

**TERESITA C. GERALES, CESAR DELA FUENTE, MARCELA GOLDING,
MARIA VERGARA AND PERLITO TRIGERO, PETITIONERS, VS. HON.
COURT OF APPEALS, ENRIQUE E. PIMENTEL, AND LETICIA
FIDELDIA, RE...**

G.R. No. 85909. February 09, 1993

Ponente: BIDIN, J.

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BIDIN, J.:

This is a petition for review on certiorari which seeks to reverse and set aside: (1) the decision of the Court of Appeals promulgated on September 26, 1988 in C.A. - G.R. S.P. No. 11811 entitled "Enrique E. Pimentel and Leticia T. Fideldia v. Hon. Ruben T. Reyes, as Regional Trial Court Judge, Branch 1, Balanga, Bataan and Teresita C. Gerales, Cesar Dela Fuente, Marcela Golding, Maria Vergara, and Perlito Trigero" dismissing Civil Case No. 5210 and reversing the decision of the trial court and (2) the resolution of the Court of Appeals promulgated on November 15, 1988 denying the Motion for Reconsideration.

The undisputed facts of the case are as follows:

On July 9, 1984, a car owned by Leticia Fideldia, then driven by Enrique E. Pimentel, hit another car, owned by Teresita Gerales then driven by Cesar Dela Fuente, with Marcela Golding, Maria Vergara and Perlito Trigero as passengers at San Jose, San Fernando, Pampanga.

On August 17, 1984, private respondent Enrique E. Pimentel was charged before the Municipal Trial Court of San Fernando, Pampanga with the crime of Damage to Property with Multiple Physical Injuries thru Reckless Imprudence, docketed as Criminal Case No. 84-9302 (Rollo, p. 18, Annex "A", p. 1).

During the pendency of the criminal case, particularly on January 11, 1985, private offended parties (now petitioners) Maria Vergara, Perlito Trigero, Marcela del Rosario Golding, Cesar Dela Fuente, and Teresita Gerales filed a civil case for Damages in the total amount of P400,000.00 docketed as Civil Case No. 5210, in the Regional Trial Court of Bataan against Enrique E. Pimentel and Leticia Fideldia. This civil case is based on the same incident for which private respondent, Enrique E. Pimentel was charged in Criminal Case No. 84-9302 (Rollo, p. 19, Annex "A", p. 2).

On April 23, 1985, or after the filing of Civil Case No. 5210 but before the service of summons upon the defendants (herein private respondents), the claims of the offended parties (plaintiffs in Civil Case No. 5210) were amicably settled, to wit:

Cesar Dela Fuente

received

P15,016.79

Marcela Golding

received

10,171.75

Maria Vergara

received

7,674.96

Teresita Gerales

received

15,000.00

Perlito Trigero

received

2,136.50

as full and final settlement of all their claims, both civil and criminal, in connection with the vehicular accident that occurred on July 9, 1984.

These offended parties (now petitioners), whose claims were amicably settled, individually executed and signed a "Release of Claim," the contents of which substantially reads as follows:

"For the sole consideration of x x x, the receipt whereof is hereby acknowledged, (I), (We) x x x for myself, my heirs, representatives, successors and assigns do hereby forever release, discharge and absolve Atty. Enrique E. Pimentel, Leticia Fideldia & F.E. Zuellig (M), Inc. of and from all actions, claims and demands whatsoever that now exist or may hereafter develop and particularly on account of all known, unknown and unanticipated injuries and damages arising out of and in consequence of the accident/illness occurring on or about July 9, 1984 at about 6:00 p.m. along the North Expressway, San Fernando, Pampanga when I sustained serious physical injuries while riding as a passenger of a Toyota Corona Sedan with Plate No. CFR-447 was hit and bumped by a Mit. Lancer Sedan with Plate No. NLL-979 driven by Atty. Enrique E. Pimentel and owned by Leticia Fideldia.

The undersigned furthermore agrees that the foregoing sum is voluntarily accepted as full and final compromise, adjustment and settlement of all claims with respect to both civil and/or criminal actions that may have been filed in connection with the above accident; that the payment of said amount shall never be construed as an admission of liability by the party/parties hereby released." (Rollo, Annexes "I" to "I-C", pp. 79-82; underscoring supplied)

A Motion to Dismiss the criminal case was filed by Atty. Jaime C. Bueza, counsel of the offended parties, with the conformity of the Prosecuting Fiscal, based on the Affidavits of Desistance executed by the offended parties.

On April 23, 1985, the Municipal Trial Court of San Fernando, Pampanga, Branch IV, acting on the Motion to Dismiss, accordingly dismissed Criminal Case No. 84-9302.

After the dismissal of the criminal charge against private respondent Enrique E. Pimentel, the latter and respondent Leticia Fideldia were served on July 30, 1985 with summons and a copy of the complaint in Civil Case No. 5210 (Rollo, p. 19, Annex "A", p. 3).

On August 14, 1985, respondent Enrique E. Pimentel wrote a letter addressed to the Clerk of Court of the Regional Trial Court of Bataan, which reads:

"Please (sic) refer to summons Civil Case No. 5210 Balanga, Bataan dated July 1, 1985 which was received on July 30, 1985.

In relation thereto, is Criminal Case No. 84-9302 wherein a Motion to Dismiss was submitted on April 23, 1985, 9:30 a.m. thus the affected parties mutually settled the case before the Municipal Trial Court of Pampanga, Branch IV.

In view thereof, may we request that said settlement be considered." (Annex "G")

On August 21, 1985, or after receipt of respondent Pimentel's letter, the Presiding Judge of Branch 1 of the Regional Trial Court of Balanga, Bataan issued an order in Civil Case No. 5210, to wit:

"It appearing that defendants Enrique E. Pimentel and Leticia T. Fideldia were served with summons and copies of the complaint on July 30, 1985 at their Quezon City residence and they have not filed their answer up to now, plaintiffs are hereby ordered to file the necessary motion within (5) days from receipt of this order.

"Should plaintiffs fail to comply herewith, the Court shall consider that they have no more interest in the prosecution of this action, especially considering that according to a letter of defendant Enrique E. Pimentel dated August 14, 1985, a motion to dismiss was filed by plaintiffs' counsel in the related criminal case (C.C. Case No. 9302) before the Municipal Trial Court of San Fernando, Pampanga, Branch IV." (Annex "H")

On motion of petitioners, the trial court issued an order declaring respondents Enrique E. Pimentel and Leticia Fideldia in default and forthwith set the case for presentation of petitioners' evidence ex-parte on October 8, 1985. A copy of said order was received by private respondents on September 18, 1985.

Judgment was rendered in favor of the petitioners, ordering respondents Enrique E. Pimentel and Leticia T. Fideldia, to pay jointly and severally the following:

- (1) To Cesar Dela Fuente, actual damages in the amount of P55,771.05;
- (2) To Marcela Golding, actual damages in the amount of P30,101.55;
- (3) To Maria Vergara, actual damages in the amount of P21,142.00;
- (4) To Teresita Gerales, compensatory damages in the amount of P50,000.00;
- (5) No further award is due Perlito Trigero as he had been fully compensated;
- (6) To all plaintiffs, attorney's fees in the total amount of P50,000.00 plus costs of suit.

Copy of the said judgment was received by private respondents on February 12, 1986. On March 10, 1986, private respondents filed a Petition for Relief from Judgment. On February 20, 1987, the trial judge denied the Petition for Relief from Judgment. A writ of execution was issued on March 6, 1987 (Rollo, p. 20, Annex "A", p. 3). Private respondents received a copy of the order of denial on March 26, 1987 (Rollo, p. 20, Annex "A", p. 3).

Private respondents filed a Petition for Certiorari, Mandamus and Prohibition with Prayer for Writ of Preliminary Injunction and Restraining Order with the Court of Appeals to set aside the aforementioned judgment and orders of the Regional Trial Court in Civil Case No. 5210, alleging among others that the trial court acted without or in excess of its jurisdiction and with grave abuse of discretion amounting to lack of jurisdiction in rendering a judgment by default against private respondents, in denying the petition for relief from judgment and in issuing a writ of execution.

The Court of Appeals, citing the case of *Ledesma v. Avelino* (82 SCRA 396 [1978]), reversed the decision of the trial court, the dispositive portion of which reads as follows:

"Following the action of the Supreme Court in said case and considering that the only defense of the petitioners is the release of claims signed by all the respondents which released all the petitioners from all actions, claims and demands whatsoever that now may exist or may hereafter develop and particularly on all known and unknown and unanticipated injuries and damages arising out of and in consequence of the accident, a new decision is entered dismissing the complaint against petitioners" (Rollo, p. 18, Annex "A", p. 6).

The Motion for Reconsideration filed by petitioners was denied in a resolution promulgated on November 15, 1988 (Rollo, p. 25, Annex "B", p. 2)

Hence, this petition.

In a resolution dated March 1, 1989, this Court gave due course to the petition and required both parties to file their respective memoranda.

Petitioners raise the issue of whether or not the respondent Court of Appeals committed reversible error in deciding private respondents' petition on the merits, thereby reversing the decision of the trial court and disregarding petitioners' evidence.

Petitioners claim that the respondent Court of Appeals should have denied and dismissed private respondents' petition for certiorari as there was no error of jurisdiction correctible by certiorari under Rule 65 of the Rules of Court. They insist that the court a quo had jurisdiction over the subject matter of the case and over the persons of the private respondents when the latter were duly served with summons on July 30, 1985. Hence, whatever error may have been committed in the case was not an error of jurisdiction correctible by certiorari. They claim that the respondent court, in dismissing the civil case for damages on the sole basis of the "releases of claims," had denied them procedural due process as they were not afforded the opportunity to refute, assail, and overcome their probative value (Rollo, pp.10-12).

On the other hand, private respondents maintain that the trial court committed grave abuse of discretion in not considering their letter dated August 14, 1985 as their responsive pleading and in consequently declaring them in default; in denying in its order dated February 20, 1987 their petition for relief from judgment; and in issuing a writ of execution on March 6, 1987, even before they received a copy of the order denying their petition for relief from judgment.

An examination of the records of the case shows that the trial court, after taking judicial notice of the letter of private respondents informing the court that the parties have mutually settled the case, and that a Motion to Dismiss was even filed by petitioners' counsel in the related criminal case, altogether did not consider nor treat it as private respondents' responsive pleading to the complaint for damages. In fact, on motion of petitioners, the private respondents were declared in default and accordingly, a judgment by default was rendered against them (private respondents).

Under the factual setting of the case, the trial court ought to have considered the letter of respondent Enrique E. Pimentel as a responsive pleading even if it lacks the formalities required by law. Undoubtedly, the letter made mention of the fact that the parties mutually settled the case, which allegation may be deemed as an averment of an affirmative defense and if proven in a preliminary hearing pursuant to Section 5, Rule 16, would constitute a meritorious defense of private respondents which would bar petitioners from recovering damages from the former as the claim or demand set forth in plaintiffs' (petitioners') pleading had been paid or extinguished.

Pleadings as well as remedial laws should be liberally construed in order that the litigant may have ample opportunity to prove their respective claims, and possible denial of substantial justice, due to technicalities, may be avoided (Cabutin, et al. v. Amacio, 170 SCRA 750 [1989], citing Quibuyen v. CA, 9 SCRA 741 [1963]).

Litigations should as much as possible be decided on the merits and not on technicality (*Fonseca v. Court of Appeals*, 165 SCRA 40 [1988], citing *A-One Feeds, Inc. v. Court of Appeals*, 100 SCRA 590, 594 [1980]). Technicality, when it deserts its proper office as an aid to justice and becomes its great hindrance and chief enemy, deserves scant consideration from courts (*American Express International, Inc. v. Intermediate Appellate Court*, 167 SCRA 209 [1988] citing *Alonso v. Villamor*, 16 Phil. 315 [1910]), and because there is no vested right in technicalities, in meritorious cases, a liberal, not literal interpretation of the rules becomes imperative and technicalities should not be resorted to in derogation of the intent and purpose of the rules, which is the proper and just determination of a litigation (*Fonseca v. C.A.*, *supra*).

In addition thereto, the trial court's denial of private respondents' petition for relief from judgment, inspite of the fact that they raise the meritorious defense of full settlement and/or payment of the claim, is improper. The trial judge should have granted the aforesaid petition as it would ultimately afford both parties the opportunity to prove their respective claims by fully and fairly laying before the Court, the facts in issue and seek justice upon the merits thereof and that possible denial of justice due to legal technicalities may be avoided.

The courts should be liberal in setting aside orders of default for default judgment is frowned upon, and unless it clearly appears that the reopening of the case is intended for delay, it is best that the trial courts give both parties every chance to fight their case fairly and in the open, without resort to technicality (*Zenith Insurance Corporation v. Hon. Fidel Purisima*, 114 SCRA 62 [1982], citing *Pineda v. Court of Appeals*, 67 SCRA 229 [1975]).

In the light of the foregoing, it is evident that indeed the trial court committed grave abuse of discretion in declaring private respondents in default, and in denying their petition for relief from judgment. Consequently, the validity of the order of default and all the proceedings that transpired subsequent thereto cannot be sustained.

A petition for Certiorari lies when any tribunal, board or officer exercising judicial functions, has acted without or in excess of its or his jurisdiction, or with grave abuse of discretion and there is no appeal, nor any plain, speedy, and adequate remedy in the ordinary course of law (Section 1 of Rule 65 of the Rules of Court). It is the inadequacy - not the mere absence of all other legal remedies and the danger of failure of justice without such writ that usually determines the propriety of certiorari (*Philippine National Bank v. Puno*, 170 SCRA 229 [1989] citing *Jaca v. Davao Lumber Co.*, 113 SCRA 107 [1982]).

Undoubtedly, Certiorari is a more speedy and efficacious remedy to have the judgment by default be set aside as a nullity where a party has been illegally declared in default. It will be noted that the trial court had already issued a writ of execution even before respondents received a copy of the order denying their petition for relief from judgment (Rollo, p. 20). Clearly therefore, even if appeal was available to private respondents, it was no longer speedy and adequate.

Petitioners contend that respondent Court of Appeals, in dismissing the complaint (Civil Case No. 5210) against private respondents on the basis solely of the releases of claims, had denied them their right to procedural due process. They claim that the settlements contained in the releases of claims were not true; that patent irregularities attended their execution as petitioners executed them because private respondents led them to believe that what they were receiving were partial settlements only; and that the said documents were more of a receipt rather than any document (Rollo, p. 12).

Conversely, private respondents contend that the releases of claims executed and signed by petitioners show that full settlements were received by the latter from private respondents and their insurer, F.E. Zuellig, Inc.; that when petitioners executed these documents, they were assisted by their very own counsel, Atty. Jaime C. Bueza; that the same was duly notarized and that petitioners cannot now impugn the veracity of the documents upon the self-serving argument that they were misled by their own counsel into believing that the settlements were but

partial.

It should be borne in mind that the petitioners do not deny at all their having executed the releases of claims which are in the nature of quitclaims. Their allegation that the execution thereof was attended by false pretenses is self-serving. Contrary thereto, petitioners, in executing these releases of claims, were in fact assisted by their counsel, Atty. Bueza, and the document was even notarized.

A notarized instrument is admissible in evidence without further proof of its due execution and is conclusive as to the truthfulness of its contents, although not absolute but rebuttable by clear and convincing evidence to the contrary (*Baranda v. Baranda*, 150 SCRA 59 [1987], citing *Antillon v. Barcelon*, 37 Phil. 148 [1917] and *Mendezona v. Phil Sugar Estate Development Corporation*, 41 Phil. 475 [1921]). A public document executed and attested through the intervention of the notary public is evidence of the facts in clear, unequivocal manner therein expressed. It has in its favor the presumption of regularity. To contradict all these, there must be evidence that is clear and convincing more than merely preponderant (*Collantes v. Capuno*, 123 SCRA 652 [1983]).

Petitioners can not now question the validity and/or veracity of the releases of claims on the allegation that the same were executed on their belief that what they received were only partial settlements and that they could not have released them "forever from all actions arising from such vehicular accident." If they did not release their claims against respondents forever, why did they cause the dismissal of the criminal case against Enrique Pimentel?

In essence, petitioners are varying the terms embodied in the releases of claims, which is proscribed by Section 7 of Rule 130 of the Rules of Court. It is a well-settled principle of law that proof of verbal agreements offered to vary the terms of written agreements is inadmissible under the Parol Evidence Rule (*Continental Airlines Inc. v. Santiago*, 172 SCRA 490 [1989]), and while Parol Evidence is admissible in a variety of ways to explain the meaning of written contracts, it cannot serve the purpose of incorporating into the contract additional contemporaneous conditions which are not mentioned at all in the writing, unless there has been fraud or mistake (*Tupue v. Urgel*, 161 SCRA 417 [1988] citing *Yu Tek & Co. v. Gonzalez*, 29 Phil. 384 [1915]).

It is easy to see that the exceptions to the rule do not apply in the instant case. The wordings of the "releases of claims" are clear, simple and unambiguous and there is no showing of any fraud, mistake or failure to express the true agreement of the parties. The second paragraph of the releases of claims executed by petitioners provides:

"the undersigned agrees that the foregoing sum is voluntarily accepted as full and final compromise, adjustments and settlement of all claims with respect to both civil and/or criminal actions that may have been filed in connection with the above accident; x x x". (Rollo, Annexes "I" to "I-C", pp. 79-82, underscoring supplied)

When petitioners executed the releases of claims on April 23, 1986, Civil Case No. 5210 for damages had already been filed on January 11, 1985 by petitioners as plaintiffs against private respondents as defendants. With the subsequent execution of the releases of claims by petitioners, all claims and demands of petitioners as plaintiffs in Civil Case No. 5210 which "had been filed in connection with the above (vehicular) accident," were fully and finally compromised, settled and forever released as stipulated in the releases of claims and agreed upon by petitioners.

There could have been no fraud or mistake in the execution of the "releases of claims" because the petitioners were assisted by their counsel in the execution thereof, who affixed his signature on each and every document as witness thereto, which documents ("releases of claims") were acknowledged before a notary public.

While strictly speaking, a remand of the case to the trial court to enable petitioners to present their evidence would

be the normal course to follow before a decision is rendered, it has been held that such time-consuming procedure may be properly dispensed with for being unnecessary where the Supreme Court could resolve the dispute on the basis of the records before it (*Quisumbing v. CA*, 122 SCRA 703 [1983]; *Board of Liquidators v. Zulueta*, 115 SCRA 549 [1982]). The only defense of the private respondents is the "releases of claims" executed by the petitioners, the existence of which is beyond dispute and is sufficient basis for rendering a decision on the merits, i.e. the dismissal of petitioners' complaint on the ground that the claim or demand of petitioners as plaintiffs had been paid or released.

WHEREFORE, the petition is hereby DISMISSED and the decision of the Court of Appeals dismissing the complaint for damages against private respondents is hereby AFFIRMED.

SO ORDERED.

Davide, Jr. and Melo, JJ., concur.

Romero, J., separate concurring and dissenting opinion.

Gutierrez, Jr., J., (Chairman), on leave.

SEPARATE CONCURRING AND DISSENTING OPINION

ROMERO, J.:

I concur in the ruling that the private respondents were not in default before the trial court but vote to remand the case to the Regional Trial Court of Balanga, Bataan (Branch 1).

At the outset, I would like to state that I, too, adhere to the well-entrenched doctrine that the Rules of Court are to be given a liberal interpretation. Procedural rules must not be interpreted to sacrifice the substantive rights of the litigants in the complex sanctuary of technicalities with impairment of the sacred principles of justice. The adversarial nature of our legal system has often encouraged those involved in the proper administration of justice to channel their creative energies into manipulating and abusing technical rules to serve their own interests rather than striving to attain and preserve justice. But members of the Bench and Bar are reminded that "[l]awsuits, unlike duels, are not to be won by a rapier's thrust. Technicality, when it deserts its proper office as an aid to justice and becomes its great hindrance and chief enemy, deserves scant consideration from courts. There should be no vested rights in technicalities." [1]

In the case at bar, petitioners filed on January 11, 1985 with the Regional Trial Court of Bataan a civil case for damages against private respondents arising out of a vehicular accident which occurred on July 9, 1984. However, on April 23, 1985, private respondents paid petitioners certain amounts of money as a result of which each of the latter signed a Release of Claim.

Nevertheless, private respondents were served with summons in connection with the civil complaint on July 30, 1985. Fourteen days later, on August 14, 1985, private respondent Enrique Pimentel wrote a letter to the Clerk of Court of the RTC of Bataan informing the court that the parties have amicably settled their case.

On August 21, 1985, the Presiding Judge of Branch I of the RTC of Bataan issued an order observing that private respondents have not yet filed their Answer and ordering petitioners to file a Motion to declare private respondents in default.

Upon motion by petitioners, private respondents were declared in default. Subsequently, the trial court rendered a judgment by default sentencing private respondents to pay jointly and severally the following:

1. "To Cesar dela Fuente, actual damages in the amount of P55,771.05;
2. To Marcela Golding, actual damages in the amount of P30,101.55;
3. To Maria Vergara, actual damages in the amount of P21,142.00;

4. To Teresita Gerales, compensatory damages in the amount of P50,000.00;
5. No further award is due Perlito Trigero as he had been fully compensated;
6. To all plaintiffs, attorney's fees in the total amount of P5,000.00, plus costs of the suit."[2]

Private respondents elevated the case to the Court of Appeals (CA) by way of a petition for certiorari.

The CA, applying the ruling in *Ledesma v. Avelino*[3], held that the letter which private respondent Enrique Pimentel sent to the trial court can be considered as private respondents' Answer and since it was filed fourteen (14) days after private respondents were served with summons, they could not yet be declared in default. The ponencia affirmed the CA decision on this point.

I am more inclined to adopt the view propounded by Justice Barredo in his concurring opinion[4] in *Ledesma v. Avelino* that the letter should be treated as a Motion for Judgment on Compromise, which if approved by the court, will serve as a judgment on the merits and will have the effect of *res judicata* among the parties as to the subject matter of the complaint. If treated as such Motion, a hearing on the same is necessary and for which reason I am of the view that the case should be remanded to the trial court. The hearing is all the more necessary in this case because petitioners claim misrepresentation and misappreciation with respect to the Releases of Claim.

Even if the letter were treated as an Answer, as is being held in the ponencia and which I could, on equitable grounds, concede to be acceptable, I nevertheless believe that the case should be remanded to the trial court for the latter to proceed with the trial, where petitioners will have the opportunity to present their evidence to prove their allegations of misappreciation and misrepresentation as regards the Releases of Claims.

It is true that in *Ledesma v. Avelino*, the Court after holding that the letter filed with the trial court can be considered as the Answer, decided not to remand the case but instead rendered a judgment based on the compromise agreement which the letter referred to. However, I would caution the wholesale application of *Ledesma v. Avelino* in this case. *Ledesma v. Avelino* was decided, not only on the doctrine of liberality in the interpretation of procedural rules but also, and more fundamentally, on the principle of procedural due process. Had the Court in that case not considered the letter as the Answer, the defendant would have been deprived of its day in court. And since the genuineness and validity of the compromise agreement in that case was not disputed, the Court went on to render a judgment on the amicable settlement.

In the instant case, however, the Releases of Claim are being questioned by petitioners. Would not petitioners be deprived of their right to procedural due process if they were not allowed to present evidence before the trial court to dispute the Releases of Claim?

My insistence on remanding the case to the trial court is based on my reservations regarding the validity of the Releases of Claim. Their form and content compel me to wonder whether petitioners voluntarily entered into and fully understood them. The Releases of Claim, which are in printed form, provide:

"RELEASE OF CLAIM

FOR THE SOLE CONSIDERATION of _____ (P_____), the receipt whereof is hereby acknowledged, (I), (We) _____ for _____, self, _____ heirs, representatives, successors and assigns do hereby forever release, discharge and absolve _____ of and from all actions, claims and demands whatsoever that now exist, or may hereafter develop and particularly on account of all known, unknown and unanticipated injuries and damages arising out of and in consequence of the accident/illness occurring on or about _____, 19 _____ at _____

_____ The undersigned furthermore agrees that the foregoing sum is voluntarily accepted as full and final compromise, adjustment and settlement of all claims with respect to both civil and/or criminal actions that may have been filed in connection with the above accident; that the payment of said amount shall never be construed as an admission of liability by the party/parties hereby released.

The undersigned furthermore agrees to indemnify the above-released party/parties from any and all claims of whatever nature that may be brought now and hereafter by my/our heirs, legal representatives, successors and assigns.

IN WITNESS THEREOF _____ have hereunto set _____ hand
this _____ day of _____, 19 .

READ CAREFULLY BEFORE SIGNING

Res. Cert. No. _____

Issued at _____

Issued on _____

IN THE PRESENCE OF:

_____ “

The Releases of Claim in this case are contracts of adhesion because there is already a printed form containing the stipulation of the agreement and one party merely "takes it or leaves it." In contracts such as these, "it is difficult to say that there is a common intention. Rather, it is more accurate to say that there is an imposition by one party upon another who accepts the terms of a contract already prepared by the former, by reason of necessity which curtails his bargaining power." [5]

Justice J.B.L. Reyes, in *Qua Chee Gan v. La Union and Rock Insurance Co. Ltd.* [6], discussed the nature of contracts of adhesion [7] and the obligation of courts when examining them, thus:

"The courts cannot ignore that nowadays monopolies, cartels and concentrations of capital, endowed with overwhelming economic power, manage to impose upon parties dealing with them cunningly prepared 'agreements' that the weaker party may not change one whit, his participation in the 'agreement' being reduced to the alternative to take it or leave it labeled since Raymond Baloilles 'contracts by adherence' (con tracts d' adhesion), in contrast to those entered into by parties bargaining on an equal footing, such contracts (of which policies of insurance and international bills of lading are prime examples) obviously call for greater strictness and vigilance on the part of courts of justice with a view to protecting the weaker party from abuses and imposition, and prevent their becoming traps for the unwary (New Civil Code, Article 24; Sent. of Supreme Court of Spain, 13 Dec. 1934, 27 February 1942)." [8]

Because the parties to a contract of adhesion are not on equal footing, in case an ambiguity arises from the agreement, the doubt is to be resolved against the party which prepared the contract and in favor of the one that merely adhered to it. [9]

Similarly, where the party who merely signed the contract of adhesion alleges vitiation of consent, I believe that it

is the duty of the court to make a thorough examination of such allegation. The Civil Code imposes a duty on the courts to exercise vigilance in adjudicating cases involving parties at a disadvantage, thus: "In all contractual, property or other relations, when one of the parties is at a disadvantage on account of his moral dependence, ignorance, indigence, mental weakness, tender age or other handicap, the courts must be vigilant for his protection." [10] Petitioners are not only disadvantaged by virtue of the nature of the agreement they entered into but they also claim to be "simple and poor provincial folks, almost unlettered, and definitely unused to the legal terminology used in the forms they signed." [11]

Finally, the all-encompassing nature of the provisions of the Releases of Claims raises doubts as to their validity. I quote the relevant part, thus:

"(I), (We) _____ for _____ self, heirs, representatives, successors and assigns do hereby forever release, discharge and absolve _____ and from all actions, claims and demands whatsoever that now exist or may hereafter develop and particularly on account of all known, unknown and unanticipated injuries and damages arising out of and in consequence of the accident..." (Italics supplied)

There is no public policy against waiving actions arising from quasi-delict. However, the terms of the waiver or quitclaim must at all times be reasonable and the consent of the parties untainted. The following guidelines made by the Court in *Periquet v. NLRC* are instructive:

"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." [12]

I believe that the case should be remanded to the trial court, not only to give private respondents the opportunity to present evidence regarding their allegations of misappreciation and misrepresentation as regards the Releases of Claim but also to enable the trial court to determine whether the terms of the waivers are reasonable, taking into account the injuries and other possible damages suffered by petitioners, the amount paid under the Releases of Claim and other relevant circumstances.

WHEREFORE, I vote to MODIFY the decision of the Court of Appeals by ordering the remand of the case to the trial court.

[1] *Alonzo v. Villamor*, 16 Phil. 315, 322 (1910).

[2] Under the Releases of Claim, petitioners were paid the following:

Cesar dela Fuente	P15,016.79
Marcela Golding	10,171.75
Maria Vergara	7,674.96
Teresita Gerales	15,000.00
Perlito Trigero	2,136.50

[3] G.R. No. L-47698, April 28, 1978, 82 SCRA 396.

[4] *Ledesma v. Avelino*, *supra*, at 405-406.

[5] 4 A. TOLENTINO, COMMENTARIES AND JURISPRUDENCE ON THE CIVIL CODE OF THE

PHILIPPINES 568 (1985).

[6] 98 Phil. 85 (1955).

[7] The subject matter of the case was an insurance policy which is an example of a contract of adhesion.

[8] Supra, note 6 at 95.

[9] Fieldmen's Insurance Co., Inc. v. Vda. de Songco, G.R. No. L-24833, September 23, 1968, 25 SCRA 70.

[10] Civil Code, Art. 24.

[11] Reply to Comment, p. 2; Rollo, p. 67.

[12] G.R. No. 91298, June 22, 1990, 186 SCRA 724, 730-731 quoted in Cruz v. NLRC, G.R. No. 98273, October 28, 1991, 203 SCRA 286, 291.

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