SUPREME COURT
FIRST DIVISION

ALFREDO VELOSO and EDITO LIGUATON,
***Petitioners*,**

-versus-

G.R. No. 87297
August 5, 1991

DEPARTMENT OF LABOR AND EMPLOYMENT, NOAH'S ARK SUGAR CARRIERS AND WILSON T. GO,
***Respondents*.**
x----------x

D E C I S I O N

CRUZ, *J.*:

The law looks with disfavor upon quitclaims and releases by employees who are inveigled or pressured into signing them by unscrupulous employers seeking to evade their legal responsibilities. On the other hand, there are legitimate waivers that represent a voluntary settlement of laborer's claims that should be respected by the courts as the law between the parties.

In the case at bar, the petitioners claim that they were forced to sign their respective releases in favor of their employer, the herein private respondent, by reason of their dire necessity. The latter, for its part,

insists that the petitioner entered into the compromise agreement freely and with open eyes and should not now be permitted to reject their solemn commitments.

The controversy began when the petitioners, along with several co-employees, filed a complaint against the private respondent for unfair labor practices, underpayment, and non-payment of overtime, holiday, and other benefits. This was decided in favor of the complainants on October 6, 1987. The motion for reconsideration, which was treated as an appeal, was dismissed in a resolution dated February 17, 1988, the dispositive portion of which read as follows:

> WHEREFORE, the instant appeal is hereby DISMISSED and the questioned Order affirmed with the modification that the monetary awards to Jeric Dequito, Custodio Ganuhay, Conrado Mori and Rogelio Veloso are hereby deleted for being settled. Let execution push through with respect to the awards to Alfredo Veloso and Edito Liguaton.
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> On February 23, 1988, the private respondent filed a motion for reconsideration and recomputation of the amount awarded to the petitioners. On April 15, 1988, while the motion was pending, petitioner Alfredo Veloso, through his wife Connie, signed a Quitclaim and Release for and in consideration of P25,000.00,[1] and on the same day his counsel, Atty. Gaga Mauna, manifested "Satisfaction of Judgment" by receipt of the said sum by Veloso.[2] For his part, petitioner Liguaton filed a motion to dismiss dated July 16, 1988, based on a Release and Quitclaim dated July 19, 1988,[3] for and in consideration of the sum of P20,000.00 he acknowledged to have received from the private respondent.[4]

These releases were later impugned by the petitioners on September 20, 1988, on the ground that they were constrained to sign the documents because of their "extreme necessity." In an Order dated December 16, 1988, the Undersecretary of Labor rejected their contention and ruled:

> IN VIEW THEREOF, complainants Motion to Declare Quitclaim Null and Void is hereby denied for lack of merit and

> the compromise agreements/settlements dated April 15, 1988 and July 19, 1988 are hereby approved. Respondents' motion for reconsideration is hereby denied for being moot and academic.
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> Reconsideration of the order having been denied on March 7, 1989, the petitioners have come to this Court on certiorari. They ask that the quitclaims they have signed be annulled and that writs of execution be issued for the sum of P21,267.92 in favor of Veloso and the sum of P26,267.92 in favor of Liguaton in settlement of their claims.

Their petition is based primarily on Pampanga Sugar Development Co., Inc. vs. Court of Industrial Relations,[5] where it was held:

> While rights may be waived, the same must not be contrary to law, public order, public policy, morals or good customs or prejudicial to a third person with a right recognized by law. (Art. 6, New Civil Code)
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> The above-quoted provision renders the quitclaim agreements void ad initio in their entirety since they obligated the workers concerned to forego their benefits, while at the same time, exempted the petitioner from any liability that it may choose to reject. This runs counter to Art. 22 of the new Civil Code which provides that no one shall be unjustly enriched at the expense of another.

The Court had deliberated on the issues and the arguments of the parties and finds that the petition must fail. The exception and not the rule shall be applied in this case.

The case cited is not apropos because the quitclaims therein invoked were secured by the employer after it had already lost in the lower court and were subsequently rejected by this Court when the employer invoked it in a petition for certiorari. By contrast, the quitclaims in the case before us were signed by the petitioners while the motion for reconsideration was still pending in the DOLE, which finally denied it on March 7, 1989. Furthermore, the quitclaims in the cited case were entered into without leave of the lower court whereas

in the case at bar the quitclaims were made with the knowledge and approval of the DOLE, which declared in its order of December 16, 1988, that "the compromise agreement/settlements dated April 15, 1988 and July 19, 1988 are hereby approved."

It is also noteworthy that the quitclaims were voluntarily and knowingly made by both petitioners even if they may now deny this. In the case of Veloso, the quitclaim he had signed carried the notation that the sum stated therein had been paid to him in the presence of Atty. Gaga Mauna, his counsel, and the document was attested by Atty. Ferdinand Magabilin, Chief of the Industrial Relations Division of the National Capitol Region of the DOLE. In the case of Liguaton, his quitclaim was made with the assistance of his counsel, Atty. Leopoldo Balguma, who also notarized it and later confirmed it with the filing of the motion to dismiss Liguaton's complaint.

The same Atty. Balguma is the petitioners' counsel in this proceeding. Curiously, he is now challenging the very same quitclaim of Liguaton that he himself notarized and invoked as the basis of Liguaton's motion to dismiss, but this time for a different reason. Whereas he had earlier argued for Liguaton that the latter's signature was a forgery, he has abandoned that contention and now claims that the quitclaim had been executed because of the petitioners' "dire necessity."

"Dire necessity" is not an acceptable ground for annulling the releases, especially since it has not been shown that the employees had been forced to execute them. It has not even been proven that the considerations for the quitclaims were unconscionably low and that the petitioners had been tricked into accepting them. While it is true that the writ of execution dated November 24, 1987, called for the collection of the amount of P46,267.92 each for the petitioners, that amount was still subject to recomputation and modification as the private respondent's motion for reconsideration was still pending before the DOLE. The fact that the petitioners accepted the lower amounts would suggest that the original award was exorbitant and they were apprehensive that it would be adjusted and reduced. In any event, no deception has been established on the part of the private respondent that would justify the annulment of the petitioners' quitclaims.

The applicable law is Article 227 of the Labor Code providing clearly as follows:

> ARTICLE 227. Compromise agreements. — Any compromise settlement, including those involving labor standard laws, voluntarily agreed upon by the parties with the assistance of the Bureau or the regional office 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.

The petitioners cannot renege on their agreement simply because they may now feel they made a mistake in not awaiting the resolution of the private respondent's motion for reconsideration and recomputation. The possibility that the original award might have been affirmed does not justify the invalidation of the perfectly valid compromise agreements they had entered into in good faith and with full voluntariness. In General Rubber and Footwear Corp. vs. Drilon,[6] we "made clear that the Court is not saying that accrued money claims can never be effectively waived by workers and employees." As we later declared in Periquet vs. NLRC:[7]

> 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. As in this case.

We find that the questioned quitclaims were voluntarily and knowingly executed and that the petitioners should not be relieved of their waivers on the ground that they now feel they were improvident in agreeing to the compromise. What they call their "dire necessity" then is no warrant to nullify their solemn undertaking, which cannot be any less binding on them simply because they are laborers and deserve the protection of the Constitution. The Constitution protects the just, and it is not the petitioners in this case.

WHEREFORE, the petition is **DISMISSED**, with costs against the petitioners. It is so ordered.

Narvasa, Gancayco, Griño-Aquino and Medialdea, *JJ.*, concur.

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[1] Rollo, p. 9.
[2] Original Records, p. 163. .
[3] Rollo, p. 11.
[4] Ibid., p. 10.
[5] 114 SCRA 725.
[6] 169 SCRA 808.
[7] 186 SCRA 724.
