

J-PHIL MARINE, INC. AND/OR JESUS CANDAVA AND NORMAN SHIPPING SERVICES, PETITIONERS, VS. NATIONAL LABOR RELATIONS COMMISSION AND WARLITO E. DUMALAOG, RESPONDENTS

G.R. No. 175366. August 11, 2008

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Warlito E. Dumalaog (respondent), who served as cook aboard vessels plying overseas, filed on March 4, 2002 before the National Labor Relations Commission (NLRC) a pro-forma complaint[1] against petitioners manning agency J-Phil Marine, Inc. (J-Phil), its then president Jesus Candava, and its foreign principal Norman Shipping Services for unpaid money claims, moral and exemplary damages, and attorney's fees.

Respondent thereafter filed two amended pro forma complaints[2] praying for the award of overtime pay, vacation leave pay, sick leave pay, and disability/medical benefits, he having, by his claim, contracted enlargement of the heart and severe thyroid enlargement in the discharge of his duties as cook which rendered him disabled.

Respondent's total claim against petitioners was P864,343.30 plus P117,557.60 representing interest and P195,928.66 representing attorney's fees.[3]

By Decision[4] of August 29, 2003, Labor Arbiter Fe Superiaso-Cellan dismissed respondent's complaint for lack of merit.

On appeal,[5] the NLRC, by Decision of September 27, 2004, reversed the Labor Arbiter's decision and awarded US\$50,000.00 disability benefit to respondent. It dismissed respondent's other claims, however, for lack of basis or jurisdiction.[6] Petitioners' Motion for Reconsideration[7] having been denied by the NLRC,[8] they filed a petition for certiorari[9] before the Court of Appeals.

By Resolution[10] of September 22, 2005, the Court of Appeals dismissed petitioners' petition for, inter alia, failure to attach to the petition all material documents, and for defective verification and certification. Petitioners' Motion for Reconsideration of the appellate court's Resolution was denied;[11] hence, they filed the present Petition for Review on Certiorari.

During the pendency of the case before this Court, respondent, against the advice of his counsel, entered into a compromise agreement with petitioners. He thereupon signed a Quitclaim and Release subscribed and sworn to before the Labor Arbiter.[12]

On May 8, 2007, petitioners filed before this Court a Manifestation[13] dated May 7, 2007 informing that, inter alia, they and respondent had forged an amicable settlement.

On July 2, 2007, respondent's counsel filed before this Court a Comment and Opposition (to Petitioners'

Manifestation of May 7, 2007)[14] interposing no objection to the dismissal of the petition but objecting to "the absolution" of petitioners from paying respondent the total amount of Fifty Thousand US Dollars (US\$50,000.00) or approximately P2,300,000.00, the amount awarded by the NLRC, he adding that:

There being already a payment of P450,000.00, and invoking the doctrine of *parens patriae*, we pray then [to] this Honorable Supreme Court that the said amount be deducted from the [NLRC] judgment award of US\$50,000.00, or approximately P2,300,000.00, and petitioners be furthermore ordered to pay in favor of herein respondent [the] remaining balance thereof.

x x x x[15] (Emphasis in the original; underscoring supplied)

Respondent's counsel also filed before this Court, purportedly on behalf of respondent, a Comment[16] on the present petition.

The parties having forged a compromise agreement as respondent in fact has executed a Quitclaim and Release, the Court dismisses the petition.

Article 227 of the Labor Code provides:

Any compromise settlement, including those involving labor standard laws, voluntarily agreed upon by the parties with the assistance of the Department of Labor, shall be final and binding upon the parties. The National Labor Relations Commission or any court shall not assume jurisdiction over issues involved therein except in case of non-compliance thereof or if there is *prima facie* evidence that the settlement was obtained through fraud, misrepresentation, or coercion. (Emphasis and underscoring supplied)

In *Olaybar v. NLRC*, [17] the Court, recognizing the conclusiveness of compromise settlements as a means to end labor disputes, held that Article 2037 of the Civil Code, which provides that "[a] compromise has upon the parties the effect and authority of *res judicata*," applies suppletorily to labor cases even if the compromise is not judicially approved.[18]

That respondent was not assisted by his counsel when he entered into the compromise does not render it null and void. *Eurotech Hair Systems, Inc. v. Go*[19] so enlightens:

A compromise agreement is valid as long as the consideration is reasonable and the employee signed the waiver voluntarily, with a full understanding of what he was entering into. All that is required for the compromise to be deemed voluntarily entered into is personal and specific individual consent. Thus, contrary to respondent's contention, the employee's counsel need not be present at the time of the signing of the compromise agreement.[20] (Underscoring supplied)

It bears noting that, as reflected earlier, the Quitclaim and Waiver was subscribed and sworn to before the Labor Arbiter.

Respondent's counsel nevertheless argues that "[t]he amount of Four Hundred Fifty Thousand Pesos (P450,000.00) given to respondent on April 4, 2007, as 'full and final settlement of judgment award,' is unconscionably low, and un-[C]hristian, to say the least." [21] Only respondent, however, can impugn the consideration of the compromise as being unconscionable.

The relation of attorney and client is in many respects one of agency, and the general rules of agency apply to such relation.[22] The acts of an agent are deemed the acts of the principal only if the agent acts within the scope of his authority.[23] The circumstances of this case indicate that respondent's counsel is acting beyond the scope of his authority in questioning the compromise agreement.

That a client has undoubtedly the right to compromise a suit without the intervention of his lawyer[24] cannot be

gainsaid, the only qualification being that if such compromise is entered into with the intent of defrauding the lawyer of the fees justly due him, the compromise must be subject to the said fees.[25] In the case at bar, there is no showing that respondent intended to defraud his counsel of his fees. In fact, the Quitclaim and Release, the execution of which was witnessed by petitioner J-Phil's president Eulalio C. Candava and one Antonio C. Casim, notes that the 20% attorney's fees would be "paid 12 April 2007 - P90,000."

WHEREFORE, the petition is, in light of all the foregoing discussion, DISMISSED.

Let a copy of this Decision be furnished respondent, Warlito E. Dumalaog, at his given address at No. 5-B Illinois Street, Cubao, Quezon City.

SO ORDERED.

Quisumbing, (Chairperson), Corona, Velasco, Jr., and Brion, JJ., concur.

* Additional member in lieu of Justice Dante O. Tinga per Special Order No. 512 dated July 16, 2008.

[1] NLRC records, p. 2.

[2] Id. at 8, 50.

[3] Dumalaog's POSITION PAPER, NLRC records, pp. 18-21.

[4] Id. at 115-125.

[5] Id. at 132-156.

[6] Decision of September 27, 2004, penned by NLRC Commissioner Romeo L. Go, with the concurrence of Commissioner Ernesto S. Dinopol and the dissent of Commissioner Roy V. Señeres. NLRC records (unnumbered pages).

[7] NLRC records, unnumbered pages.

[8] Ibid.

[9] CA rollo, pp. 2-19.

[10] Penned by Court of Appeals Associate Justice Danilo B. Pine, with the concurrences of Associate Justices Rosmari D. Carandang and Arcangelita Romilla-Lontok. Id. at 48-50.

[11] Penned by Court of Appeals Associate Justice Arcangelita M. Romilla-Lontok, with the concurrence of Associate Justices Regalado E. Maambong and Rosmari D. Carandang. Id. at 215-216.

[12] "Quitclaim and Release" dated April 4, 2007, NLRC records, unnumbered pages.

[13] Rollo, pp. 226-228.

[14] Id. at 241-243.

[15] Id. at 242.

[16] Id. at 234-240.

[17] G.R. No. 108713, October 28, 1994, 237 SCRA 819.

[18] Id. at 823-824 (citations omitted).

[19] G.R. No. 160913, August 31, 2006, 500 SCRA 611.

[20] Id. at 618-619.

[21] Rollo, p. 241.

[22] Uytengsu III v. Baduel, Adm. Case No. 5134, December 14, 2005, 477 SCRA 621, 629 (citation omitted).

[23] Vide Siredy Enterprises, Inc. v. Court of Appeals, 437 Phil. 580, 589 (2002).

[24] Vide Rustia v. Judge of First Instance of Batangas, 44 Phil. 62, 65 (1922).

[25] Vide Aro v. Nañawa etc., et al., 137 Phil. 745, 761 (1969).

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