [employers] are liable for the death of a (sic) injuries to [an employee], has been repealed by the Labor Code, which was enacted in 1974.
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> Second: That even assuming that there has been no repeal of Art. 1711, nonetheless, as between a general law on workmen's compensation like Article 1711 of the Civil Code which was enacted in 1950, and a special law on compensation like Arts. 166 to 203-A of the Labor Code, which took effect in 1974 as amended, the latter prevails.
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> Third: That the Court of Appeals misappreciated the Candano case.
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> Fourth: That compensation arising from the death of an employee, who left behind an illegitimate minor son, does not pertain exclusively to the latter, but must be shared with the deceased employees' parents, under Art. 991 of the Civil Code.
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> Fifth: That receipt of death benefits by the common law wife of a deceased employee under the Social Security laws bars a second recovery for compensation under the Civil Code.[18]

According to petitioner, Article 1711 of the Civil Code, which is the basis of respondent's complaint, has already been repealed by the Labor Code. Even assuming there was no repeal, Articles 166 to 208-A (now, 172 to 215)[19] of the Labor Code prevail. Moreover, on the assumption that indemnity for loss of earning capacity may be awarded, Jerome must share the money with Romeo's parents, who are also considered as Romeo's heirs.[20] Lastly, the receipt of benefits from the Social Security System (SSS) precludes a second recovery under the Civil Code since the remedies of

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[17] *Rollo*, at pp. 33-39.
[18] Id. at 12.
[19] LABOR CODE OF THE PHILIPPINES (Presidential Decree No. 442 [Amended & Renumbered], 21 July 2015.
[20] *Rollo*, p. 22.

compensation and damages are selective.[21] As respondent had chosen to claim death benefits from the SSS, the claim for damages is already barred.[22]

Respondent counters that Romeo died in the course of his employment with petitioner. Based on Article 1711 of the Civil Code, liability attaches to petitioner even if the cause of death may have been purely accidental or entirely due to a fortuitous case. Thus, she maintains that the CA correctly awarded actual damages, specifically loss of earning capacity, as the cause of death of Romeo was a fortuitous event. Article 1711 of the Civil Code has not been repealed by the Labor Code. Since respondent decided to file the present case under the Civil Code, then such should prevail over the Labor Code. Moreover, indemnity for loss of future income is not considered an inheritance and, thus, need not be divided with Romeo's parents. Further, the receipt of death benefits from the SSS does not bar a recovery under the Civil Code.[23]

The main issue in this case is whether the CA correctly awarded actual damages representing loss of earning capacity based on Article 1711 of the Civil Code.

Ruling of the Court

The petition is partly meritorious.

History of compensation laws in the Philippines

To put things into proper perspective, the Court deems it fitting to discuss the history of compensation laws in the country.

Workmen's compensation legislation has developed as a result of the conditions produced by modern industrial development. It is based on the notion that, in the highly organized and hazardous industries of modern times, the causes of injury are often so obscure and complex that it is usually impossible to ascertain the facts to determine an accurate conclusion and a fair and just judgment.[24] Hence, workmen's compensation is a recognition of

[21] Id. at 8-9 and 137-138.
[22] Id. at 137-138.
[23] Id. at 53-61.
[24] Cesario A. Azucena, Jr., *The Labor Code with Comments and Cases, Volume I: Labor Standards and Welfare*, Eighth Edition (2013), p. 440.

a moral duty and the construction of it into a legal obligation of the public, not only of the employer, to compensate reasonably those who are injured while under the employment of others as part of the natural, necessary cost of production.[25]

On 10 December 1927, the Philippine Legislature enacted the first workmen's compensation legislation, Act No. 3428, otherwise known as the "Workmen's Compensation Act." Section 2 of said Act requires an employer to pay compensation to an employee who suffers personal injury from any accident due to and in pursuance of the employment, or contracts any illness directly caused by, or as a result of, the nature of such employment. However, there can be no compensation if the injuries are caused: (1) by the voluntary intent of the employee to inflict such injury upon himself or another person; (2) by drunkenness on the part of the laborer who had the accident; or (3) by notorious negligence of the same.[26]

The courts were given jurisdiction to hear and decide cases on claims for workmen's compensation.[27] Meanwhile, Section 5 of the Act provided for the exclusiveness provision, which states that rights and remedies granted by the Act to employees by reason of personal injuries entitling them to compensation shall exclude all other rights and remedies accruing to the employees, their personal representatives, dependents, or nearest of kin against the employers under the Civil Code and other laws, because of said injury.[28] Hence, an employee claiming compensation under the Workmen's Compensation Act cannot make other or further claims against his or her employer based on other laws for the same injury.

Three (3) years later, or on 08 December 1930, Act No. 3812[29] was enacted, introducing amendments to the Workmen's Compensation Act, particularly on the following subjects: grounds for compensation; applicability; liability of third parties; death benefit; medical attendance; partial disability; permanent partial disability; payments in lump sum; agreement on compensation; adding a *proviso* to fix the fee of the lawyer contracted by a laborer; notice of accidents; inter-island rule; definitions; and law applicable to small industries.

Section 2 of the Workmen's Compensation Act, as amended by Act No. 3812, provided that, in order for a personal injury of an employee to be compensable, the accident must be one "arising out of and in the course of

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[25] Id., citing *Milwaukee v. Miller*, 154 Wis 652, 144 NW 188.
[26] Workmen's Compensation Act (1927), Sec. 4.
[27] Id. at Sec. 31.
[28] Workmen's Compensation Act, as amended by RA 772, Sec. 46.
[29] Entitled "An Act To Amend Certain Provisions Of The Workmen's Compensation Act, Being Act Numbered Thirty-Four Hundred And Twenty-Eight, And For Other Purposes" approved on 08 December 1930.

the employment." The Court defined the phrase *arising out of the employment* as that "when there is apparent to the rational mind, upon consideration of all of the circumstances, a causal connection between the conditions under which the work is required to be performed and the resulting injury."[30] An accident is considered as *arising in the course of the employment* "when it has occurred within the period of the employment, at a place where the employee may reasonably be and while he [or she] is reasonably fulfilling the duties of his [or her] employment."[31]

On 20 November 1936, Commonwealth Act No. 210[32] further amended the Workmen's Compensation Act covering issues on applicability, death benefit, medical examination, notice of injury and claim, form of notice and claim and definition.

In *Murillo v. Mendoza*,[33] the Court discussed the rationale of the Legislature in enacting the Workmen's Compensation Act, *i.e.*, to secure employees and their dependents against becoming objects of charity by providing a reasonable compensation for accidental calamities that are incidental to their employment. Under the Act, injuries to employees are to be considered as products of the industry, and not as results of fault or negligence. The Court expounded, thus:

> The intention of the Legislature in enacting the Workmen's Compensation Act was **to secure [employees] and their dependents against becoming objects of charity, by making a reasonable compensation for such accidental calamities as are incidental to the employment.** Under such Act injuries to workmen [*sic*] and employees are to be considered no longer as results of fault or negligence, but as the **products of the industry in which the employee is concerned.** Compensation for such injuries is, under the theory of such statute, like any other item in the cost of production or transportation, and ultimately charged to the consumer. The law substitutes for liability for negligence an entirely new conception; that is, that **if the injury arises out of and in the course of the employment, under the doctrine of man's humanity to man [*sic*], the cost of compensation must be one of the elements to be liquidated and balanced in the course of consumption.** In other words, the theory of the law is that, **if the industry produces an injury, the cost of that injury shall be included in the cost of the product of the industry.** Hence the provision that the injury must arise out of and in the course of the employment.[34] (Emphasis supplied, citations omitted)

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30 *Murillo v. Mendoza*, 66 Phil. 689 (1938).

31 Id. at 701.

32 Entitled "An Act to Amend Further Sections Three, Eight, Thirteen, Fourteen, Sixteen, Twenty-Three, Twenty-Four, Twenty-Five and Thirty-Nine of Act Numbered Thirty-Four Hundred and Twenty-Eight, Commonly Known as the Workmen's Compensation Act, as Amended by Act Numbered Thirty-Eight Hundred and Twelve" approved on 20 November 1936.

33 Supra, note 30.

34 Id. at 700.

In the same case, the Court explained that the Workmen's Compensation Act is based on a new theory of compensation, which is distinct from the theory of damages, and payments under the Act are made as compensation, not as indemnity.[35] Thus, the Court pronounced that the Act is in fact a new source of compensation for employees, making an accident, which arose out of or in the course of employment, compensable:

> This court is of the opinion that the Legislature, in enacting the Workmen's Compensation Act and the amendments thereto, intended to **create a new source of compensation in favor of workmen and employees [*sic*], by granting them the right to the compensation, in the cases provided therein, independently of the fault or negligence incurred by the employers.** The rights and responsibilities defined in said Act must be governed by its own peculiar provisions in complete disregard of other similar provisions of the civil as well as the mercantile law. If an accident is compensable under the Workmen's Compensation Act, it must be compensated even when the [employee's] right is not recognized by or is in conflict with other provisions of the Civil Code or of the Code of Commerce. The reason behind this principle is that the Workmen's Compensation Act was enacted by the Legislature in abrogation of the other existing laws. Workmen's compensation acts follow the natural and logical evolution of society and the theory upon which they are based is that each time an employee is killed or injured, **there is an economic loss which must be made up or compensated in some way. The burden of this economic loss should be borne by the industry rather than by society as a whole.** A fund should be provided by the industry from which a fixed sum should be set apart as every accident occurs to compensate the person[s] injured, or [their] dependents, for [] their loss.[36] (Emphasis supplied, citations omitted)

On 30 August 1950, Republic Act (RA) No. 386, or the Civil Code of the Philippines (Civil Code), took effect. Chapter 3 thereof contained provisions on work and labor. Article 1711, Section 2 of the same Chapter provided for the liability of employers to pay compensation for work-related death or injury similar to the Workmen's Compensation Act, *viz:*

> ARTICLE 1711. Owners of enterprises and other employers are obliged to pay compensation for the death of or injuries to their laborers, workmen, mechanics or other employees, even though the event may have been purely accidental or entirely due to a fortuitous cause, if the death or personal injury arose out of and in the course of the employment. The employer is also liable for compensation if the employee contracts any illness or disease caused by such employment or as the result of the nature of the employment. If the mishap was due to the employee's own notorious negligence, or voluntary act, or drunkenness, the employer shall not be liable for compensation. When the employee's lack of due care

[35] Id. at 699.
[36] Id. at 705.

> contributed to his death or injury, the compensation shall be equitably reduced.[37]

The Civil Code did not expressly provide for any repeal or amendment of any of the provisions of the Workmen's Compensation Act despite the inclusion of the aforementioned provision. In including Article 1711, the Civil Code Commission stated that "the present laws on compensation of laborers for accident or illness have been modified so as to extend better protection to laborers,"[38] or simply stated, to cover gaps beyond the reach of the then-prevailing compensation law.

In *Alarcon v. Alarcon,*[39] the Court discussed the social justice intent for Article 1711 of the Civil Code:

> Indeed, said Article 1711 is part of Section 2, Chapter 3, Title VIII of our Civil Code. Speaking about the purpose of said section 2, the Code Commission said:
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> > "The Republic of the Philippines, through the people's constitutional mandate, is definitely committed to the present-day principle of social justice. In keeping with this fundamental policy, the Project of Civil Code, while on the one hand guaranteeing property rights, has on the other seen to it that the toiling masses are assured of a fair and just treatment by capital or management." (Report, p. 13.)
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> Referring particularly to Article 1707 of said Code, which is part of the aforementioned section 2, the Commission expressed itself as follows:
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> > "By virtue of this new lien, the laborers who are not paid by an unscrupulous and irresponsible industrialist or manager may by legal means have the goods manufactured through the sweat of their brow, sold and out of the proceeds get their salary, returning the excess, if any. . . ." (Report, p. 14.)[40]

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[37] CIVIL CODE OF THE PHILIPPINES (Republic Act No. 386), 18 June 1949.

[38] Ateneo Law Journal, Volume 8 (1958), Rodolfo C. General, *The Workmen's Compensation Act Revisited,* p. 132, citing Commission's Report of Civil Code (1947), 14; http://ateneolawjournal.com/Media/uploads/c8ad9771095be5d1bfac418d39db5cc1.pdf (visited 27 July 2021).

[39] 112 Phil. 389 (1961).

[40] Id. at 392.

On 20 June 1952, RA 772[41] was enacted, further amending the Workmen's Compensation Act. Among others, Section 2 was amended to make illnesses "aggravated by the nature" of the employment compensable. It likewise provided that the right to compensation shall not be defeated or impaired if the death, injury, or disease was due to the negligence of a fellow servant or employee, without prejudice to the right of the employer to proceed against the negligent party.[42]

RA 772 added, among others, Section 7-A to the Workmen's Compensation Act, which created the Office of the Workmen's Compensation Commissioner under the Department of Labor.[43] Said office took over the existing Workmen's Compensation Division in the Bureau of Labor and assumed exclusive jurisdiction to hear and decide claims for compensation under the Act, subject to appeal to the Supreme Court.[44] Thus, jurisdiction over claims for compensation under the Workmen's Compensation Act, as amended, was transferred from the courts to the Office of the Workmen's Compensation Commissioner.

Likewise, RA 772 included Section 43 of the Workmen's Compensation Act, which created the principle of presumption of compensability in the absence of substantial evidence to the contrary. The claimant was thus relieved of the duty to prove causation because it was legally presumed that the illness arose out of employment, and the burden of proof to establish its non-compensability was shifted to the employer.[45]

Meanwhile, RA 772 also amended the second paragraph of Section 5[46] of the Workmen's Compensation Act. The first paragraph of Section 5, which provides for the exclusiveness provision, was retained by RA 722 without any modification. Thus, the amended Section 5 reads:

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[41] An Act To Further Amend Act Numbered Three Thousand Four Hundred And Twenty-Eight, "An Act Prescribing The Compensation To Be Received By Employees For Personal Injuries, Death Or Illness Contracted In The Performance Of Their Duties", As Amended By Act Numbered Three Thousand Eight Hundred And Twelve And By Commonwealth Act numbered Two Hundred And Ten Providing For Its Administration By A Workmen's Compensation Commissioner; And Prescribing His Powers And Duties (20 June 1952).

[42] Workmen's Compensation Act, as amended, Sec. 2.

[43] Republic Act 772, Sec. 6.

[44] Id. at Sec. 46.

[45] *Balanga v. Workmen's Compensation Commission*, 173 Phil. 132, 135 (1978).

[46] SECTION 5. Exclusive Right to Compensation. — The right and remedies granted by this Act to an employee by reason of a personal injury entitling him to compensation shall exclude all other rights and remedies accruing to the employee, his personal representatives, dependents or nearest of kin against the employer under the Civil Code and other laws, because of said injury.

Employers contracting laborers in the Philippine Islands for work outside the same may stipulate with such laborers that the remedies prescribed by this Act shall apply exclusively to injuries received outside the Islands through accidents happening in and during the performance of the duties of the employment; and all service contracts made in the manner prescribed in this section shall be presumed to include such agreement.

> Sec. 5. Exclusive right to compensation. — The rights and remedies granted by this Act to an employee by reason of a personal injury entitling him to compensation shall exclude all other rights and remedies accruing to the employee, his personal representatives, dependents or nearest of kin against the employer under the Civil Code and other laws, because of said injury.
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> Employers contracting laborers in the Philippine Islands for work outside the same shall stipulate with such laborers that the remedies prescribed by this Act shall apply to injuries received outside the Islands through accidents happening in and during the performance of the duties of the employment. Such stipulation shall not prejudice the right of the laborers to the benefits of the Workmen's Compensation Law of the place where the accident occurs, should such law be more favorable to them.[47]

Accordingly, the rights and remedies of an employee for compensation under the Workmen's Compensation Act continued to exclude all other rights and remedies under other laws for the same injury.

On 19 June 1953, RA 889[48] was enacted to amend Sections 54 (contribution of insurance carriers and uninsured employees) and 55 (expenses of administration), and to add Sections 56 (registration of employers) and 57 (general penalty) to the Workmen's Compensation Act.

Later, RA 4119,[49] which took effect on 20 June 1964, amended Section 1 of the Workmen's Compensation Act making said law applicable not only to industrial employees, but to "all employees in industrial, commercial and agricultural establishments and in religious, charitable and educational institutions, hereinafter specified." Section 2 was likewise amended to make the Act applicable to all officials, employees, and laborers in the service of the National Government and its political subdivisions and instrumentalities, in addition to the benefits they are entitled to under the Government Service Insurance System (GSIS).

RA 4119 also amended Section 4-A of the Act, which provided for an additional fifty percent (50%) compensation if the employee's death, injury, or sickness was due to the failure of the employer to comply with any law, or with any order, rule or regulation of the Workmen's Compensation

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[47] Republic Act 772, Amendment to Act No. 3428 Re: Employee Compensation for Personal Injuries, Death or Illness, 20 June 1952, Sec. 5.

[48] An Act to Further Amend Act Numbered Three Thousand Four Hundred and Twenty-Eight, Entitled "An Act Prescribing the Compensation to be Received by Employees for Personal Injuries, Death or Illness Contracted in the Performance of Their Duties", as Amended by Act Numbered Three Thousand Eight Hundred and Twelve, by Commonwealth Act Numbered Two Hundred and Ten and by Republic Act Numbered Seven Hundred and Seventy-Two (19 June 1953).

[49] Entitled "An Act To Further Amend Certain Sections Of Act Numbered Thirty-Four Hundred And Twenty-Eight, Otherwise Known As The Workmen's Compensation Act, As Amended." Approved: 20 June 1964.

Commission or the Bureau of Labor Standards, or if the employer fails to install and maintain safety appliances or take other precautions for the prevention of accidents or occupational disease.

Further, RA 4119 amended Section 7-A of the Workmen's Compensation Act to create the Bureau of Workmen's Compensation and the Workmen's Compensation Commission, which assumed the jurisdiction, powers, and duties of the Office of the Workmen's Compensation Commissioner.

On Labor Day of 1974, Presidential Decree No. (PD) 442, otherwise known as the Labor Code of the Philippines (Labor Code), was signed into law. The Labor Code took effect on 01 November 1974 and the Workmen's Compensation Act was repealed and replaced by Title II, Book IV of the Labor Code covering Employees Compensation and State Insurance Fund.

Article 173 of the Labor Code contained the counterpart provision for Section 5 of the Workmen's Compensation Act, thus:

> ARTICLE 173. Exclusiveness of liability. — Unless otherwise provided by law, the liability of the System under this Title shall be exclusive and in place of all other liabilities of the employer to the employee, his legal representative, dependents or nearest of kin or anyone otherwise entitled to receive damages under the Civil Code on account of such injury or death.
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> In the case of government employees, the right to compensation under this Title shall be a bar to the recovery of benefits for the same injuries or death provided for in Section 699 of the Revised Administrative Code, as amended, and other existing laws, except those granted by the Government Service Insurance System.

To allow the concerned agencies to perfectly implement and coordinate the grant of the benefits provided in Title II, Book IV of the Labor Code, PD 626 was issued on 27 December 1974, amending certain provisions and moving to 01 January 1975 the effectivity of said title.[50]

Title II, Book IV of the Labor Code covering Employees Compensation and State Insurance Fund was enacted to promote and develop a tax-exempt employees' compensation program whereby employees and their dependents may promptly secure adequate income benefit, and medical or related benefits in the event of work-connected

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[50] Amending Certain Articles of the Labor Code, Presidential Decree No. 626, 27 December 1974; *See also* Presidential Decree 626, Sec. 7.

disability or death.[51] The validity and constitutionality of PD 626 was later upheld in *Sarmiento v. Employees' Compensation Commission.*[52]

In *De Jesus v. Employees' Compensation Commission,*[53] the Court described the new system of employees' compensation established under the Labor Code, thus:

> **The new law establishes a state insurance fund built up by the contributions of employers based on the salaries of their employees. The injured worker does not have to litigate his right to compensation. No employer opposes [the] claim. There is no notice of injury nor requirement of controversion. The sick worker simply files a claim with a new neutral Employees' Compensation Commission which then determines on the basis of the employee's supporting papers and medical evidence whether or not compensation may be paid. The payment of benefits is more prompt. The cost of administration is low. The amount of death benefits has also been doubled.**
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> On the other hand, **the employer's duty is only to pay the regular monthly premiums to the scheme.** It does not look for insurance companies to meet sudden demands for compensation payments or set up its own funds to meet these contingencies. It does not have to defend itself from spuriously documented or long past claims.
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> The new law applies the **social security principle** in the handling of [employees'] compensation. The Commission administers and settles claims from a fund under its exclusive control. The employer does not intervene in the compensation process and it has no control, as in the past, over payment of benefits. The open-ended Table of Occupational Diseases requires no proof of causation. A covered claimant suffering from an occupational disease is automatically paid benefits.
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> Since there is no employer opposing or fighting a claim for compensation, the rules on presumption of compensability and controversion cease to have importance. **The lopsided situation of an employer versus one employee, which called for equalization through the various rules and concepts favoring the claimant, is now absent.**[54] (Emphasis supplied)

As such, instead of imposing direct liability upon the employer for compensation for work-related disability or death, the State Insurance Fund shall pay for such compensation. Meanwhile, employers' liability for compensation was replaced with an obligation to register and remit to the System a contribution equivalent to one percent (1%) of the employee's

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[51] LABOR CODE, Art. 166 (now Article 172).
[52] 244 Phil. 323 (1988).
[53] 226 Phil. 33 (1986).
[54] Id.

monthly salary credit.[55] This provides the employees a remedy that is both expeditious and independent of proof of fault, and the employers a limited and determinate liability. It also helps improve the relations between employers and employees by avoiding and reducing the friction and discord incident to litigation.[56]

Under Article 184 (formerly Article 178) of the Labor Code, the administering System, which is either the SSS or the GSIS, shall have original and exclusive jurisdiction to settle any dispute arising from the Code's Title II with respect to coverage, entitlement to benefits, collection and payment of contributions and penalties thereon, or any other matter related thereto, subject to appeal to the Employees' Compensation Commission (ECC). This is a continuation of the policy and procedure under the old Workmen's Compensation Act, as amended, which removed the jurisdiction over claims for compensation from the courts. Its purpose is to avoid the uncertainties, delays, expenses, and hardships usually attendant upon enforcement of court remedies.[57]

The Labor Code abandoned the legal presumption of compensability and the rule on aggravation of illness caused by the nature of employment provided for under the Workmen's Compensation Act. Under Article 173(L) (formerly Article 167(L)) of the Labor Code and Section 1(b), Rule III of the Amended Rules on Employees' Compensation, a worker or employee's sickness must be the result of an occupational disease listed under Annex "A" of the Rules in order for the sickness and the resulting disability or death to be compensable. Otherwise, proof is necessary to show that the working conditions of the worker or employee increased the risk of contracting the disease.[58] The purpose of such change was "to restore a sensible equilibrium between the employer's obligation to pay workmen's compensation and the employee's right to receive reparation for work-connected death or disability."[59] This is likewise in line with the principle that workmen's compensation cases should not be decided "from a sympathetic point of view which the working class well deserves, but in accordance with the proven facts and the law applicable thereto."[60]

Nonetheless, despite the abandonment of such presumption and rule, it is the policy of the Labor Code that all doubts in the implementation and interpretation of its provisions and its implementing rules and regulations must be resolved in favor of labor.[61] The liberality of the law in favor of the

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[55] LABOR CODE, Art. 183 (now Art. 189).

[56] Cesario A. Azucena, Jr., *The Labor Code with Comments and Cases, Volume I: Labor Standards and Welfare*, Eighth Edition (2013), p. 441.

[57] Id.

[58] Id.

[59] *Dabatian v. Government Service Insurance System*, 233 Phil. 118, 123 (1987).

[60] *Social Security System v. Court of Appeals*, 257 Phil. 838, 843 (1989).

[61] LABOR CODE, as amended, Article 4.

employee still subsists, and the ECC, as the agent charged by law to implement social justice guaranteed and secured by the Constitution, "should adopt a liberal attitude in favor of the employee in deciding claims for compensability."[62] Liberal interpretation of the compensation law gives effect to its compassionate spirit as a social legislation.[63]

PD 626 also amended the provision on exclusiveness of liability, thus:

> Article 171. Exclusiveness of liability. — Unless otherwise provided, the liability of the State Insurance Fund under this Title shall be exclusive and in place of all other liabilities of the employer to the employee, his dependents or anyone otherwise entitled to receive damages on behalf of the employee or his dependents. The payment of compensation under this Title **shall bar the recovery** of benefits as provided for in Section 699 of the Revised Administrative Code, Republic Act Numbered eleven hundred sixty-one, as amended, Commonwealth Act numbered one hundred eighty-six, as amended, Republic Act numbered sixty-one hundred eleven, as amended, Republic Act numbered six hundred ten, as amended, Republic Act numbered forty-eight hundred sixty-four, as amended, and other laws whose benefits are administered by the System, during the period of such payment for the same disability or death, and conversely. (Emphasis supplied)

The foregoing provision was amended and renumbered as Article 173 by PD 1921 on 01 June 1984, which introduced further amendments to Title II of the Labor Code. At present, Article 179 (formerly Article 173)[64] of the Labor Code states that "[t]he payment of compensation under this Title shall **not** bar the recovery of benefits" provided in the enumerated laws.

Implied repeal of Article 1711 of the Civil Code by the Labor Code

In the absence of an express repeal of the provisions of the Civil Code on employees' compensation and claims, confusion arose as to the effect of acceptance of benefits under the Workmen's Compensation Act (now, the Labor Code) on the right to sue for additional amounts under the Civil Code.

The Court, in *Robles v. Yap Wing*[65] (*Robles*), initially held that claims for damages sustained by employees in the course of their employment

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62 *Lazo v. Employees' Compensation Commission*, 264 Phil. 953, 959 (1990).

63 Id. at 956, citing *Vda. de Clemente v. Workmen's Compensation Commission*, 243 Phil. 23 (1988).

64 The provision was further renumbered pursuant to the DOLE Department Advisory No. 01, Series of 2015, entitled "Renumbering of the Labor Code of the Philippines, as Amended."

65 *Robles v. Yap Wing*, 148-B Phil. 743 (1971).

could only be filed under the Workmen's Compensation Act to the exclusion of all further claims under any other law.

However, the Court later abandoned *Robles* through *Floresca v. Philex Mining Corp.*[66] (*Floresca*), and categorically gave the worker a choice to invoke either the prevailing worker's compensation law or the provisions of the Civil Code, subject to the consequence that the choice of one remedy will exclude the other. Save for recognized exceptions, the acceptance of compensation under the remedy chosen will preclude a claim for additional benefits under the other remedy.[67] The Court also discussed the difference between "compensation" and "damages" and the corresponding claims under the then-Workmen's Compensation Act and the Civil Code:

> The rationale in awarding compensation under the Workmen's Compensation Act differs from that in giving damages under the Civil Code. **The compensation acts are based on a theory of compensation distinct from the existing theories of damages, payments under the acts being made as compensation and not as damages** (99 C.J.S. 53). **Compensation is given to mitigate the harshness and insecurity of industrial life for the workman and his family. Hence, an employer is liable whether negligence exists or not since liability is created by law. Recovery under the Act is not based on any theory of actionable wrong on the part of the employer** (99 C.J.S. 36).
>
> In other words, **under the compensation acts, the employer is liable to pay compensation benefits for loss of income, as long as the death, sickness or injury is work-connected or work-aggravated, even if the death or injury is not due to the fault of the employer** (Murillo vs. Mendoza, 66 Phil. 689). On the other hand, **damages are awarded to one as a vindication of the wrongful invasion of his rights. It is the indemnity recoverable by a person who has sustained injury either in his person, property or relative rights, through the act or default of another** (25 C.J.S. 452).
>
> **The claimant for damages under the Civil Code has the burden of proving the causal relation between the defendant's negligence and the resulting injury as well as the damages suffered. While under the Workmen's Compensation Act, there is a presumption in favor of the deceased or injured employee that the death or injury is work-connected or work-aggravated; and the employer has the burden to prove otherwise** (De los Angeles vs. GSIS, 94 SCRA 308; Cariño vs. WCC, 93 SCRA 551; Maria Cristina Fertilizer Corp. vs. WCC, 60 SCRA 228).
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> x x x x
>
> Moreover, **under the Workmen's Compensation Act, compensation benefits should be paid to an employee who suffered an**

[66] 220 Phil. 533 (1985).

[67] *Marcopper Mining Corp. v. Abeleda*, 247 Phil. 279 (1988).

> **accident not due to the facilities or lack of facilities in the industry of his employer but caused by factors outside the industrial plant of his employer. Under the Civil Code, the liability of the employer, depends on breach of contract or tort.** The Workmen's Compensation Act was specifically enacted to afford protection to the employees [.] It is a social legislation designed to give relief to the [employee] who has been the victim of an accident causing his [or her] death or ailment or injury in the pursuit of his [or her] employment (Abong vs. WCC, 54 SCRA 379).[68] (Emphasis supplied)

The ruling in *Floresca* providing the injured workers or their heirs a choice of remedy was reiterated in *Ysmael Maritime Corporation v. Avelino*[69] *(Ysmael Maritime)*. The Court addressed the exclusivity provision of Section 5 of the Workmen's Compensation Act as restated in Article 179 (formerly Article 173) of the Labor Code, hence:

> At issue is the exclusory provision of Section 5 of the Workmen's Compensation Act reiterated in Article 173 of the Labor Code.
>
> > "Sec. 5. *Exclusive right to compensation.* — The rights and remedies granted by this Act to an employee by reason of a personal injury entitling him to compensation shall exclude all other rights and remedies accruing to the employee, his personal representatives, dependents or nearest of kin against the employer under the Civil Code and other laws, because of said injury.
> >
> > "Art. 173. *Exclusive of liability.* — Unless otherwise provided, the liability of the State Insurance Fund under this Title shall be exclusive and in place of all other liabilities of the employer to the employee, his dependents or anyone otherwise entitled to receive damages on behalf of the employee or his dependents. The payment of compensation under this Title shall bar the recovery of benefits as provided for in Section 699 of the Revised Administrative Code, Republic Act No. 1161, as amended, Commonwealth Act No. 186, as amended, Republic Act No. 610, as amended, Republic Act No. 4864 as amended, and other laws whose benefits are administered by the System, during the period of such payment for the same disability or death, and conversely."
>
> Petitioner invokes the case of *Robles vs. Yap Wing*, L-20442, October 4, 1971, 41 SCRA 267, to support its contention that all claims for death or injuries by employees against employers are exclusively cognizable by the Workmen's Compensation Commission regardless of the causes of said death or injuries. That case no longer controls.

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[68] *Floresca v. Philex Mining Corp.*, supra note 66, at 547-549.
[69] 235 Phil. 324 (1987).

> In the recent case of *Floresca vs. Philex Mining Company*, L-30642, April 30, 1985, 136 SCRA 141, involving a complaint for damages for the death of five miners in a cave-in on June 28, 1967, this Court was confronted with three divergent opinions on the exclusivity rule as presented by several *amici curiae*. One view is that the injured employee or his [or her] heirs, in case of death, may initiate an action to recover damages [not compensation under the Workmen's Compensation Act] with the regular courts on the basis of negligence of the employer pursuant to the Civil Code. Another view, as enunciated in the *Robles* case, is that the remedy of an employee for work-connected injury or accident is exclusive in accordance with Section 5 of the WCA. **A third view is that the action is selective and the employee or his [or her] heirs have a choice of availing themselves of the benefits under the WCA or of suing in the regular courts under the Civil Code for higher damages from the employer by reason of his negligence. But once the election has been exercised, the employee[s] or [their] heirs are no longer free to opt for the other remedy. In other words, the employee cannot pursue both actions simultaneously. This latter view was adopted by the majority in the *Floresca* case, reiterating as main authority its earlier decision in *Pacaña vs. Cebu Autobus Company*, L-25382, April 30, 1982, 32 SCRA 442. In so doing, the Court rejected the doctrine of exclusivity of the rights and remedies granted by the WCA as laid down in the *Robles* case.** Three justices dissented.
>
> It is readily apparent from the succession of cases dealing with the matter at issue ** that this Court has vacillated from one school of thought to the other. Even now, the concepts pertaining thereto have remained fluid. But unless and until the *Floresca* ruling is modified or superseded, and We are not so inclined, it is deemed to be the controlling jurisprudence vice the *Robles* case.[70] (Emphasis supplied)

In *Marcopper Mining Corp. v. Abeleda,*[71] the Court restated the exception when a claimant paid under the compensation laws may still sue under the Civil Code, thus:

> In the *Robles* case, it was held that claims for damages sustained by workers in the course of their employment could be filed only under the Workmen's Compensation Law, to the exclusion of all further claims under other laws. In *Floresca*, this doctrine was abrogated in favor of the new rule that the claimants may invoke either the Workmen's Compensation Act or the provisions of the Civil Code, subject to the consequence that the choice of one remedy will exclude the other and that the acceptance of compensation under the remedy chosen will preclude a claim for additional benefits under the other remedy. **The exception is where a claimant who has already been paid under the Workmen's Compensation Act may still sue for damages under the Civil Code on the basis of supervening facts or developments occurring after he opted for the first remedy.** (Emphasis supplied)

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[70] Id. at 328-329.

[71] Supra note 67.

Later, in *Limquiaco, Jr. v. Judge Ramolete,*[72] the Court reaffirmed the rule now obtaining in workmen's compensation cases, which is for the employee or his or her heirs, in case of death, to have the option to claim compensation from the employer under the Labor Code or proceed against the employer as a tortfeasor in an ordinary action for damages before the regular courts. Once an election has been exercised, the employee, or his or her heirs, are no longer free to opt for the other remedy. Both remedies cannot also be pursued simultaneously.[73]

From the foregoing cases, the Court takes this opportunity to clarify that the intent in *Floresca* was to allow the choice of recovery of **damages** under the Civil Code based on negligence or breach of contract despite the exclusivity provision in Article 179 (formerly Article 173) of the Labor Code, *viz:*

> Article 173 of the New Labor Code does not repeal expressly nor impliedly the applicable provisions of the New Civil Code, because said Article 173 provides:
>
> > "Art. 173. *Exclusiveness of liability.* — Unless otherwise provided, the *liability of the State Insurance Fund under this Title shall be exclusive* and in place of all other liabilities of the employer to the employee, his dependents or anyone otherwise entitled to receive damages on behalf of the employee or his dependents. The *payment of compensation under this Title shall bar the recovery of benefits as provided for in Section 699 of the Revised Administrative Code, Republic Act Numbered Eleven hundred sixty-one,* as amended, *Commonwealth Act Numbered One hundred eighty-six,* as amended, *Commonwealth Act Numbered Six hundred ten,* as amended, *Republic Act Numbered Forty-eight hundred Sixty-four,* as amended, *and other laws whose benefits are administered by the System,* during the period of such payment for the same disability or death, and conversely."
>
> As above-quoted, Article 173 of the New Labor Code expressly repealed only Section 699 of the Revised Administrative Code, RA 1161, as amended, C.A. No. 186, as amended, RA 610, as amended, RA 4864, as amended, and all other laws whose benefits are administered by the System (referring to the GSIS or SSS).
>
> Unlike Section 5 of the Workmen's Compensation Act as afore-quoted, Article 173 of the New Labor Code does not even remotely, much less expressly, repeal the New Civil Code provisions heretofore quoted.

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[72] 240 Phil. 165 (1987).
[73] Id. at 171.

It is patent, therefore, that recovery under the New Civil Code for damages arising from negligence, is not barred by Article 173 of the New Labor Code. And the damages recoverable under the New Civil Code are not administered by the System provided for by the New Labor Code, which defines the "System" as referring to the Government Service Insurance System or the Social Security System (Art. 167 [c], [d] and [e] of the New Labor Code).

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The afore-quoted provisions of Section 5 of the Workmen's Compensation Act, before and after it was amended by Commonwealth Act No. 772 on June 20, 1952, limited the right of recovery in favor of the deceased, ailing or injured employee to the compensation provided for therein. Said Section 5 was not accorded controlling application by the Supreme Court in the 1970 case of Pacaña vs. Cebu Autobus Company (32 SCRA 442) when WE ruled that **an injured worker has a choice of either to recover from the employer the fixed amount set by the Workmen's Compensation Act or to prosecute an ordinary civil action against the tortfeasor for greater damages; but he cannot pursue both courses of actiou simultaneously.** Said Pacaña case penned by Mr. Justice Teehankee, applied Article 1711 of the Civil Code as against the Workmen's Compensation Act, reiterating the 1969 ruling in the case of Valencia vs. Manila Yacht Club (28 SCRA 724, June 30, 1969) and the 1958 case of Esguerra vs. Muñoz Palma (104 Phil. 582), both penned by Justice J.B.L. Reyes. Said Pacaña case was concurred in by Justices J.B.L. Reyes, Dizon, Makalintal, Zaldivar, Castro, Fernando and Villamor.

Since the first sentence of Article 173 of the New Labor Code is merely a re-statement of the first paragraph of Section 5 of the Workmen's Compensation Act, as amended, and does not even refer, neither expressly nor impliedly, to the Civil Code as Section 5 of the Workmen's Compensation Act did, with greater reason said Article 173 must be subject to the same interpretation adopted in the cases of Pacaña, Valencia and Esguerra aforementioned as the doctrine in the aforesaid three (3) cases is faithful to and advances the social justice guarantees enshrined in both the 1935 and 1973 Constitutions.

It should be stressed likewise that there is no similar provision on social justice in the American Federal Constitution, nor in the various state constitutions of the American Union. Consequently, the restrictive nature of the American decisions on the Workmen's Compensation Act cannot limit the range and compass of OUR interpretation of our own laws, especially Article 1711 of the New Civil Code, vis-à-vis Article 173 of the New Labor Code, in relation to Section 5 of Article II and Section 6 of Article XIV of the 1935 Constitution then, and now Sections 6, 7 and 9 of the Declaration of Principles and State Policies of Article II of the 1973 Constitution.[74] (Emphasis supplied)

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[74] *Floresca v. Philex Mining Corp.*, supra note 66, at 555-557.

However, the Court notes that *Floresca* unwittingly digressed in the above analysis of Article 1711 of the Civil Code *vis-à-vis* the applicable provisions of the Labor Code on Employees Compensation and State Insurance Fund.

Floresca's discussion on Article 1711 of the Civil Code was sparked by the case of *Pacaña v. Cebu Auto-Bus Co.*,[75] (*Pacaña*) wherein the plaintiff driver had eyesight issues that caused him to be permanently disabled to work. Said plaintiff filed a case in the ordinary civil courts for separation pay, sick leave pay, vacation leave pay, overtime pay, permanent disability compensation benefits, moral damages, and attorney's fees against his employer. The Court, in upholding the jurisdiction of the lower court to decide plaintiff's claim under Article 1711, stated that there may be cases where a claimant may be constrained to invoke the provisions of Article 1711 "due to his prosecution of various other money claims, such as separation pay, accrued sick and vacation leave pay, and overtime pay during his employment, which do not fall under the purview of the Workmen's Compensation Act."[76]

Suffice to say that, based on the ruling in *Pacaña*, filing a case for "various other money claims" under Article 1711 of the Civil Code is now unsuited due to the enactment of the Labor Code, which vested the Labor Arbiter with authority to hear and decide employment-related cases and claims.[77] Moreover, the concept of compensation and damages, as previously discussed, are essentially different insofar as labor is concerned. Article 1711 of the Civil Code involves the payment of compensation, which is now

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[75] 143 Phil. 440 (1970).

[76] Id. at 448.

[77] ARTICLE 224. [217] Jurisdiction of the Labor Arbiters and the Commission. — (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:
(1) Unfair labor practice cases;
(2) Termination disputes;
(3) If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;
(4) Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations;
(5) Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and
(6) Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied with a claim for reinstatement.
(b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters.
(c) Cases arising from the interpretation or implementation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.

effectively remunerated through the State Insurance Fund as mandated by the Labor Code. Said provision has nothing to do with compensatory damages, which is recoverable in an action at law for breach of contract or for a tort. Indeed, petitioner-heirs in *Floresca* filed their claim for actual, moral, and exemplary damages against the employer of the deceased miners citing Articles 2176,[78] 2178,[79] 2201[80] and 2231[81] of the Civil Code, and not Article 1711 of the same Code.[82]

Moreover, PD 1368, which further amended certain provisions of Title II, Book IV of the Labor Code, also added Article 208-A (now, Article 215) to said title providing for the repeal of inconsistent laws, hence:

> SECTION 9. A new article is hereby added after Art. 208 of the Labor Code, as amended, to read as follows:
>
> "Art. 208-A. *Repeal of laws.* — **All existing laws, Presidential Decrees and Letters of Instructions which are inconsistent with or contrary to this Decree, are hereby repealed:** *Provided,* That in the case of GSIS, conditions for entitlement to benefits shall be governed by the Labor Code, as amended: *Provided, However,* That the formulas for computation of benefits shall be those provided for under Commonwealth Act numbered one hundred eighty-six, as amended by Presidential Decree No. 1146, plus fifteen percent thereof."[83] (Emphasis supplied)

This article is a general repealing provision, which is a clause predicating the intended repeal under the condition that a **substantial conflict** must be found in existing or prior acts. Since there was no specific or express repealing clause found in Title II, Book IV of the Labor Code, the intent was not to repeal any existing law, **unless an irreconcilable inconsistency and repugnancy exists in the terms of the new and old laws.**[84]

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[78] Art. 2176. Whoever by act or omission causes damage to another, there being fault or negligence, is obliged to pay for the damage done. Such fault or negligence, if there is no pre-existing contractual relation between the parties, is called a quasi-delict and is governed by the provisions of this Chapter.

[79] Art. 2178. The provisions of Articles 1172 to 1174 are also applicable to a quasi-delict.

[80] Art. 2201. In contracts and quasi-contracts, the damages for which the obligor who acted in good faith is liable shall be those that are the natural and probable consequences of the breach of the obligation, and which the parties have foreseen or could have reasonably foreseen at the time the obligation was constituted.

In case of fraud, bad faith, malice or wanton attitude, the obligor shall be responsible for all damages which may be reasonably attributed to the non-performance of the obligation.

[81] Art. 2231. In quasi-delicts, exemplary damages may be granted if the defendant acted with gross negligence.

[82] *Floresca v. Philex Mining Corp.*, supra note 66.

[83] Amending Title II, Book IV of the Labor Code, Presidential Decree No. 1368, 01 May 1978.

[84] *Alliance of Non-Life Insurance Workers of the Philippines v. Mendoza*, G.R. No. 206159, 26 August 2020.

The concept of a repeal by implication was discussed by the Court in *Alliance of Non-Life Insurance Workers of the Philippines v. Mendoza,*[85] in the following manner:

> Repeal by implication proceeds on the premise that where a statute of later date clearly reveals an intention on the part of the legislature to abrogate a prior act on the subject, that intention must be given effect. Hence, before there can be a repeal, there must be a clear showing on the part of the lawmaker that the intent in enacting the new law was to abrogate the old one. The intention to repeal must be clear and manifest; otherwise, at least, as a general rule, the later act is to be construed as a continuation of, and not a substitute for, the first act and will continue so far as the two acts are the same from the time of the first enactment.
>
> *There are two categories of repeal by implication. The first is where provisions in the two acts on the same subject matter are in an irreconcilable conflict,* the later act to the extent of the conflict constitutes an implied repeal of the earlier one. *The second is if the later act covers the whole subject of the earlier one and is clearly intended as a substitute, it will operate to repeal the earlier law.*
>
> Implied repeal by irreconcilable inconsistency takes place when the two statutes cover the same subject matter; they are so clearly inconsistent and incompatible with each other that they cannot be reconciled or harmonized; and both cannot be given effect, that is, that one law cannot he enforced without nullifying the other.

Comparing Article 1711 of the Civil Code and Title II, Book IV of the Labor Code, it is apparent that both kinds of implied repeal exist. The Labor Code, as amended by PD 626, covers the whole subject matter of compensation for work-related injury or death of an employee and provides the system for which an injured or deceased worker is compensated. The provisions in Title II, Book IV were clearly intended as the controlling law for payment of compensation for all work-related injury or death as even specific rules, such as the Amended Rules on Employees' Compensation,[86] was issued in support thereto.

Moreover, Article 1711 of the Civil Code and Title II, Book IV of the Labor Code are irreconcilably inconsistent. The former law makes the employer directly liable for the payment of compensation for work-related injuries or death, which occurs through no fault of the employer, while the latter law has effectively shifted the liability for said injury or death to the State Insurance Fund.

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[85] Id.

[86] Amended Rules on Employees' Compensation (Rev. 2014), 21 July 1987.

In fact, the Court, in *Alarcon v. Alarcon,*[87] asserted that Article 1711 of the Civil Code merely states the philosophy underlying the Workmen's Compensation Act and must be interpreted in relation thereto by virtue of Article 2196 of the Civil Code, which states:

> Art. 2196. The rules under this Title are without prejudice to special provisions on damages formulated elsewhere in this Code. **Compensation for workmen and other employees in case of death, injury or illness is regulated by special laws.** Rules governing damages laid down in other laws shall be observed insofar as they are not in conflict with this Code. (Emphasis supplied)

Further, in *Generoso v. Universal Textile Mills Inc.*,[88] the Court stated that the special law regulating compensation for working men in case of death referred to under Article 2196 of the Civil Code "used to be Act No. 3428 as amended **but which are now found in the Labor Code.**"[89]

The above analysis espouses the understanding that Article 1711 of the Civil Code must give way to the law on Employees Compensation and State Insurance Fund established by the Labor Code. This interpretation is in accordance with the basic tenet in statutory construction decreeing the prevalence of a special law over a general law, regardless of the laws' respective dates of passage.[90] Here, not only was Title II, Book IV of the Labor Code enacted later than Article 1711 of the Civil Code, but it is also a special law covering employee compensation for work-related injury or death.

Given the irreconcilable inconsistency between the aforesaid laws and their nature as special law and general law, the Court declares that Title II, Book IV of the Labor Code has impliedly repealed Article 1711 of the Civil Code.

The abandonment of Candano *insofar as it sanctions awarding indemnity for loss of future income based on Article 1711 of the Civil Code*

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87 Supra note 39.

88 *Heirs of Generoso v. Universal Textile Mills, Inc.*, 180 Phil. 98 (1980).

89 Id. at 102.

90 *Abanto v. Board of Directors of the Development Bank of the Philippines,* G.R. Nos. 207281 & 210922, 05 March 2019.

Based on the principles discussed above, a claim for compensation for work-related injury or death, regardless of the existence of negligence of the employer, is granted through the prevailing compensation act, which is now the Labor Code of the Philippines, particularly Title II, Book IV of the Labor Code focusing on Employees Compensation and State Insurance Fund.

Meanwhile, a claim for damages is filed under the provisions of the Civil Code on torts wherein the causal relationship between the act or negligence of the employer and the injury or death of the worker should be established. While the damages recoverable under the Civil Code are much more extensive than the compensation set by the Labor Code, the amounts obtained under the latter course is balanced by the relief of burden to prove a causal connection between the employer's negligence and the resulting injury or death, and of having to establish the extent of the damage suffered.[91]

Thus, respondent should not have relied on Article 1711 of the Civil Code, a provision granting compensation, for her claim of damages by way of loss of future income. Again, compensation and damages refer to different awards in the field of labor – the former being given to mitigate the harshness and insecurity of industrial life of a laborer and his or her family regardless of the existence of negligence of the employer, while the latter is awarded as vindication of the wrongful invasion of a worker's right or an employer's breach of its duties.

Further, an award under Article 1711 of the Civil Code would be inconsistent with the very nature of damages. Damages may be defined as the pecuniary compensation, recompense, or satisfaction for an injury sustained, or as otherwise expressed, the pecuniary consequences imposed by the law **for the breach of some duty or the violation of some right.**[92] Particularly, a claim for loss of earning capacity or loss of future income, which is a form of actual damages, is a **relief resulting from a quasi-delict or a similar cause** within the realm of civil law.[93] Thus, it was incumbent upon respondent to prove that petitioner committed a breach of its duty, or that petitioner's acts resulted in the violation of Romeo's right, such as when it was negligent in the performance of its duties as employer under the law. The mere fact that death arose out of or in the course of employment is insufficient to award damages by way of loss of future income.

Most significantly, Article 1711 of the Civil Code has already been repealed by the Labor Code and cannot be used as basis for respondent's claim. Damages may not be adjudicated based on an inexistent law.

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[91] *See Floresca v. Philex Mining Corp.*, supra note 66, at 550.
[92] *People v. Ballesteros*, 349 Phil. 366 (1998).
[93] *Tolosa v. National Labor Relations Commission*, 449 Phil. 271, 283 (2003).

Nonetheless, while an award of damages under Article 1711 of the Civil Code has no statutory basis, it still finds jurisprudential mooring in the 2007 case of *Candano*. This is the same case cited by the CA to support its application of Article 1711, calling the ruling as "a definitive source for the principle that the employer's obligation for indemnity *automatically attaches* when the employee died or was injured in the occasion of employment."[94]

The assailed decision further reads as follows:

> Accordingly, when an employee dies or is injured in the occasion of employment, very much like Romeo S. Ellao here in this present case, the obligation of the employer for indemnity, automatically attaches. The indemnity may partake the form of actual, moral, nominal, temperate, liquidated or exemplary damages, as the case may be depending on the factual milieu of the case and considering the criterion for the award of these damages as outlined by our jurisprudence. Here, only the award of actual damages, specifically the award for loss of earning capacity is warranted by the circumstances since it has been duly proven that the cause of Romeo S Ellao's death was a fortuitous event.[95]

A reading of all cases[96] referencing Article 1711 of the Civil Code shows that they, except for *Sulit v. Employees' Compensation Commission*[97] (*Sulit*) and *Candano*, pertain to injuries or death of a worker occurring before the effectivity of Title II, Book IV of the Labor Code. However, with the enactment of the Labor Code providing for a new system of payment of compensation, the filing of cases under Article 1711 became unnecessary or dispensable.

In *Sulit,* the mention of Article 1711 of the Civil Code was made merely to clarify the phrase "arose out of and in the course of the employment." The issues therein do not involve the application of Article 1711 for work-related injury or death of an employee.

However, in *Candano,* the institution of a civil suit for indemnity under Article 1711 of the Civil Code by the heir of a deceased worker was upheld. In that case, Melquiades Sugata-on (Melquiades), husband of therein respondent Florentina Sugata-on (Florentina), was employed by Candano

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94 *Rollo*, p. 35.

95 Id. at 37.

96 *See Liwanag v. Workmen's Compensation Commission,* 105 Phil. 741 (1959); *Alarcon v. Alarcon,* supra note 39; *Vda. de Mallari v. National Development Co.,* 116 Phil. 847 (1962); *Valencia v. Manila Yacht Club, Inc.,* 138 Phil. 761 (1969); *Pacaña v. Cebu Auto-Bus Co.,* supra note 75; *Hudencial v. S. P. Marcelo & Co., Inc.,* 147 Phil. 659 (1971); *Robles v. Yap Wing,* supra note 65; *Floresca v. Philex Mining Corp.,* supra note 66; *Philippine Air Lines, Inc. v. Court of Appeals,* 193 Phil. 560 (1981); *Vda. de Severo v. Go,* 241 Phil. 478 (1988).

97 187 Phil. 317 (1980).

Shipping as Third Marine Engineer on board its cargo vessel, which sank together with its cargo in Surigao del Sur on 27 March 1996. Melquiades was among the missing crew members. Florentina claimed the death benefits of her husband from Candano Shipping, but it refused to pay. Thus, Florentina filed before the RTC an action seeking indemnity for the death of her husband grounded on Article 1711, and prayed for actual, moral, and exemplary damages, including attorney's fees.[98]

When Candano Shipping elevated the case to this Court, it was held that jurisprudence recognizes the remedy availed by Florentina in filing the claim under the Civil Code. Citing *Floresca* and *Ysmael Maritime*, the Court reiterated that "employees may invoke either the Workmen's Compensation Act or the Civil Code, subject to the consequence that the choice of one remedy will exclude the other and that the acceptance of compensation under the remedy chosen will exclude the other remedy. The exception is where the claimant who was paid under the Workmen's Compensation Act may still sue for damages under the Civil Code based on supervening facts or developments occurring after he [or she] opted for the first remedy."[99] Said doctrine is "rooted on the theory that the basis of compensation under the Workmen's Compensation Act is separate and distinct from the award of damages under the Civil Code."[100]

After recognizing Florentina's right to file an action under Article 1711 of the Civil Code, the Court then proceeded to determine the amount of award for Florentina based on Articles 2199 and 2200 of the Civil Code and the case of *Villa Rey Transit, Inc. v. Court of Appeals*[101] (*Villa Rey*), thus:

> **Given that the right of the claimant arose from the contract of employment and the corresponding obligation imposed by the New Civil Code upon the employer to indemnify the former for death and injury of the employee circumstanced by his employment, necessarily, the provisions of the same code on damages shall govern the extent of the employer's liability.**
>
> The pertinent provision on damages under the New Civil Code provides:
>
> > "Art. 2199. Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Such compensation is referred to as actual or compensatory **damages**.
> >
> > Article 2200. Indemnification for **damages** shall comprehend not only the value of the loss suffered, but also that of the profits which the obligee failed to obtain."

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98 *Candano Shipping Lines, Inc. v Sugata-on*, supra at note 16.

99 Id. at 139, citing *Floresca v. Philex Mining Company*, supra note 66.

100 Id.

101 *Villa Rey Transit, Inc. v Court of Appeals*, 142 Phil. 494 (1970).

> **In order to give breath to the aforestated provisions on damages of the New Civil Code, they must be transformed into a more tangible and practical mathematical form, so that the purpose of the law to indemnify the employee or his heirs for his death or injury occasioned by his employment, as envisioned by the Article 1711 of the same code may be realized. We deem it best to adopt the formula for loss of earning capacity enunciated in the case of *Villa Rey v. Court of Appeals*, in computing the amount of actual damages to be awarded to the claimant under Article 1711 of the New Civil Code.**
>
> In *Villa Rey*, the common carrier was made liable for the death of its passenger on board a passenger bus owned and operated by Villa Rey Transit, Inc. going to Manila from Lingayen, Pangasinan. x x x
>
> The obligation of the common carrier to indemnify its passenger or his heirs for injury or death arose from the contract of carriage entered into by the common carrier and the passenger. By the very nature of the obligation which is imbued with public interest, in contract of carriage the carrier assumes the express obligation to transport its passenger to his destination safely and to observe extraordinary diligence with due regard to all the circumstances, and any injury that might be suffered by the passenger is right away attributable to the fault or negligence of the carrier and thus gives rise to the right of the passenger or his heirs for indemnity.
>
> **In the same breadth, the employer shall be liable for the death or personal injury of its employees in the course of employment as sanctioned by Article 1711 of the New Civil Code. The liability of the employer for death or personal injury of his employees arose from the contract of employment entered into between the employer and his employee which is likewise imbued with public interest. Accordingly, when the employee died or was injured in the occasion of employment, the obligation of the employer for indemnity, automatically attaches. The indemnity may partake of the form of actual, moral, nominal, temperate, liquidated or exemplary damages, as the case may be depending on the factual milieu of the case and considering the criterion for the award of these damages as outlined by our jurisprudence.** In the case at bar, only the award of actual damages, specifically the award for unearned income is warranted by the circumstances since it has been duly proven that the cause of death of Melquiades is a fortuitous event for which Candano Shipping cannot be faulted.[102] (Emphasis supplied)

Using the formula in the computation of loss of earning capacity enunciated in the case of *Villa Rey*, the Court awarded Florentina the amount of ₱748,800.00 as actual damages for the death of her husband, costs of litigation, and attorney's fees, but deleted the awards of moral and exemplary damages.

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[102] *Candano Shipping Lines, Inc. v. Sugata-on*, supra note 16, at 142-144.

However, consistent with and as a logical consequence of the discussions above, the Court sees the need to overturn the doctrine laid down in *Candano* upholding the applicability of Article 1711 of the Civil Code and the consequent application of the provisions on damages under the same Code. Again, *Floresca* did not sanction the filing of an action under Article 1711 of the Civil Code as an alternative remedy for filing compensation claims under the Workmen's Compensation Act, now the Labor Code. Rather, the alternative remedy is an action for damages based on the provisions of the Civil Code. Since Article 1711 is a law on compensation and not damages, then said article cannot be considered as an option that may be invoked by injured workers or their heirs in an action for damages against the employer.

In view of all the foregoing, *Candano*, in so far as it sanctions the filing of an action for work-related compensation under Article 1711 of the Civil Code and applies the formula for computation of loss of income in *Villa Rey* for such action, is hereby abandoned. Article 1711 of the Civil Code can no longer be used by employees against their employers for purposes of claiming compensation for work-related injury or death, which is exclusively regulated by Title II, Book IV of the Labor Code.

The abandonment of Candano should be applied prospectively

The Court clarifies, however, that the abandonment of *Candano* should be prospective in application. The Court has ruled that, "while the future may ultimately uncover a doctrine's error, it should be, as a general rule, recognized as a 'good law' prior to its abandonment."[103] This stems from the precept that "judicial decisions applying or interpreting the laws or the Constitution, until reversed, shall form part of the legal system of the Philippines."[104]

In *Columbia Pictures, Inc. v. Court of Appeals*,[105] the Court summarized and rationalized the rule on prospectivity as follows:

> It is consequently clear that a judicial interpretation becomes a part of the law as of the date that law was originally passed, subject only to the qualification that when a doctrine of this Court is overruled and a different view is adopted, and more so when there is a reversal thereof, the new doctrine should be applied prospectively and should not apply to parties who relied on the old doctrine and acted in good faith. To hold otherwise

[103] *Carpio-Morales v. Court of Appeals*, 772 Phil. 672, 681 (2015).
[104] Id. at 775.
[105] 329 Phil. 875 (1996).

> would be to deprive the law of its quality of fairness and justice then, if there is no recognition of what had transpired prior to such adjudication.

Thus, while Article 1711 of the Civil Code had been repealed by the Labor Code, *Candano* seemingly revived the provision and validated its continued effectivity. In that case, the Court adjudged Florentina's entitlement to damages on the premise that "[t]he remedy availed by [Florentina] in filing the claim under the New Civil Code has been validly recognized by the prevailing jurisprudence on the matter."[106] As emphasized by Associate Justice Amy C. Lazaro-Javier during the deliberations of this case, the Court cannot fault litigants for relying on such pronouncement, even if it is inconsistent with the laws then controlling.

With the foregoing, and following similar parameters adopted by the Court in *Henson, Jr. v. UCPB General Insurance Co., Inc.*,[107] the Court sets guidelines on the application of *Candano* and the transition to its abandonment:

> (1) For actions filed prior to the finality of *Candano* on 06 August 2007, Article 1711 of the Civil Code shall be considered to have been impliedly repealed by Title II, Book IV of the Labor Code. Thus, Article 1711 of the Civil Code cannot sustain any action for, or award of, indemnity. *Candano* was not yet a binding precedent at the time these actions were filed. In *Candano*'s absence, there is no legal basis to give effect to a repealed provision of the Civil Code.
>
> (2) For actions filed during the applicability of *Candano*, *i.e.*, from its finality on 06 August 2007 until the finality of this Decision, Article 1711 of the Civil Code shall be given effect based on the *Candano* ruling.
>
> (3) For actions filed after the finality of this Decision, Article 1711 of the Civil Code shall not be given any effect since Article 1711 has been repealed by the Labor Code. Thus, Article 1711 of the Civil Code can no longer be used against employers to claim indemnity for work-related injury or death.

As applied to this case, respondent filed her Complaint on 16 April 2012. Hence, the *Candano* ruling *should* apply to respondent's claim. It bears stressing that respondent had good reasons to assume that she may file a claim under Article 1711 of the Civil Code, especially since her lawyer was also Florentina's counsel in *Candano*.[108] Even in the proceedings before the trial court, respondent had consistently relied on *Candano* to argue for

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[106] *Candano Shipping Lines, Inc. v. Sugata-on*, supra note 16, at 139.
[107] G.R. No. 223134, 14 August 2019.
[108] RTC records, Vol. 2, p. 465.

the soundness and viability of her claim.[109] Fairness demands that the Court adjudicate respondent's claim based on the prevailing doctrine at the time her Complaint was filed. Thus, applying *Candano* and Article 1711 of the Civil Code, indemnity for loss of earning capacity may be awarded in light of Romeo's death in the course of employment.

Election of remedies under the Labor Code and the Civil Code

Having established that *Candano* erroneously gave effect to Article 1711 of the Civil Code, We now resolve whether respondent may still recover a monetary award despite her receipt of death benefits from the SSS.[110] Petitioner argues that the choice of action between compensation and damages is selective, and resort to one bars pursuit of the other.[111] Thus, the issue turns on the application of the doctrine of election of remedies.

In ascertaining the interplay of reliefs available to respondent and others similarly situated, views were advanced questioning the continued validity and soundness of the prevailing rule, as laid down in *Floresca*. Justice Lazaro-Javier opines that the remedies of damages and compensation are cumulative; employees or their heirs may pursue a cause of action for tort or breach of contract and a claim for compensation.[112] On the other hand, Associate Justice Alfredo Benjamin S. Caguioa submits that the remedy of compensation under the Labor Code is exclusive.[113] Recovery of damages under the Civil Code, based on breach of contract, quasi-delict, or violation of rights, is no longer an available remedy for work-related injury, illness, or death.[114]

Our re-examination of *Floresca* is highly consequential. As elucidated, since 1985, the main jurisprudential authority sanctioning actions for damages under the Civil Code is the *Floresca* ruling. Even *Candano* relied on *Floresca* to support the conclusion that damages enumerated in the Civil Code may be awarded to workers or their heirs.[115] Ultimately, actions like respondent's are viable because of *Floresca*. Nonetheless, almost forty (40) years since the Court laid down the doctrine, We are confronted anew with the issue of whether the action of employees or their heirs under the Labor Code is exclusive, selective, or cumulative.

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[109] Id.
[110] *Rollo*, p. 138.
[111] Id. at 137.
[112] Concurring Opinion of Lazaro-Javier, pp. 5-6.
[113] Separate and Dissenting Opinion of J. Caguioa, p. 2.
[114] Id.
[115] *Candano Shipping Lines, Inc. v Sugata-on*, supra at note 16.

While the conclusion reached in *Floresca* is correct and consistent with prevailing laws, the legal bases therefor were misapplied. We take this opportunity to clarify the errors in *Floresca* and the legal framework that should have supported its conclusion.

In adopting the view that the choice of action is selective, *Floresca* cited *Pacaña*,[116] where it was ruled that the injured worker duly exercised his choice of instituting an action under the Civil Code against his employer and waived the more expeditious process of recovering under the Workmen's Compensation Act. *Pacaña*, in turn, cited *Esguerra v. Muñoz Palma*[117] (*Esguerra*), which involved the application of Section 6 of the Workmen's Compensation Act on the right of an injured employee or worker to sue **third-party tortfeasors**, thus:

> SECTION 6. Liability of Third Parties. — In case an employee suffers an injury for which compensation is due under this Act **by any other person besides his employer, it shall be optional with such injured employee either to claim compensation from his employer, under this Act, or sue such other person for damages, in accordance with law**; and in case compensation is claimed and allowed in accordance with this Act, the employer who paid such compensation or was found liable to pay the same, shall succeed the injured employee to the right of recovering from such person what he paid: Provided, That in case the employer recovers from such third person damages in excess of those paid or allowed under this Act, such excess shall be delivered to the injured employee or any other person entitled thereto, after deduction of the expenses of the employer and the cost of the proceedings. The sum paid by the employer for compensation or the amount of compensation to which the employee or his dependents are entitled, shall not be admissible as evidence in any damage suit or action. (Emphasis and underscoring supplied.)

The afore-quoted provision expressly provides that, in case of work-related injury suffered by an employee or worker due to the act of *a person other than his or her employer*, the injured employee or worker has the *option* to *either* claim compensation from his employer *or* sue such other person for damages.

We note that *Pacaña* and *Floresca* did not involve a third-party tortfeasor. In *Pacaña*, the injured worker was a permanently disabled driver who claimed permanent disability benefits, separation pay, other related benefits, and damages against his employer. Meanwhile, in *Floresca*, the heirs of the deceased employees filed a complaint for damages against the

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[116] *Pacaña v. Cebu Autobus Company*, supra note 75.
[117] 104 Phil. 582 (1958).

employer for the latter's gross negligence in failing to take the necessary precautions for the protection of the lives of its miners working underground.

Thus, it is apparent that *Esguerra*, which involved a third-party tortfeasor and the application of Section 6 of the Workmen's Compensation Act, should not have been applied in *Pacaña* and *Floresca*. In fact, it was acknowledged in *Floresca* that *Esguerra* "applies to third-party tortfeasor."[118] Nonetheless, it was held that "said rule should likewise apply to the employer-tortfeasor," without further discussing the rationale for adopting such rule.

We also note that *Floresca* erroneously cited Article 179 (formerly Article 173) of the Labor Code, which states that payment of compensation under Title II, Book IV of the Labor Code bars the recovery of benefits under Section 699 of the Revised Administrative Code, RA 1161, as amended, CA 186, as amended, CA 610, as amended, RA 4864, as amended, and other laws whose benefits are administered by the System. As discussed above, this provision was amended by PD 1921 on 01 June 1984 (prior to the promulgation of *Floresca*) to state that "[t]he payment of compensation under this Title shall **not** bar the recovery of benefits" provided in the enumerated laws. Hence, contrary to the conclusion in *Floresca*, Article 179 did not repeal the said laws.

Despite the misapplication of certain provisions and principles, the conclusion arrived at in *Floresca* is still good law. The choice of action of employees and their heirs should be selective, not cumulative or exclusive.

The remedies of compensation and damages could not be cumulative because of Article 179 of the Labor Code, in relation to the rule on inconsistent remedies and the doctrine of election of remedies.

Article 179, then Article 173, of the Labor Code reads:

> Article 179. [173] *Extent of liability.* — Unless otherwise provided, **the liability of the State Insurance Fund under this Title shall be exclusive and in place of all other liabilities of the employer to the employee** or his dependents or anyone otherwise entitled to recover damages on behalf of the employee or his dependents. The payment of compensation under this Title **shall not bar the recovery** of benefits as provided for in Section 699 of the Revised Administrative Code, Republic Act numbered eleven hundred sixty-one, as amended, Republic Act numbered six hundred ten, as amended, Republic Act numbered forty-eight hundred sixty-four, as amended, and other laws whose benefits are

[118] *Floresca v. Philex Mining Corp.*, supra note 66, at 550.

> administered by the System or by other agencies of the government. (Emphasis and underscoring supplied)

Article 179 operates to bar simultaneous pursuit of both compensation and damages. A claim for compensation under the Labor Code triggers the application of the exclusivity principle in Article 179—the liability of the State Insurance Fund shall be "exclusive", and compensation under the State Insurance Fund shall be "in place of all other liabilities of the employer."[119]

The only exceptions, where benefits may be recovered on top of compensation, are specifically enumerated in Article 179,[120] and the Civil Code is not among them. Necessarily, therefore, a claim for compensation under the Labor Code shall be "in place of", and preclude, a claim under the Civil Code and other pertinent laws.[121] A litigant may not claim both damages and compensation.

Similarly, since one who has opted to claim compensation may no longer file a complaint for damages, it follows that the reverse should also be true. One who has availed of the remedy of damages under the Civil Code may no longer recover compensation under the Labor Code. Otherwise, an absurd situation would arise where the proscription under Article 179 may be circumvented by first pursuing a complaint for damages, so as not to trigger the exclusivity provision, then filing a claim for compensation. What cannot be done directly cannot be done indirectly.[122] Moreover, the best method of interpretation is that which makes laws consistent with other laws.[123] Every statute must be so interpreted and brought in accord with other laws as to form a uniform system of jurisprudence — *interpretere et concordare legibus est optimus interpretendi*.[124] Our construction here harmonizes the Civil Code with Article 179 of the Labor Code.

As Article 179 of the Labor Code provides for liability to the exclusion of others, a claim for compensation under the Labor Code and a claim for damages under the Civil Code are, under the current state of laws, inconsistent remedies. Resort to one would necessarily exhaust the other.

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[119] LABOR CODE, Art. 179.

[120] These exceptions are benefits provided for under Section 699 of the Revised Administrative Code; RA 1161, as amended, RA 610; as amended; RA 4864, as amended; and other laws whose benefits are administered by the SSS, GSIS, or by other agencies of the government.

[121] *See Ma-ao Sugar Central Co., Inc. v. Court of Appeals*, 267 Phil. 99 (1990); *See also Heirs of Generoso v. Universal Textile Mills, Inc.*, 184 Phil. 98 (1980).

[122] *Domato-Togonon v. Commission on Audit*, G.R. No. 224516, 06 July 2021 [Per J. Leonen].

[123] *Philippine International Trading Corp. v. Commission on Audit*, 635 Phil. 448 (2010); *See also Heirs of Generoso v. Universal Textile Mills, Inc.*, supra note 88.

[124] Id.

In *D.M. Consunji, Inc. v. Court of Appeals*,[125] the Court expounded on the rule laid down in *Floresca*, and ruled that a claim for compensation and an action for damages are inconsistent remedies subject to the doctrine of election of remedies, thus:

> When a party having knowledge of the facts makes an election between inconsistent remedies, the election is final and bars any action, suit, or proceeding inconsistent with the elected remedy, in the absence of fraud by the other party. The first act of election acts as a bar. Equitable in nature, the doctrine of election of remedies is designed to mitigate possible unfairness to both parties. It rests on the moral premise that it is fair to hold people responsible for their choices. The purpose of the doctrine is not to prevent any recourse to any remedy, but to prevent a double redress for a single wrong.
>
> **The choice of a party between inconsistent remedies results in a waiver by election. Hence, the rule in *Floresca* that a claimant cannot simultaneously pursue recovery under the Labor Code and prosecute an ordinary course of action under the Civil Code. The claimant, by his choice of one remedy, is deemed to have waived the other.** (Emphasis supplied.)

The application of the doctrine of election of remedies in *Floresca* is likewise in accord with the legal principles enjoining the multiplicity of suits and the splitting of a cause of action.[126]

Indeed, while jurisprudence has acknowledged the differences between compensation and damages, the seeming synergism between the two is only in principle. In adopting the exclusivity provision in Article 179, the executive, through PD 1921, treated compensation and damages as inconsistent remedies. As it stands, therefore, the availment of benefits from the State Insurance Fund would bar a claim for damages under the Civil Code. These two remedies are not cumulative.

Similarly, however, Article 179 does not support the conclusion that the compensation remedy is exclusive. The *Floresca* ruling on the availability of a remedy for damages, despite the exclusivity provision in the Workmen's Compensation Act and the Labor Code, still rests on sound foundation.

The history of Article 179 of the Labor Code reveals a movement away from exclusivity. The law, as currently worded, is much less restrictive than its prior iterations. Through the years, the exclusivity provision had

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[125] 409 Phil. 275-302 (2001).

[126] *See* Separate Opinion of J. Tehankee in *Ysmael Maritime Corp. v. Avelino*, 235 Phil. 324 (1987).

been increasingly tempered to accommodate additional remedies and benefits.

As earlier discussed, the exclusivity provision in the Workmen's Compensation Act, as originally enacted in Act No. 3428 and as amended by RA 772, explicitly provided that "[t]he rights and remedies granted by th[e] Act xxx shall exclude all other rights and remedies xxx against the employer under the Civil Code and other laws[.]"[127] The provision was captioned "Exclusive right to compensation."[128]

When the Labor Code was enacted in 1974, the counterpart exclusivity provision was amended to include an exception, *i.e.*, the liability of the State Insurance Fund shall be exclusive "[u]nless otherwise provided by law."[129] The original Labor Code provision made express reference to the Civil Code, in that the compensation to be awarded shall be "in place of all other liabilities of the employer xxx under the Civil Code."[130] The Labor Code provision was captioned "Exclusiveness of liability."[131]

PD 626 further amended the exclusivity provision and deleted the reference to the Civil Code.[132] Article 171 of PD 626 provided that the payment of compensation thereunder would bar the recovery of benefits under certain laws.[133] However, this was further amended by PD 1921 to explicitly allow the recovery of benefits under other laws.[134] The current provision is now captioned "Extent of liability."[135]

The progression of these provisions evinces the intent to limit the application of exclusivity. The provisions increasingly allowed resort to remedies and recovery of benefits outside the compensation law. To stress, while the original provision in the Workmen's Compensation Act expressly excluded rights and remedies under the Civil Code and other laws, this specific reference was eventually deleted. Also, additional exceptions were progressively introduced. Consistent with these changes, the provision is now titled "Extent of liability," which is far less restrictive than the original caption "Exclusive right to compensation."

Moreover, the language of Section 5 of the Workmen's Compensation Act is different from Article 179 of the Labor Code. Under the Workmen's Compensation Act, the "rights and remedies" granted in the law shall

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[127] Act No. 3428 (1927), Sec. 5; Republic Act No. 722 (1952), Sec. 5.
[128] Id.
[129] Presidential Decree No. 442, 1 May 1974, Art. 173.
[130] Id.
[131] Id.
[132] Presidential Decree No. 626, 27 December 1974, Art. 171.
[133] Id.
[134] Presidential Decree No. 1921, 25 June 1984, Sec. 2.
[135] Id.

exclude all other "rights and remedies" under other laws, including the Civil Code.[136] In contrast, the Labor Code uses the term "liability," and it is the liability that shall be "in place of all other liabilities of the employer to the employee."[137]

"Liability" is defined as "the quality or state of being legally obligated or accountable"[138] or "the quality or state of being liable."[139] One is "liable" when he or she is "obligated according to law or equity" or is "in a position to incur" a liability.[140]

In contrast, "right" is defined as a "legally enforceable claim that another will do or will not do a given act."[141] "Remedy" is "[t]he means of enforcing a right or preventing or redressing a wrong."[142]

The abandonment of the phrase "rights and remedies" manifests an intent to *not* make the compensation remedy exclusive. Had the intention been otherwise, the law could have retained the restrictive phraseology of the Workmen's Compensation Act, or adopted a stricter language. Instead, the use of the term "liability" implies that, for exclusivity to apply, the State Insurance Fund must first be held legally obligated or accountable. This process is commenced by the employees or their heirs filing a claim for compensation. From then on, the employees or their heirs shall be deemed to have waived all the other remedies, following the doctrine on election of remedies, and the liability of the State Insurance Fund shall be deemed exclusive and in place of all other liabilities of the employer.

Indeed, where a statute has undergone several amendments with various phraseologies, "the deliberate selection of language differing from that of the earlier act on the subject indicates that a change in the meaning of the law was intended, and courts should so construe that statute as to reflect such change in meaning."[143] The ruling in *Portillo v. Salvani*[144] is instructive:

> It will be noted that by progressive steps the Philippine Legislature has proceeded from the silence to mild admonition, to stronger suggestion, to inserting finally an explicit and emphatic provision. What the Legislature now desires is that it shall be obligatory upon Courts of First Instance to decide pending election cases within one year from the time of

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[136] Act No. 3428 (1927), Sec. 5; Republic Act No. 722 (1952), Sec. 5.
[137] Presidential Decree No. 1921, 25 June 1984, Sec. 2.
[138] Black's Law Dictionary (8th edition) 2676 (2004).
[139] *Merriam-Webster*, liability <https://www.merriam-webster.com/dictionary/liability> (visited 11 July 2022).
[140] *Merriam-Webster*, liable <https://www.merriam-webster.com/dictionary/liable> (visited 11 July 2022).
[141] Black's Law Dictionary, supra at 4120.
[142] Id. at 4042.
[143] Agpalo, Ruben E., Statutory Construction, Sixth Ed., 2009, p. 181, citing *Portillo v. Salvani*, 54 Phil. 543 (1930).
[144] 54 Phil 543 (1930).

> registration. Had the Legislature simply amended the law one without making use of negative words, undoubtedly the courts would be constrained to hold the amendment not a limitation of authority. When, however, the legislative body has felt itself compelled repeatedly to amend the law, an entirely different situation is presented. As the United States Supreme Court in the last number of its Advance Opinions, which has been received, said, "The deliberate selection in a statute of language differing from that of earlier subject indicates that a change of law was intended." (Brewster v. Gage [1930], U.S. Sup. Ct. Advance Opinions, p. 183.) To hold the law directory would amount to a ruling that the latest amendment of the Election Law had no more weight than the law had before the amendment. Surely such was not the legislative purpose.

It should not be presumed that, in making the changes, the authors of the law were merely engaging in a semantic exercise.[145] The purpose behind the changes should be ascertained and given effect.[146]

Here, the changes in the law show that the compensation remedy under the Labor Code was not intended to supersede the remedy of damages under the Civil Code. Absent clear language to the contrary, both remedies must be deemed to co-exist. The *remedy itself* is not exclusive. It is the *availment of the remedy*, which results in the invocation of the employer's liability, that triggers the application of Article 179 of the Labor Code.

Notably, *Pacaña* was promulgated on 30 April 1970, while the Labor Code was issued in 1974. *Pacaña* involved Section 5 of the Workmen's Compensation Act, a provision that explicitly excluded the Civil Code by reason of personal injury covered under the said Act. Despite Our ruling in *Pacaña* that an employee or his or her heirs may file an action for damages under the Civil Code, the Labor Code still adopted a more lenient phraseology than the Workmen's Compensation Act. Had the executive intended to absolutely bar an action for damages under the Civil Code, it would have adopted a more restrictive language in the Labor Code.

Other cases affirming and recognizing the choice of action of damages, despite the existence of the exclusivity provision under the Workmen's Compensation Act, were promulgated before the Labor Code. Prior to *Pacaña*, We ruled in *Valencia v. Manila Yacht Club, Inc.*[147] that regular courts have jurisdiction over claims based on the Civil Code. In *Belandres v. Lopez Sugar Central Mill Co., Inc.*,[148] We upheld the jurisdiction of a regular court over an action for damages based on the Civil

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[145] *Akbayan v. Commission on Elections*, 407 Phil. 618 (2001).
[146] Id.
[147] 138 Phil. 761 (1969).
[148] 97 Phil. 100 (1955).

Code filed by the employee's heir, alleging fault or negligence on the part of the employer.

That *Valencia*, *Pacaña*, and *Robles* involved the application of Article 1711 of the Civil Code, and not the Civil Code provisions on damages, is inconsequential to Our conclusion. These cases still evince that the exclusivity provisions in the Workmen's Compensation Act and the Labor Code do not pre-empt an action invoking the Civil Code.

Moreover, the executive, in issuing the presidential decrees on the Labor Code and its amendments, is presumed to know of the existing laws and the Court's rulings on alternative remedies and to have considered these in drafting and amending the laws.[149]

It is also worth noting that under the Labor Code, there is no counterpart provision for Section 4-A of the Workmen's Compensation Act providing for the payment of additional compensation to the employees or their heirs in case the employer is negligent, or when the employer failed to comply with any law or "to install and maintain safety appliances, or take other precautions."[150] It is presumed that this omission is deliberate, considering the existence of remedies for damages under the Civil Code when the employer is at fault or negligent. In *Floresca*, We have ruled:

> It should be stressed that the liability of the employer under Section 5 of the Workmen's Compensation Act or Article 173 of the New Labor Code is limited to death, ailment or injury caused by the nature of the work, without any fault on the part of the employers. It is correctly termed no-fault liability. Section 5 of the Workmen's Compensation Act, as amended, or Article 173 of the New Labor Code, does not cover the tortious liability of the employer occasioned by his fault or culpable negligence in failing to provide the safety devices required by the law for the protection of the life, limb and health of the workers. Under either Section 5 or Article 173, the employer remains liable to pay compensation benefits to the employee, whose death, ailment or injury is work-connected, even if the employer has faithfully and diligently furnished all the safety measures and contrivances decreed by the law to protect the employee.[151]

A restrictive interpretation of Article 179 (formerly Article 173) of the Labor Code would diminish the rights of workers and collide with the social justice guarantees of the Constitution. *Floresca* aptly ruled that the constitutional guarantees of social justice, which are re-stated in Article 3 of the Labor Code, must be given effect. *Floresca* also rightly pointed out that

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[149] *Remman Enterprises, Inc v. Professional Regulatory Board of Real Estate Service*, 726 Phil. 104 (2014).
[150] Article 206 of the Labor Code only provides for the payment of a penalty to the State Insurance Fund.
[151] *Floresca v. Philex Mining Corp.*, supra note 66.

both the Labor Code and the Civil Code provide that "doubts should be resolved in favor of the workers and employees."[152] Article 4 of the Labor Code provides that all doubts in the implementation and interpretation of the provisions of the Code shall be resolved in favor of labor. Article 1702 of the Civil Code directs that "[i]n case of doubt, all labor legislation and all labor contracts shall be construed in favor of the safety and decent living for the laborer." Moreover, Article 10 of the Civil Code states that "[i]n case of doubt in the interpretation or application of laws, it is presumed that the law-making body intended right and justice to prevail."

Consistent with the foregoing, We have held that in the interpretation of labor legislation, courts "will be guided by more than just an inquiry into the letter of the law as against its spirit and will ultimately resolve grave doubts in favor of the tenant and worker."[153] Thus, in interpreting and applying the laws, We must take into account the constitutional principles of social justice. "The constitutional mandate on social justice is addressed not only to the legislature but also to the two other branches of government."[154]

All considered, We rule that the conclusion reached in *Floresca* is still good law. The remedies of compensation and damages are selective. Employees or their heirs may choose between an action for damages under the Civil Code or a claim for compensation under the Labor Code. Upon electing a remedy, the employees or their heirs shall be deemed to have waived the other remedy, save for recognized exceptions, such as when "[t]he choice of the first remedy was based on ignorance or mistake of fact, which nullifies the choice as it was not an intelligent choice,"[155] or when there are "supervening facts or developments occurring after [the claimant] opted for the first remedy."[156]

Receipt of benefits under Social Security laws

We stress, however, that the barring effect under Article 179 of the Labor Code only pertains to compensation claimed and given pursuant to Title II, Book IV of the Labor Code. As emphasized by Justice Caguioa during the deliberations of this case, it is necessary to distinguish if the benefits were received by way of pension under the Social Security Act, or by way of compensation under Article 200 of the Labor Code, especially since the latter is likewise paid through the SSS.

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[152] Id.
[153] *Alfanta v. Noe*, 152 Phil. 458 (1973).
[154] Agpalo, supra note 144, at 395.
[155] Id.
[156] *Marcopper Mining Corp. v. Abeleda*, supra at note 67.

Article 179 shall apply if the money was paid as compensation under the Labor Code. Notably, by express exception,[157] the receipt of such compensation would not bar the recovery of benefits under other laws whose benefits are administered by the SSS. Hence, the employee's dependents may receive both.

The nature and purpose of the sickness or disability benefits to which a member of the System may be entitled under the Social Security Act are not the same as the compensation claimed against the employer under the Labor Code or the Civil Code. The pertinent provisions of the Labor Code control and specify the compensability of work-related injury or death. On the other hand, the benefits under the Social Security Act are intended to provide insurance or protection against the hazards or risks of disability, sickness, old age or death, irrespective of whether they arose from or in the course of the employment.[158]

In *Ma-ao Sugar Central Co., Inc. v. Court of Appeals* (*Ma-ao*),[159] the Court explained the underlying philosophy in the payment of social security benefits:

> The philosophy underlying the Workmen's Compensation Act is to make the payment of the benefits provided for therein as a responsibility of the industry, on the ground that it is industry which should bear the resulting death or injury to employees engaged in the said industry. On the other hand, social security sickness benefits are not paid as a burden on the industry, but are paid to the members of the System as a matter of right, whenever the hazards provided for in the law occurs. To deny payment of social security benefits because the death or injury or confinement is compensable under the Workmen's Compensation Act would be to deprive the employees-members of the System of the statutory benefits bought and paid for by them, since they contribute their money to the general common fund out of which benefits are paid. In other words, **the benefits provided for in the Workmen's Compensation Act accrues to the employees concerned, due to the hazards involved in their employment and is made a burden on the employment itself. However, social security benefits are paid to the System's members, by reason of their membership therein for which they contributed their money to a general common fund.** (Emphasis supplied)

Accordingly, payment to the member employee of social security benefits will not extinguish the employer's liability under the Civil Code or a claim for compensation under the Labor Code.

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[157] LABOR CODE, Art. 179.

[158] *Ortega v. Social Security Commission*, 578 Phil. 338 (2008).

[159] Supra, note 121 at 108-109 citing *Benguet Consolidated, Inc. v. Social Security System*, 119 Phil. 890 (1964).

In this case, records show that the money received by respondent from the SSS was in the same nature as that in *Ma-ao*, *i.e.*, death benefit derivable from the deceased employee's SSS contributions.[160] It was not compensation claimed under the Labor Code and paid through the State Insurance Fund.

Respondent presented in evidence the check voucher she received from SSS, which is captioned "Initial DDR Pension and Lumpsum Check and Voucher" with a note "SS Death".[161] The voucher states that the check was for a "gross lump-sum" of ₱36,000.00, and indicated six (6) months of creditable years of service. Meanwhile, petitioner presented a printout of Romeo's SSS claim as reflected in the SSS Inquiry System.[162] The claim type was specified as "SSS Death with Funeral Lump-Sum".[163]

Clearly, the "SSS Death with Funeral Lump-Sum" and the "SS Death" referred to in the documents pertain to the lump-sum death benefit and funeral benefit provided under RA 8282, the law applicable to respondent's claim.[164] The lump-sum benefit is given to those who are not entitled to receive a monthly pension due to failure to meet the required number of monthly contributions.[165] The documents do not indicate that the claim was for compensation under the Labor Code through the State Insurance Fund. On the contrary, the use of the words "SSS Death" and "SS Death" categorically show that the amount represented SSS benefits. Accordingly, respondent's receipt of benefits from the SSS does not bar her recovery of a monetary award under the Civil Code.

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[160] *See Ma-ao Sugar Central Co., Inc. v. Court of Appeals*, supra at note 160: "The amount to be paid by the SSS represents the usual pension received by the heirs of a deceased employee who was a member of the SSS at the time of his death and had regularly contributed his premiums as required by the System. The pension is the benefit derivable from such contributions. It does not represent the death benefits payable under the Workmen's Compensation Act to an employee who dies as a result of a work-connected injury."

[161] RTC records, vol. I, p. 370.

[162] RTC records, vol. II, p. 434.

[163] Id.

[164] Secs. 13 and 13-B of RA 8282 states:

> SECTION 13. *Death Benefits*. — Upon the death of a member who has paid at least thirty-six (36) monthly contributions prior to the semester of death, his primary beneficiaries shall be entitled to the monthly pension: *Provided*, That if he has no primary beneficiaries, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to thirty-six (36) times the monthly pension. If he has not paid the required thirty-six (36) monthly contributions, his primary or secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the monthly pension times the number of monthly contributions paid to the SSS or twelve (12) times the monthly pension, whichever is higher.
>
> SECTION 13-B. Funeral Benefit. — A funeral grant equivalent to Twelve thousand pesos (P12,000.00) shall be paid, in cash or in kind, to help defray the cost of funeral expenses upon the death of a member, including, permanently totally disabled member or retiree.

[165] Id.

Computation of Indemnity

Following *Candano*'s adoption of the computation in *Villa Rey*, indemnity for loss of earning capacity is computed as follows:

Net Earning Capacity = 2/3 x (80 less the age of the deceased at the time of death) x (Gross Annual Income less reasonable and necessary living expenses)

Romeo had a monthly income of ₱7,500.00.[166] In the absence of proof of a lower amount, living expenses shall be fixed at half of the gross income.[167] Applying the formula, the indemnity for loss of earning capacity amounts to ₱1,410,000.00:

Net Earning Capacity = 2/3 x (80 less the age of the deceased at the time of death) x (gross annual income less reasonable and necessary living expenses)
= [2/3 x (80 - 33)] x (90,000.00 – 45,000.00)
= 31 1/3 x 45,000.00
= 1,410,000.00

The CA arrived at the amount of ₱1,409,850.00 due to its use of the shortened decimal 31.33, instead of the fraction 31 1/3, as multiplier for life expectancy.[168] However, for accuracy and to preserve the full value of the indemnity, the number 31 1/3 should be used to represent Romeo's life expectancy. As shown in the computation above, this would yield the total of ₱1,410,000.00 as indemnity for loss of earning capacity.

Notably, petitioner did not assign as error the CA's award of attorney's fees and costs of suit. It is settled that, as a general rule, unassigned errors may not be considered.[169] In any event, Article 2208 (8) of the Civil Code states that attorney's fees and expenses of litigation may be awarded in actions for indemnity under workmen's compensation and employer's liability laws.[170] As respondent's action falls within Article 2208 (8) of the

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[166] *Rollo*, p. 39.
[167] *Spouses Cruz v. Sun Holidays, Inc.*, 636 Phil. 396 (2010).
[168] *Rollo*, p. 39.
[169] RULES OF COURT, Rule 51, Sec. 8, in relation to Rule 56, Sec. 4.
[170] Art. 2208 (8) of the Civil Code reads:

> ART. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

Civil Code, the award of attorney's fees and costs of suit is justified. Moreover, all monetary awards shall earn six percent (6%) legal interest per annum from the finality of this Decision until fully paid.[171]

Beneficiaries of the award

On a final point, petitioner argues that respondent's son is not entitled to the entire amount to be recovered in this case, considering that Romeo's parents are still alive and, following Article 991 of the Civil Code,[172] an illegitimate child must share the money with Romeo's parents.[173] Respondent counters that damages by way of loss of future income could not be considered as an inheritance; thus, they should not be divided with Romeo's parents.[174]

Article 1711 of the Civil Code does not mention the recipients of the compensation to be awarded therein. However, Article 2206 of the Civil Code expressly provides the recipients of an indemnity for loss of earning capacity, *i.e.*, "the indemnity shall be paid to the heirs of the [deceased]."[175] Indeed, the Court, in *Villa Rey*, determined the amount of the award for loss of earning capacity based on the losses or damages sustained by therein private respondents "as dependents and intestate heirs of the deceased," who would have received support from the deceased had he not died.[176] In turn, *Candano* adopted the formula for loss of earning capacity in *Villa Rey* "so that the purpose of the law to indemnify the employee or his heirs for his death or injury occasioned by his employment, as envisioned by Article 1711 of the same code may be realized."[177] Accordingly, the Court deems it necessary to modify the Decision of the CA to reflect the proper recipients of the award, *i.e.*, the heirs of Romeo, consistent with *Candano* and its adoption of *Villa Rey*.

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(8) In actions for indemnity under workmen's compensation and employer's liability laws;

xxx

[171] *Nacar v. Gallery Frames*, 716 Phil. 267 (2013).

[172] Art. 991 of the Civil Code reads: "If legitimate ascendants are left, the illegitimate children shall divide the inheritance with them, taking one-half of the estate, whatever be the number of the ascendants or of the illegitimate children."

[173] *Rollo*, p. 136.

[174] Id. at 60.

[175] CIVIL CODE, Art. 2206.

[176] *Villa Rey Transit, Inc. v. Court of Appeals*, 142 Phil. 494 (1970); *See also* Separate Opinion of Justice Leonen in *People v. Wahiman*, 760 Phil. 368 (2015).

[177] *Candano Shipping Lines, Inc. v. Sugata-on*, 547 Phil. 131 (2007).

Ultimately, while respondent erred in relying on Article 1711 of the Civil Code, which is now considered as impliedly repealed by Title II, Book IV of the Labor Code, her action under Article 1711 is considered meritorious and entitled to relief pursuant to *Candano*, which was the prevailing doctrine at the time this action was filed and prior to Our abandonment of such doctrine in this case.

WHEREFORE, the petition is **PARTLY GRANTED**. In view of the foregoing premises, the Court resolves as follows:

(1) Article 1711 of the Civil Code of the Philippines is declared **IMPLIEDLY REPEALED** by Title II, Book IV of the Labor Code of the Philippines;

(2) The doctrine in *Candano Shipping Lines, Inc. v. Sugata-on*,[178] which sanctions the filing of an action for work-related compensation under Article 1711 of the Civil Code of the Philippines and applies the formula for computation of loss of earning capacity in *Villa Rey Transit, Inc. v. Court of Appeals*,[179] is **ABANDONED**, but the abandonment shall be **APPLIED PROSPECTIVELY** following the guidelines stated in this Decision; and

(3) The Decision dated 19 December 2017 promulgated by the Court of Appeals in CA-G.R. CV No. 103881 is hereby **AFFIRMED with MODIFICATION**. Petitioner Oceanmarine Resources Corporation is **ORDERED** to pay the heirs of Romeo S. Ellao the amount of ₱1,410,000.00 as indemnity for loss of earning capacity, ten percent (10%) of the amount awarded as attorney's fees, and costs of suit. All monetary awards shall earn interest at the rate of six percent (6%) per *annum* from the finality of this Decision until fully paid.

SO ORDERED.

RODIL V. ZALAMEDA
Associate Justice

[178] 547 Phil. 131 (2007).
[179] 142 Phil. 494 (1970).

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

Se separate concurring opinion

MARVIC M.V.F. LEONEN
Associate Justice

See Separate & Dissenting Opinion

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

RAMON PAUL L. HERNANDO
Associate Justice

P/S. see Concurrence

AMY C. LAZARO-JAVIER
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

MARIO V. LOPEZ
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

RICARDO R. ROSARIO
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

JAPAR B. DIMAAMPAO
Associate Justice

JOSE MIDAS P. MARQUEZ
Associate Justice

ANTONIO T. KHO, JR.
Associate Justice

MARIA FILOMENA D. SINGH
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court.

ALEXANDER G. GESMUNDO
Chief Justice

CERTIFIED TRUE COPY

MARIA LUISA M. SANTILLA
Deputy Clerk of Court and
Executive Officer
OCC-En Banc, Supreme Court