

FIRST DIVISION

[G.R. No. 191902, July 30, 2019]

MARINO B. DAANG, PETITIONER, VS. SKIPPERS UNITED PACIFIC, INC. AND COMMERCIAL S.A., RESPONDENTS.

D E C I S I O N

JARDELEZA, J.:*

This is a petition for review on *certiorari*^[1] assailing the October 15, 2009 Decision^[2] and March 30, 2010 Resolution^[3] of the Court of Appeals (CA) in CA-G.R. SP No. 107561. The CA reversed and set aside the Decision of the National Labor Relations Commission (NLRC) in NLRC LAC No. 08-000643-08. In this case, We restate the rule that a conditional settlement of a judgment award which is highly prejudicial to the employee will be treated as a voluntary settlement of his/her claim that operates as a final satisfaction in his/her favor, rendering a case questioning the award moot and academic.^[4]

On October 15, 2005, Skippers United Pacific, Inc., for and on behalf of its foreign principal Commercial S.A. (collectively, respondents), hired petitioner Marino^[5] B. Daang (Daang) as chief cook on board MV Merry Fisher. Daang boarded the vessel on October 17, 2005. Although his contract was originally for a period of nine months, it was extended upon mutual agreement of the parties.^[6] On May 15, 2007, Daang strained his back while lifting a 50-kilo bag of flour. Owing to the increasing severity of his back pain, he was sent to a clinic in Santiago, Cuba where he was diagnosed with acute lumbago and given medication.^[7] Daang was further examined in the ports of Havana and Garcia, Cuba. He was eventually repatriated to the Philippines on May 28, 2007. Upon arrival, Daang was referred to the St. Christopher Clinic where respondents' company-designated physician, Dr. Leynard Rubico (Dr. Rubico), recommended the conduct of a Magnetic Resonance Imaging (MRI) procedure.^[8]

Based on the results of the MRI procedure, Daang was found to be suffering from "degenerative changes of the lumbar spine with right paracentral and neural foraminal disc protrusion [at] L4-L5."^[9] Although advised to undergo surgery, he opted for physiotherapy instead.^[10] On July 2, 2007, Dr. Rubico declared Daang fit to work, with the advice to "refrain from lifting heavy weights/objects and to maintain proper posture as necessary."^[11] Respondents thereafter paid Daang sickness benefits in the amount of US\$1,194.88 as evidenced by the notarized Receipt and Release dated July 14, 2007.^[12]

Meanwhile, Daang sought re-employment with respondents. In its course, he executed an Affidavit/Undertaking^[13] and a handwritten declaration^[14] freeing respondents from any liability in case he incurs another disease in relation to his

back injury.^[15]

While undergoing the requisite pre-employment medical examination (PEME), Daang discovered that he had gallbladder polyps and eventually decided to forego re-employment. He consulted Dr. Manuel Fidel M. Magtira (Dr. Magtira), an orthopedic surgeon at Casa Medica, Inc. in SM Southmall, Las Pinas, who issued a Medical Report^[16] dated September 29, 2007, finding him "partially and permanently disabled with Grade 6 (50%) [impediment based on the Philippine Overseas Employment Administration (POEA) Standard Employment Contract]."^[17] Daang thereafter demanded payment of disability benefits from respondents. When his demands went unheeded, he filed a complaint for total and permanent disability benefits and damages before the NLRC, docketed as NLRC-NCR Case No. OFW (M) 10-12095-07.^[18]

Relying on Dr. Magtira's Medical Report, the Labor Arbiter (LA), in his Decision^[19] dated June 27, 2008, ruled in Daang's favor and ordered respondents to pay total and permanent disability benefits in the amount of US\$60,000.00 plus 10% attorney's fees.

On appeal, the NLRC, in its Resolution^[20] dated October 20, 2008, affirmed the ruling of the LA. It held that there is no dispute that Daang sustained his injury while performing his duties on board the vessel during the term of his employment. While Dr. Rubico did declare Daang fit to work, he also advised the latter to refrain from lifting heavy objects. To the NLRC, this was proof that Daang can no longer perform his customary job. Further, the NLRC found that, from his repatriation on May 29, 2007 until the filing of his complaint on October 31, 2007, more than 120 days had elapsed and Daang has not yet boarded another vessel to work as a seafarer. Thus, he is considered permanently and totally disabled.^[21] The NLRC also rejected respondents' argument that Daang waived his right to file a complaint when he signed the Receipt and Release dated July 14, 2007. According to the NLRC, the law does not consider as valid any agreement to receive less compensation than what a worker is entitled to.^[22]

Respondents thus elevated the NLRC's ruling to the CA via a special civil action for *certiorari*. In a Decision^[23] dated October 15, 2009, the CA reversed the NLRC. It gave greater weight to Dr. Rubico's finding that Daang was fit to work over Dr. Magtira's contrary pronouncement considering that the former had given Daang more extensive medical attention compared to the latter who did not appear to have conducted any independent examination.^[24] The CA also upheld the Release and Receipt executed by Daang for lack of proof that it was entered into involuntarily.^[25]

Daang sought reconsideration but this was denied by the CA. Hence, this petition.

On September 6, 2011, and pending resolution of his action before this Court, Daang filed an urgent manifestation with motion to dismiss, alleging that on March 10, 2009, the parties jointly executed and filed with the NLRC a "conditional satisfaction of judgment with urgent motion to cancel appeal bond all without prejudice to the pending petition for *certiorari* in the Court of Appeals" (hereinafter, Conditional Satisfaction of Judgment).^[26] Daang claims that he received from

respondents the amount of P2,985,129.00 as "conditional payment of the judgment award of the [LA] x x x only to prevent imminent execution"^[27] of the NLRC ruling. Under this Conditional Satisfaction of Judgment, both parties prayed that the same be made of record and that respondents' appeal bond be cancelled. It also appears that Daang submitted a notarized affidavit (Affidavit),^[28] approved by LA Arthur A. Amansec, where the former committed, among others, not to file "any complaint or prosecute any suit or action x x x against [respondents] x x x after receiving the payment"^[29] which he will return in case of reversal of the NLRC Decision in his favor.^[30]

Respondents filed a counter-manifestation, claiming that the Conditional Satisfaction of Judgment should not be taken against them because it was the only protection available to them to prevent the execution proceedings before the NLRC.^[31]

We grant petitioner's motion and consider the case before the CA moot and academic.

The facts and circumstances of the case before Us appear to be on all fours with those in *Hernandez v. Crossworld Marine Services, Inc.*^[32] To prevent the imminent execution of the NLRC's ruling awarding seafarer Juan B. Hernandez (Hernandez) total and permanent disability benefits pending resolution of the case it filed before the CA, the parties executed a Conditional Satisfaction of Judgment stating that: (1) the payment was made only for the purpose of avoiding the execution proceeding; (2) it is without prejudice to the employer's petition for *certiorari* before the CA; and (3) in case of reversal, Hernandez shall return the amount he received. Hernandez also executed an Affidavit and Receipt of Payment wherein he committed not to file any complaint or prosecute any action in the Philippines or in any country against the employer.^[33] When the CA reversed the NLRC ruling, Hernandez appealed before Us, praying that the case before the CA be declared moot and academic on account of the parties' agreement. Upon examination, We found that the terms of the Conditional Satisfaction of Judgment, the Affidavit, and the Receipt of Payment contained provisos depriving Hernandez of all his rights to claim indemnity from the employer under all possible causes of actions and in all available fora. Under the parties' agreement, in the event of a reversal of the NLRC ruling, Hernandez not only committed to return what he received, he also waived his right to judicial recourse, thereby leaving him with the proverbial empty bag. Thus, We ruled in *Hernandez* that this kind of agreement is unfair and against public policy.^[34] Accordingly, We held that such conditional payment of the seafarer's claim should be treated as a "voluntary settlement" in full satisfaction of the NLRC's judgment—which consequently rendered the employer's petition before the CA moot and academic.^[35]

Here, We find that the terms of the parties' Conditional Satisfaction of Judgment and the Affidavit executed by petitioner are worded similarly with the Conditional Satisfaction of Judgment and the Affidavit in *Hernandez*:

CONDITIONAL SATISFACTION OF JUDGMENT x x x