

**\*\*Title:** Land and Housing Development Corporation and ABV Rock Group vs. Marianito C. Esquillo, G.R. No. 156200**\*\***

**\*\*Facts:\*\***

1. Marianito C. Esquillo was hired as a structural engineer by ABV Rock Group (“ABV”) based in Jeddah, Saudi Arabia. His employment commenced on July 27, 1989, with a starting monthly salary of US\$1,000, which was later increased to US\$1,300 due to his good performance.
2. The contract was facilitated by Land & Housing Development Corporation (“LHDC”), a local placement agency, and was originally set to expire on July 26, 1995.
3. However, on November 17, 1994, Esquillo’s employment was prematurely terminated through an inter-office memo citing “reduction of force” as the reason. Esquillo disputed this reason, pointing to the hiring of transferees and promotions within ABV.
4. ABV subsequently confiscated Esquillo’s “iqama” (resident visa), preventing him from securing another job in Jeddah.
5. As part of a final settlement, Esquillo received SR23,153 from ABV and was issued an exit visa, requiring him to return to the Philippines.
6. Esquillo filed a complaint for breach of contract and/or illegal dismissal with the Philippine Overseas Employment Administration, which was later referred to the National Labor Relations Commission (NLRC).
7. Labor Arbiter Andres Zavalla ruled in favor of Esquillo on February 27, 1997, awarding him his salaries for the unexpired portion of his contract (US\$9,447) plus attorney’s fees.
8. The NLRC reversed this decision on May 30, 1997, and dismissed Esquillo’s complaint.
9. Esquillo filed an appeal with the Court of Appeals (CA). On July 27, 2001, the CA annulled the NLRC’s decision and reinstated the Labor Arbiter’s ruling.
10. The CA’s decision was affirmed on January 29, 2002, prompting ABV and LHDC to file a Petition for Review with the Supreme Court.

**\*\*Issues:\*\***

1. Did the Court of Appeals commit reversible error by examining an issue of fact raised for the first time on appeal?
2. Is the release and quitclaim signed by Esquillo null and void, thus entitling him to additional monetary claims despite executing the quitclaim?

**\*\*Court’s Decision:\*\***

1. **\*\*Issue of Fact on Appeal:\*\***
  - The Court found no reversible error in the CA taking cognizance of the facts, as the courts

can scrutinize all aspects to render justice, especially in labor disputes where workers are often at a disadvantage.

2. **Validity of the Release and Quitclaim:**

- The Supreme Court reiterated the principle that quitclaims signed by workers do not automatically bar claims to lawful benefits. Such documents must be critically examined to ensure they represent a fair and reasonable settlement.
- The Court found that the consideration received by Esquillo (SR23,153 or US\$6,716) did not constitute a reasonable settlement for the unexpired portion of his contract.
- They emphasized the necessity to protect workers from unconscionable terms typically used in quitclaims, which often exploit the worker's weaker position.

The Supreme Court thus affirmed the Court of Appeals' decision granting Esquillo his monetary claims in the total amount of his salaries corresponding to the unexpired portion of his contract, plus attorney's fees, thereby setting aside the release and quitclaim.

**Doctrine:**

- Quitclaims, waivers, and releases executed by employees are not automatic bars to claims for the full measure of the workers' legal rights. They must represent a reasonable settlement and not be executed under duress or unconscionable terms.

**Class Notes:**

- **Labor Law Principle:** Labor agreements and waivers must be scrutinized to protect employees.
- **DOCTRINE:** Quitclaims must represent a reasonable settlement. If there is a clear proof of the unfair or unconscionable terms, they may be invalidated.
- **Civil Code Article 6:** Any waiver or quitclaim that is contrary to law, public order, public policy, morals, or good customs is void.
- **Civil Code Article 22:** No person shall be unjustly enriched at the expense of another.

**Historical Background:**

- This case is set against the backdrop of the labor migration policies and protections for Overseas Filipino Workers (OFWs). With the increasing number of OFWs, Philippine labor laws and employment contracts have been under scrutiny to ensure fair treatment and protection of rights as stipulated under the Migrant Workers and Overseas Filipinos Act (RA 8042).