

GOODRICH MANUFACTURING CORPORATION & MR. NILO CHUA GOY, PETITIONERS, VS. EMERLINA ATIVO, LOVITO SEBUANO, MICHAEL FERNANDEZ, JUNIFER CASAS, ROLANDO ISLA, ELISEO DEL ROSARIO, MARK...

G.R. No. 188002. February 01, 2010

Ponente: VILLARAMA, JR., J.

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VILLARAMA, JR., J.:

This petition for review on certiorari assails the Decision [1] dated November 28, 2008 and Resolution [2] dated May 20, 2009 of the Court of Appeals in CA-G.R. SP No. 103078. The appellate court set aside the February 21, 2007 Decision [3] and January 29, 2008 Resolution [4] of the National Labor Relations Commission (NLRC), and reinstated the November 22, 2005 Decision [5] of the Labor Arbiter.

The facts follow.

Respondents are former employees of petitioner Goodrich Manufacturing Corporation (Goodrich) assigned as machine or maintenance operators for the different sections of the company. Sometime in the latter part of 2004, on account of lingering financial constraints, Goodrich gave all its employees the option to voluntarily resign from the company. Several employees, including respondents, decided to avail of the voluntary resignation option. On December 29, 2004, respondents were paid their separation pay. [6] On January 3, 2005, respondents executed their respective waivers and quitclaims. [7]

The following day, January 4, 2005, some of Goodrich's former employees, including herein respondents, filed complaints against Goodrich for illegal dismissal with prayer for payment of their full monetary benefits before the NLRC. Despite several conferences, no amicable settlement was reached by the parties.

On November 22, 2005, Labor Arbiter Florentino R. Darlucio rendered a Decision declaring that there was no illegal dismissal but held that petitioners were still liable to the respondents for their unpaid emergency cost of living allowance (ECOLA), 13[th] month pay, and service incentive leave (SIL) pay. The Labor Arbiter likewise found the separation pay paid by Goodrich to be insufficient. The dispositive portion of the Labor Arbiter's decision reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering respondents Goodrich Manufacturing Corp. to pay the complainants the following:

Names

SEP. PAY

13[th] Mo. Pay

SILP

ECOLA

SUBTOTAL

Waiver &
Quitclaim

TOTAL
AWARD

[Emerlina] Ativo

26,000.00

19,429.58

3,736.46

16,312.40

65,478.44

20,489.58

44,988.86

Warry Balinton

6,500.00

10,075.00

1,937.50

9,434.10

27,946.60

10,625.00

1,732.16 (sic)

Jennifer Casas

19,500.00

19,429.58

3,736.46

16,312.40

58,978.44

20,043.13

38,935.31

Michael Fernandez

19,500.00

19,429.58

3,736.46

16,312.40

58,978.44

29,012.76

29,965.68

Rolando Isla

13,000.00

19,429.58

3,736.46

16,312.40

58,978.44

18,225.92

40,752.52

Mark Jon Martin

19,500.00

19,429.58

3,736.46

16,312.40

52,478.44

20,666.67

31,811.72

Roberto Mendoza

13,000.00

19,429.58

3,736.46

16,312.40

52,478.44

16,722.71

35,755.73

Robert Rago

6,500.00

9,434.10

1,937.50

16,312.40

27,946.60

20,533.96

7,412.64

Lovito Sebuano

19,500.00

19,429.58

3,736.46

16,312.40

58,978.44

20,342.62

38,635.82

Eliseo del Rosario

19,500.00

19,429.58

3,736.46

16,312.40

58,978.44

23,810.00

35,168.44

Edison Gamido

16,250.00

19,429.58

3,736.46

16,312.40

55,728.44

13,125.00

42,603.44

178,750.00
195,016.25
37,503.13
165,679.80
576,949.18
213,598.07
Total Award
365,351.11

All other claims are dismissed for lack of merit.

SO ORDERED. [8]

Dissatisfied, both parties appealed to the NLRC. On February 21, 2007, the NLRC reversed and set aside the Labor Arbiter's decision. In disposing the issue, the NLRC explained:

Going over the complainants' deeds of waiver and quitclaim, We are convinced [that] the considerations they received are not unreasonable, vis-à-vis the awards granted [to] them in the assailed Decision. Notably, the awards even include the 13[th] month pays for 2002 and 2003 which, by respondents' proof (Rollo 219 to 233) appear already paid. We also noted that complainants are not shown to have signed the deeds of waiver and quitclaim involuntarily, without understanding the implication and consequences thereof. x x x.

Respondents' counterclaim is denied. There is no showing that complainants prosecuted their complaint in bad faith.

WHEREFORE, premises considered, the Decision appealed from is hereby REVERSED and SET ASIDE and complainants' monetary claims are hereby dismissed.

Respondents' counterclaim is also dismissed for lack of merit.

SO ORDERED. [9]

Respondents moved for reconsideration, but the same was denied for lack of merit, [10] prompting them to elevate the matter to the Court of Appeals. [11]

On November 28, 2008, the appellate court rendered its decision in favor of the respondents. The pertinent portion of the decision reads:

The record is devoid of any indication that the petitioners were coerced into resigning from the company. On the contrary, the record supports the view that the petitioners chose to resign without any element of coercion attending their option. The quitclaim they executed in favor of the company amounts to a valid and binding compromise agreement. To allow petitioners to repudiate the same will be to countenance unjust enrichment on their part. The court will not permit such a situation.

x x x x

However, We defer to the findings of the [L]abor [A]rbiter that petitioners are entitled to their unpaid thirteenth month pay, ECOLA and service incentive leave pay (SIL) at the amounts computed by the [L]abor [A]rbiter. These are benefits to which petitioners are entitled by statute, and which private respondent[s] failed to disprove.

WHEREFORE, the questioned Decision and Resolution of respondent National Labor Relations Commission (NLRC), Second Division, dated February 21, 2007 and January 29, 2008, respectively, are hereby SET ASIDE and the Decision of Labor Arbiter Florentino Darlucio, dated November 22, 2005, [is] REINSTATED.

SO ORDERED. [12]

Petitioners are now before this Court raising the same issues: whether the release, waiver and quitclaim signed by respondents are valid and binding; and whether respondents may still receive the deficiency amounts due them.

Petitioners contend that to allow respondents to recover their monetary claims would render nugatory the legal consequences of a valid quitclaim. They further argue that waivers and quitclaims, by their very nature, set aside all the other claims which the employee may be entitled to by the stroke of a pen. [13]

Petitioners' argument is meritorious.

It is true that the law looks with disfavor on quitclaims and releases by employees who have been inveigled or pressured into signing them by unscrupulous employers seeking to evade their legal responsibilities and frustrate just claims of employees. [14] In certain cases, however, the Court has given effect to quitclaims executed by employees if the employer is able to prove the following requisites, to wit: (1) the employee executes a deed of quitclaim voluntarily; (2) there is no fraud or deceit on the part of any of the parties; (3) the consideration of the quitclaim is credible and reasonable; and (4) the contract is not contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law. [15]

Our pronouncement in *Periquet v. National Labor Relations Commission* [16] on this matter cannot be more explicit:

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 a 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 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. [17]

In the case at bar, both the Labor Arbiter and the NLRC ruled that respondents executed the quitclaims absent any coercion from the petitioners following their voluntary resignation from the company. [18]

In their Comment [19] dated October 1, 2009, respondents themselves admitted that they were not coerced to sign the quitclaims. [20] They, however, maintain that two (2) reasons moved them to sign the said documents: first, they believed Goodrich was terminating its business on account of financial hardship; and second, they thought petitioners will pay them the full amount of their compensation. [21] Respondents insist that they were deceived into signing the quitclaims when they learned that they were not paid their full monetary benefits and after discovering that the company did not really close shop, but instead only assumed a different company name. [22]

We are not persuaded.

First, the contents of the quitclaim documents that have been signed by the respondents are simple, clear and unequivocal. [23] The records of the case are bereft of any substantial evidence to show that respondents did not know that they were relinquishing their right short of what they had expected to receive and contrary to what they have so declared. Put differently, at the time they were signing their quitclaims, respondents honestly believed that the amounts received by them were fair and reasonable settlements of the amounts which they would have received had they refused to voluntarily resign from the said company.

Second, respondents claim that they were deceived because petitioners did not really terminate their business since Mr. Chua Goy had set up another company with the same line of business as Goodrich. Such contention, however, was not proven during the hearing before the Labor Arbiter and the NLRC. Hence, such claim is based only on respondents' surmises and speculations which, unfortunately, can never be used as a valid and legal ground to repudiate respondents' quitclaims.

And third, the considerations received by the respondents from Goodrich do not appear to be grossly inadequate vis-à-vis what they should receive in full. As correctly pointed out by the NLRC, the total awards computed by the Labor Arbiter will definitely even be lesser after deducting the 13th month pay for the years 2002 and 2003, which have already been received by the respondents prior to the filing of their complaints, but which the Labor Arbiter still included in his computation. The difference between the amounts expected from those that were received may, therefore, be considered as a fair and reasonable bargain on the part of both parties.

WHEREFORE, the petition is GRANTED. The assailed Court of Appeals Decision dated November 28, 2008 and Resolution dated May 20, 2009 in CA-G.R. SP No. 103078 are hereby REVERSED and SET ASIDE. Accordingly, the NLRC Decision dated February 21, 2007 is REINSTATED.

SO ORDERED.

Puno, C.J., (Chairperson), Carpio Morales, Leonado-De Castro, and Bersamin, JJ., concur.

· Referred to as "Jennifer" in some parts of the rollo.

[1] Penned by Associate Justice Jose L. Sabio, Jr., with Associate Justices Jose C. Reyes, Jr. and Myrna Dimaranan Vidal, concurring; rollo, pp. 25-32.

[2] Rollo, pp. 34-35.

[3] Id. at 100-105.

[4] Id. at 106-108.

[5] Id. at 80-87.

[6] Id. at 36-46.

[7] Id. at 47-57.

[8] Id. at 86-87.

[9] Id. at 104.

[10] Id. at 106-108.

[11] Id. at 109-148.

[12] Id. at 30-32.

[13] Id. at 13-14.

[14] *Sime Darby Pilipinas, Inc. v. Arguilla*, G.R. No. 143542, June 8, 2006, 490 SCRA 183, 200.

[15] Id. at 201.

[16] G.R. No. 91298, June 22, 1990, 186 SCRA 724.

[17] Id. at 730-731.

[18] Rollo, pp. 85 and 104.

[19] Id. at 230-243.

[20] Id. at 232.

[21] Id. at 233.

[22] Id. at 234.

[23] Id. at 47-57.

Save for the names, addresses, amounts, dates and signatures appearing thereon, the documents entitled Release, Waiver and Quitclaim are similarly worded as follows:

KNOW ALL MEN BY THESE PRESENT:

I, _____, Filipino, of legal age, single/married, with postal address at _____ having voluntarily served from my employment with GOODRICH MANUFACTURING CORP., hereinafter referred to as COMPANY, hereby acknowledged receipt of the sum of _____ (Php _____) Philippine Currency from the said COMPANY, in full payment and settlement of any and all claims of whatsoever kind and nature which I have or may have against the said COMPANY, its officers or employees on account of or incident to my employment therewith and severance thereof.

In consideration of the above-mentioned payment, I have released and forever discharged and by these presents do, for myself and my heirs release and forever discharged (sic) the said COMPANY and its officers and employees from any and all manner of action, damages, claims and demands whatsoever which I ever had, have or which I or my heirs hereafter can, shall or may have against the said COMPANY or its officers and employees, upon or by reason of any matter, cause or thing whatsoever, the intention hereof being to completely, absolutely and finally release and absolve the said COMPANY, its officers and employees from any and all liabilities arising wholly or partially, directly or indirectly, from my employment and subsequent severance with the said COMPANY.

I freely declare that during the entire period of my employment with the said COMPANY, I received and was paid any and all consideration[,] including 13[th] month pay[,] service incentive leave pay[,] and all benefits and privileges to which I was entitled under by all laws by reason of such employment[,] and that I hereby renounce and waive my rights to any and all claims whatsoever, which I have or might have against the said COMPANY, its officers and employees[;] that I received the above consideration as full and final settlement of any and all such claims[;] and I further manifest that the payment of the above[-]mentioned amount shall not be taken by me, my heirs and successors and assigns as a confession and/or admission of liability on the part of said COMPANY, its officers and employees for any matter, cause demand[,] or damages I may have against them.

I hereby declare that I have read this document before signing it and the release and quitclaim hereby given is made willingly and voluntarily and with full knowledge of my rights under the law.

IN WITNESS WHEREOF, I have hereunto sign these presents this ____day of _____ at Manila, Philippines.

SIGNED IN THE PRESENCE OF:

SUBSCRIBED AND SWORN to before me this ____ day of _____ at Manila, Philippines.

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