

ROBERTO G. FAMANILA, PETITIONER, VS. THE COURT OF APPEALS (SPC. FMR. SEVENTH DIVISION) AND BARBERSHIP MANAGEMENT LIMITED AND NFD INTERNATIONAL MANNING AGENTS, INC. RESPONDENTS.

G.R. NO. 150429. August 29, 2006

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

Before us is a petition for review on certiorari assailing the Decision[1] of the Court of Appeals in CA-G.R. SP No. 50615 dated March 30, 2001 which affirmed the Decision[2] of the National Labor Relations Commission (NLRC) dated March 31, 1998 dismissing petitioner's complaint for payment of disability and other benefits for lack of merit and the Resolution[3] dated October 5, 2001 of the Court of Appeals denying petitioner's motion for reconsideration.

The antecedent facts are as follows:

In 1989, respondent NFD International Manning Agents, Inc. hired the services of petitioner Roberto G. Famanila as Messman[4] for Hansa Riga, a vessel registered and owned by its principal and co-respondent, Barbership Management Limited.

On June 21, 1990, while Hansa Riga was docked at the port of Eureka, California, U.S.A. and while petitioner was assisting in the loading operations, the latter complained of a headache. Petitioner experienced dizziness and he subsequently collapsed. Upon examination, it was determined that he had a sudden attack of left cerebral hemorrhage from a ruptured cerebral aneurysm.[5] Petitioner underwent a brain operation and he was confined at the Emmanuel Hospital in Portland, Oregon, U.S.A. On July 19, 1990, he underwent a second brain operation.

Owing to petitioner's physical and mental condition, he was repatriated to the Philippines. On August 21, 1990, he was examined at the American Hospital in Intramuros, Manila where the examining physician, Dr. Patricia Abesamis declared that he "cannot go back to sea duty and has been observed for 120 days, he is being declared permanently, totally disabled." [6]

Thereafter, authorized representatives of the respondents convinced him to settle his claim amicably by accepting the amount of US\$13,200.[7] Petitioner accepted the offer as evidenced by his signature in the Receipt and Release dated February 28, 1991.[8] His wife, Gloria Famanila and one Richard Famanila, acted as witnesses in the signing of the release.

On June 11, 1997, petitioner filed a complaint[9] with the NLRC which was docketed as NLRC OCW Case No. 6-838-97-L praying for an award of disability benefits, share in the insurance proceeds, moral damages and attorney's fees. On September 29, 1997, Acting Executive Labor Arbiter Voltaire A. Balitaan dismissed the complaint on the ground of prescription. Petitioner appealed the decision with the NLRC. On March 31, 1998, the NLRC promulgated its decision[10] finding the appeal to be without merit and ordered its dismissal. When the

motion for reconsideration[11] was denied by the NLRC in its resolution dated June 29, 1998,[12] petitioner filed a petition for certiorari with this Court. On December 2, 1998, we resolved to refer the case to the Court of Appeals pursuant to our ruling in *St. Martin Funeral Home v. National Labor Relations Commission*. [13]

On March 30, 2001, the Court of Appeals promulgated the assailed decision which dismissed the petition for lack of merit. Petitioner's motion for reconsideration was denied, hence, the present petition for review raising the following issues:

- THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN UPHOLDING THE VALIDITY OF THE RECEIPT AND RELEASE SINCE PETITIONER'S CONSENT THERETO WAS VITIATED THEREBY MAKING THE SAME VOID AND UNENFORCEABLE.

- THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN HOLDING THAT THE PRESCRIPTION PERIOD APPLICABLE TO THE CLAIM OF THE PETITIONER IS THE 3-YEAR PERIOD PROVIDED FOR UNDER THE LABOR CODE OF THE PHILIPPINES AND NOT THE 10-YEAR PERIOD PROVIDED FOR UNDER THE CIVIL CODE.

Petitioner claims that he did not sign the Receipt and Release voluntarily or freely because he was permanently disabled and in financial constraints. These factors allegedly vitiated his consent which makes the Receipt and Release void and unenforceable.

The petition lacks merit.

It is fundamental that the scope of the Supreme Court's judicial review under Rule 45 of the Rules of Court is confined only to errors of law. It does not extend to questions of fact. More so in labor cases where the doctrine applies with greater force.[14] The Labor Arbiter and the NLRC have already determined the factual issues, and these were affirmed by the Court of Appeals. Thus, they are accorded not only great respect but also finality and are deemed binding upon this Court so long as they are supported by substantial evidence.[15] We reviewed the records of the case and we find no reason to deviate from the findings of the labor arbiter, NLRC and the Court of Appeals.

A vitiated consent does not make a contract void and unenforceable. A vitiated consent only gives rise to a voidable agreement. Under the Civil Code, the vices of consent are mistake, violence, intimidation, undue influence or fraud.[16] If consent is given through any of the aforementioned vices of consent, the contract is voidable.[17] voidable contract is binding unless annulled by a proper action in court.[18]

Petitioner contends that his permanent and total disability vitiated his consent to the Receipt and Release thereby rendering it void and unenforceable. However, disability is not among the factors that may vitiate consent. Besides, save for petitioner's self-serving allegations, there is no proof on record that his consent was vitiated on account of his disability. In the absence of such proof of vitiated consent, the validity of the Receipt and Release must be upheld. We agree with the findings of the Court of Appeals that:

In the case at bar, there is nothing in the records to show that petitioner's consent was vitiated when he signed the agreement. Granting that petitioner has not fully recovered his health at the time he signed the subject document, the same cannot still lead to the conclusion that he did not voluntar[il]y accept the agreement, for his wife and another relative witnessed his signing.

Moreover, the document entitled receipt and release which was attached by petitioner in his appeal does not show on its face any violation of law or public policy. In fact, petitioner did not present any proof to show that the consideration for the same is not reasonable and acceptable. Absent any evidence to support the same, the

Court cannot, on its own accord, decide against the unreasonableness of the consideration.[19]

It is true that quitclaims and waivers are oftentimes frowned upon and are considered as ineffective in barring recovery for the full measure of the worker's right and that acceptance of the benefits therefrom does not amount to estoppel.[20] The reason is plain. Employer and employee, obviously do not stand on the same footing.[21] However, not all waivers and quitclaims are invalid as against public policy. If the agreement was voluntarily entered into and represents a reasonable settlement, it is binding on the parties and may not later be disowned simply because of change of mind. It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of the settlement are unconscionable on its face, that the law will step in to annul the questionable transaction. But where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as a valid and binding undertaking,[22] as in this case.

To be valid and effective, waivers must be couched in clear and unequivocal terms, leaving no doubt as to the intention of those giving up a right or a benefit that legally pertains to them.[23] We have reviewed the terms and conditions contained in the Receipt and Release and we find the same to be clear and unambiguous. The signing was even witnessed by petitioner's wife, Gloria T. Famanila and one Richard T. Famanila. The Receipt and Release provides in part:

That for and in consideration of the sum of THIRTEEN THOUSAND TWO HUNDRED DOLLARS (US\$13,200.00) or its equivalent in Philippine currency THREE HUNDRED SIXTY FIVE THOUSAND NINE HUNDRED FOUR PESOS (365,904.00), the receipt of which is hereby acknowledged to my full and complete satisfaction x x x I, ROBERTO G. FAMANILA, x x x hereby remise, release and forever discharge said vessel "HANSA RIGA", her Owners, operators, managers, charterers, agents, underwriters, P and I Club, master, officers, and crew and all parties at interest therein or thereon, whether named or not named, including but not limited to BARBER SHIP MANAGEMENT LIMITED, NFD INTERNATIONAL MANNING AGENTS, INC. and ASSURANCEFORENIGEN GARD from any and all claims, demands, debts, dues, liens, actions or causes of action, at law or in equity, in common law or in admiralty, statutory or contractual, arising from and under the laws of the United States of America, Norway, Hongkong or the Republic of the Philippines and/or any other foreign country now held, owned or possessed by me or by any person or persons, arising from or related to or concerning whether directly or indirectly, proximately or remotely, without being limited to but including the said illness suffered by me on board the vessel "HANSA RIGA" on or about 21[st] June 1990 at Portland, Oregon and disability compensation in connection therewith.

This instrument is a GENERAL RELEASE intended to release all liabilities of any character and/or claims or damages and/or losses and/or any other liabilities whatsoever, whether contractual or statutory, at common law or in equity, tortious or in admiralty, now or henceforth in any way related to or occurring as a consequence of the illness suffered by me as Messman of the vessel "HANSA RIGA", including but not limited to all damages and/or losses consisting of loss of support, loss of earning capacity, loss of all benefits of whatsoever nature and extent incurred, physical pain and suffering and/or all damages and/or indemnities claimable in law, tort, contract, common law, equity and/or admiralty by me or by any person or persons pursuant to the laws of the United States of America, Norway, Hongkong or the Republic of the Philippines and of all other countries whatsoever.

I hereby certify that I am of legal age and that I fully understand this instrument which was read to me in the local dialect and I agree that this is a FULL AND FINAL RELEASE AND DISCHARGE of all parties and things referred to herein, and I further agree that this release may be pleaded as an absolute and final bar to any suit or suits or legal proceedings that may hereafter be prosecuted by me or by any one claiming by, through, or under me, against any of the persons or things referred to or related herein, for any matter or thing referred to or related herein.[24]

It is elementary that a contract is perfected by mere consent and from that moment the parties are bound not only to the fulfillment of what has been expressly stipulated but also to all the consequences which, according to their nature, may be in keeping with good faith, usage and law.[25] Further, dire necessity is not an acceptable ground for annulling the Receipt and Release since it has not been shown that petitioner was forced to sign it.[26]

Regarding prescription, the applicable prescriptive period for the money claims against the respondents is the three year period pursuant to Article 291 of the Labor Code which provides that:

ART. 291. Money Claims. – All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise they shall be forever barred.

X X X X

Since petitioner's demand for an award of disability benefits is a money claim arising from his employment, Article 291 of the Labor Code applies. From the time petitioner was declared permanently and totally disabled on August 21, 1990 which gave rise to his entitlement to disability benefits up to the time that he filed the complaint on June 11, 1997, more than three years have elapsed thereby effectively barring his claim.

WHEREFORE, the petition is DENIED. The Decision of the Court of Appeals dated March 30, 2001 in CA-G.R. SP No. 50615 which affirmed the Decision of the National Labor Relations Commission dismissing petitioner's complaint for disability and other benefits for lack of merit, and the Resolution dated October 5, 2001 denying the motion for reconsideration, are AFFIRMED.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, Callejo, Sr. and Chico-Nazario, JJ., concur.

[1] Rollo, pp. 35-41. Penned by Associate Justice Ramon A. Barcelona and concurred in by Associate Justices Rodrigo V. Cosico and Alicia L. Santos.

[2] CA rollo, pp. 32-36.

[3] Rollo, pp. 49-51.

[4] CA rollo, p. 48.

[5] Id. at 54.

[6] Id.

[7] Rollo, p. 11.

[8] CA rollo, pp. 55-57.

[9] Id. at 59-60.

[10] Id. at 32-36.

[11] Id. at 37-42.

[12] Id. at 43-46.

[13] G.R. No. 130866, September 16, 1998, 295 SCRA 494.

[14] Philippine National Bank v. Cabansag, G.R. No. 157010, June 21, 2005, 460 SCRA 514, 525.

[15] *Skippers United Pacific, Inc. v. National Labor Relations Commission*, G.R. No. 148893, July 12, 2006.

[16] CIVIL CODE, Art. 1330.

[17] Jurado, *Comments and Jurisprudence on Obligations and Contracts*, 1993 Ed., p. 571, citing 8 Manresa, 5[th] Ed., Bk. 2, p. 426.

[18] CIVIL CODE, Art. 1390.

[19] Rollo, p. 39.

[20] *Galicia v. National Labor Relations Commission*, G.R. No. 119649, July 28, 1997, 276 SCRA 381, 387.

[21] *Lopez Sugar Corporation v. Federation of Free Workers*, G.R. Nos. 75700-01, August 30, 1990, 189 SCRA 179, 193.

[22] *Periquet v. National Labor Relations Commission*, G.R. No. 91298, June 22, 1990, 186 SCRA 724, 730-731.

[23] *Insular Life Assurance Company, Ltd. v. Asset Builders Corporation*, G.R. No. 147410, February 5, 2004, 422 SCRA 148, 166.

[24] CA rollo, pp. 55-56.

[25] CIVIL CODE, Art. 1315.

[26] *Veloso v. Department of Labor and Employment*, G.R. No. 87297, August 5, 1991, 200 SCRA 201, 205.

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