

**[ G.R. No. L-8373. September 28, 1956 ]**

**ALEJANDRO MERCADER, PLAINTIFF AND APPELLANT, VS. MANILA POLO CLUB  
AND ALEX D. STEWART, DEFENDANT AND APPELLEES.**

**D E C I S I O N**

**ENDENCIA, J.:**

The undisputed facts which gave rise to the present case are as follows: On May 11, 1946, the appellant was employed by the defendant Manila Polo Club through the intervention of its treasurer, the other defendant Alex D. Stewart, as bookkeeper and accountant with a salary of P375 per month. On August 19, 1949, this salary was increased to P400 allocated as follows: P375 for regular pay, and P25.00 premium over regular pay for work on Sundays and legal holidays, overtime and other special duty. He was also granted two weeks leave with pay each year and 12 days sick leave with pay in any one year for proven illness (Exhibit 3).

On March 26, 1951, plaintiff requested for leave with pay for a period from April 1 to August 1, which was granted, and on April 17, 1951, while still on vacation, plaintiff received a letter (Exhibit 7) from Mr. H. J. MacLean, manager of the Club, notifying him that the Club would allow only two weeks sick leave for the year 1951 and would give one month's severance pay, for which a check for P405.00 was enclosed. Not being agreeable with his separation from the Club, on June 16, 1951, plaintiff brought the matter to the Department of Labor where he filed the corresponding claim—which was docketed as Case No. 1224—for the amount of P10,000 for overtime work and other privileges granted to him by the defendant Club in its communication to the plaintiff, dated August 19, 1951, whereby plaintiff's salary was increased to P400.00 allocated as above indicated. The Department of Labor took cognizance of the matter and, after the corresponding proceedings, on September 24, 1951, the Secretary of Labor ordered the defendant Manila Polo Club to pay to the herein plaintiff the sum of P10,623.24. The record does not show what transpired during the intervening period from September 24, 1951 up to

November 9, 1951 when plaintiff and his Attorney Constancio Leuterio entered into an amicable settlement and subscribed to the following receipt:

‘Received from Gibbs, Chuidian & Quasha, as attorneys for the Manila Polo Club, Chartered Bank of India, Australia & China Check No. 192045 in the sum of P7,000 and payable to Constancio Leuterio, as attorney for Alejandro Mercader, in full settlement of any and all claims, including overtime work, vacation and sick leave privileges, which said Alejandro Mercader has or may have against the Manila Polo Club.

(Sgd.) ALEJANDRO MERCADER

(Sgd.) CONSTANCIO LEUTERIO.”

Accordingly, the aforesaid case No. 1224 was completely closed.

Nevertheless and despite the settlement recited in the aforequoted receipt, on January 9, 1953, plaintiff filed with the Court of First Instance of Manila his present complaint, stating therein that while he was in the service of the defendant Manila Polo Club with a monthly compensation at the rate of P375, assurance of the permanence of his position as long as he, did not commit any criminal act such as embezzlement, misappropriation of funds, with 15 days vacation and 15 days sick leave with pay for every year’s service, the defendant Club, arbitrarily and capriciously, terminated plaintiff’s services in violation of the contract of service and thus he was maliciously and arbitrarily deprived of his monthly income of P405 from the time of his separation up to the filing of the complaint. Plaintiff also alleged that as a result of the malicious and arbitrary act of the defendant, he suffered untold mental anguish, serious anxiety, wounded feelings, moral shame, social humiliation and besmirched reputation, and prayed that the defendant be ordered to pay him, by way of actual and compensatory damages, the sum of P5,000 per annum from the date of his separation from the service on May 15, 1951 up to the final termination of the case; the sum of P50,000, by way of moral damages; the sum of P2,000, by way of attorney’s fees; and P200 by way of litigation expenses.

The defendant Manila Polo Club, in its answer to the complaint practically did not deny the principal allegations of the complaint regarding the employment of the plaintiff by the defendant, the vacation leave granted to plaintiff and his separation from the service,

although it was claimed that said separation was due to the fact that the plaintiff was very much behind in his work. Defendants also pleaded that the plaintiff is not entitled to recover any amount from the defendants, for on November 9, 1951 the plaintiff, in consideration of the sum of P7,000, released the defendant Manila Polo Club from all claims arising from his employment and his separation from the defendant Club. And, by way of counterclaim, defendant prayed for the sum of P5,000 as attorney's fees on the allegation that, owing to the filing of the complaint by the plaintiff, the defendant had been compelled to retain the services of counsel for the protection of his rights.

After the parties had joined issues, the case was tried and the Court of First Instance of Manila dismissed the case on the ground that the preponderance of evidence militated in favor of the contention of the defendants and that plaintiff's claim was already settled for P7,000 by virtue of the execution of the receipt, Exhibit 1, quoted above, whereby the plaintiff renounced any and all claims he may have against the defendant Club. Not satisfied with this decision, plaintiff appealed claiming that the court *a quo* erred:

I. In holding that the overtime pay of the herein plaintiff-appellant had been impliedly waived.

II. In holding that the position of the plaintiff-appellant was not permanent.

III. In awarding excessive damages to the defendants-appellees.

We have carefully scrutinized the record of the case, the pleadings of the parties and the evidence supporting them and find no reason for disturbing the decision appealed from. The settlement recited in Exhibit 1, signed by the plaintiff together with his counsel Constancio Leuterio, does constitute an absolute waiver of any and all claims including overtime work, vacation and sick leave privileges which the plaintiff had against the Manila Polo Club; consequently, by virtue of said settlement, plaintiff lost any action against the defendant Manila Polo Club in connection with his employment and separation from said Club.

Plaintiff has lengthily discussed in his brief about the nature of his employment and laboriously argued on the permanency of his position as an employee of the defendant

Manila Polo Club; but, in our opinion, all these questions are completely immaterial for, whatever be the nature of his employment, whether permanent or temporary, the facts of the case show that he has no longer any action against the defendants because he entered with the latter in an amicable settlement whereby he renounced and waived any and all claims against them.

As to defendant Alex D. Stewart, the evidence shows that he only acted as agent of the defendant Manila Polo Club in securing the services of the plaintiff and therefore he cannot be made responsible for the separation of the plaintiff from his employment.

In his third assignment of error, plaintiff assails the award of P600 attorney's fees in favor of the defendants contending that in filing the present action he tried to protect his rights. We notice that in the decision no reason was given by the lower court for awarding the fees in question; neither is there in the record any indication that the present action was malicious and intended only to cause prejudice to the defendants; hence, we believe that there is no sufficient ground for ordering the plaintiff to pay the fees in question.

Wherefore, the decision appealed from in so far as it dismisses the complaint is hereby affirmed, and reversed as it orders the payment of P600 in favor of the defendant for litigation expenses and attorney's fees. No pronouncement with regard to costs.

*Padilla, Montemayor, Bautista Angela, Labrador, Concepcion, and Felix, JJ., concur.*