

## THIRD DIVISION

[ G.R. NO. 152012, September 30, 2005 ]

**LAND AND HOUSING DEVELOPMENT CORPORATION AND ABV  
ROCK GROUP, PETITIONERS, VS. MARIANITO C. ESQUILLO,  
RESPONDENT.**

### **DECISION**

**PANGANIBAN, J.:**

Quitclaims, releases and other waivers of benefits granted by laws or contracts in favor of workers should be strictly scrutinized to protect the weak and the disadvantaged. The waivers should be carefully examined, in regard not only to the words and terms used, but also the factual circumstances under which they have been executed.

### **The Case**

Before us is a Petition for Review<sup>[1]</sup> under Rule 45 of the Rules of Court, seeking to set aside the July 27, 2001 Decision<sup>[2]</sup> and the January 29, 2002 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-GR SP No. 50679. The dispositive portion of the Decision reads as follows:

"WHEREFORE, premises considered, the decision dated May 30, 1997 of public respondent is hereby **ANNULLED** and **SET ASIDE** and the decision, dated February 27, 1997 of Labor Arbiter Andres Zavalla is **REINSTATED** and **AFFIRMED** in toto. Costs against [herein petitioners]."<sup>[4]</sup>

The assailed Resolution denied petitioners' Motion for Reconsideration.

### **The Facts**

The antecedents are narrated by the CA as follows:

"[Respondent] Marianito C. Esquillo was hired as a structural engineer by [Petitioner] ABV Rock Group ('ABV') based in Jeddah, Kingdom of Saudi Arabia. He commenced employment on July 27, 1989, with an initial monthly salary of US\$1,000.00 that was gradually increased, on account of his good performance and the annual renewal of his employment contract, until it reached US\$1,300.00. Private respondent Land & Housing Development Corporation ('LHDC'), a local placement agency, facilitated [respondent's] employment papers.

"Although [respondent's] employment contract was supposed to be valid until July 26, 1995, it was pre-terminated, through an Inter-Office Memo on Notice of Termination, dated November 17, 1994, allegedly, for the

reason, 'reduction of force.' Petitioner however, claims that the reason adduced was 'negated by the fact that a lot of transferees from other sites were taken in and promotions as well as re-classifications in the lower ranks were done as shown by the list of fifteen (15) transferees from Riyadh effective November 5, 1994, as well as letters of promotion and re-classification.' He further claimed that [Petitioner] ABV maliciously confiscated his 'iqama' or resident visa despite the fact that it was [respondent's] previous employer, FEAL IBC., which secured his 'iqama.' Consequently, [respondent] was prevented from getting another job in Jeddah.

"[Respondent] subsequently received the amount of twenty-three thousand, one hundred fifty-three Saudi Riyals (SR23,153.00) from [Petitioner] ABV, as final settlement of his claims and was issued an exit visa that required him to immediately go back to the Philippines.

"As a result of the foregoing, [respondent] filed a complaint for breach of contract and/or illegal dismissal, before the Philippine Overseas Employment Administration which was referred to the National Labor Relations Commission, Sub-Regional Arbitration Branch No. IV, San Pablo City, and docketed as SRAB-IV-4-0053-96-L. The parties were required to file their position papers and responsive pleadings.

"In their position paper, [petitioners] maintained that [respondent's] dismissal was for valid cause, that is, reduction of force. Due to the Gulf War, the projects of [Petitioner] ABV were reduced and it was forced to 'terminate the contracts of workers whose job were not so immediate and urgent and retain only those workers whose skills were needed just to maintain the projects.' [Respondent] was informed, one month in advance, of the pre-termination of his contract, and he was paid his salary, overtime pay, bonus and other benefits in the total amount of US\$6,716.00 or Saudi Riyals SR25,192.00. With respect to the alleged confiscation of [respondent's] 'iqama,' [petitioners] alleged that the law requires its surrender to the Saudi authorities upon the termination of the employee's contract of employment.

'Upon the submission of the case for resolution, the Hon. Labor Arbiter Andres Zavalla issued his Decision, dated February 27, 1997, decreeing, as follows:

'WHEREFORE, premises considered, judgment is hereby rendered ordering [petitioners] jointly and severally to pay [respondent] his salaries corresponding to the unexpired portion of his contract from December 19, 1994 up to July 26, 1995 in the total amount of NINE THOUSAND FOUR HUNDRED FORTY SEVEN U.S. Dollars (US\$9,447.00) and ten percent (10%) of his monetary award as attorney's fees both in Philippine currency to be computed at the prevailing rate at the time of payment.

'All other claims of [respondent] are hereby dismissed for lack of merit.

'SO ORDERED.'

"When [petitioners] filed their joint appeal, docketed as NLRC NCR CA No. 012650-97, [the NLRC] in a Decision, dated May 30, 1997, reversed the aforesaid decision and dismissed the [respondent's] complaint for lack of merit. [Respondent's] motion for reconsideration was denied in a Resolution, dated July 10, 1997."<sup>[5]</sup>

### **Ruling of the Court of Appeals**

The Court of Appeals ruled that despite the absence of a written categorical objection to the sufficiency of the payment received as consideration for the execution of the quitclaim, jurisprudence supported the right of respondent to demand what was rightfully his under our labor laws. Hence, he should have been allowed to recover the difference between the amount he had actually received and the amount he should have received.

The CA also found that the NLRC had erroneously applied RA 8042 to the case. The appellate court held that respondent was entitled to the salaries corresponding to the unexpired portion of his Contract, in addition to what he had already received.

Hence, this Petition.<sup>[6]</sup>

### **The Issues**

Petitioners raise the following issues for this Court's consideration:

"A. Whether or not the Honorable Court of Appeals committed reversible error when it took cognizance of an issue of fact which was raised for the first time on appeal.

"B. Whether or not the Honorable Court of Appeals committed reversible error in its 27 July 2001 Decision and 29 January 2002 Resolution by affirming the 27 February 1997 Decision of the Labor Arbiter which rendered as null and void and without binding effect the release and quitclaim executed by the respondent in favor of the petitioners, and, thereafter, granted the respondent monetary award."<sup>[7]</sup>

In the main, the issue is whether respondent, despite having executed a quitclaim, is entitled to a grant of his additional monetary claims.

### **The Court's Ruling**

The Petition has no merit.

At the outset, the Court notes the Manifestation of the Office of the Solicitor General (OSG), recommending that "the decision dated May 30, 1997 of the NLRC be annulled and set aside and that [Respondent] Esquillo be awarded the total amount of his salaries corresponding to the unexpired portion of his contract of employment."<sup>[8]</sup>

### **Main Issue:** **Entitlements of a Dismissed**

### **Employee Who Has Executed a Quitclaim**

The factual findings of labor officials, who are deemed to have acquired expertise in matters within their respective jurisdictions, are generally accorded not only respect but finality.<sup>[9]</sup> In the present case, the labor arbiter found respondent's dismissal to be illegal and devoid of any just or authorized cause. The factual findings of the NLRC and the CA on this matter were not contradictory. Hence, the Court finds no reason to deviate from their *factual* finding that respondent was dismissed without any legal cause.

Indeed, an employee cannot be dismissed except for cause, as provided by law, and only after due notice and hearing.<sup>[10]</sup> Employees who are dismissed without cause have the right to be reinstated without loss of seniority rights and other privileges; and to be paid full back wages, inclusive of allowances and other benefits, plus proven damages.

With regard to contract workers, in cases arising before the effectivity of RA 8042 (the Migrant Workers and Overseas Filipinos Act<sup>[11]</sup>), it is settled that if "the contract is for a fixed term and the employee is dismissed without just cause, he is entitled to the payment of his salaries corresponding to the unexpired portion of his contract."<sup>[12]</sup> In the present case, the Contract of respondent was until July 26, 1995. Since his dismissal from service effective December 18, 1994, was not for a just cause, he is entitled to be paid his salary corresponding to the unexpired portion of his Contract, in the total amount of US\$9,447.

We now go to the Release and Quitclaim signed by respondent. The document, which was prepared by Petitioner ABV Rock Group,<sup>[13]</sup> states:

"KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Saudi Riyals SR: TWENTY THREE THOUSAND ONE HUNDRED FIFTY THREE (SR23,153) receipt of which is hereby acknowledged to my full and complete satisfaction, I, MARIANITO C. ESQUILLO do discharge my employer, ABV ROCK GROUP KB, JEDDAH, & its recruitment agent, the LAND & HOUSING DEV'P. CORP., from any and all claims, demands, debts, dues, actions, or causes of action, arising from my employment with aforesaid company/firm/entity.

"I hereby certify that I am of legal age, that I fully understand this instrument and agree that this is a full and final release and discharge of the parties referred to herein, and I further agree that this release may be pleaded as absolute and final bar to any suit or suits or legal proceedings that may hereafter be prosecuted by me against aforementioned companies/entities.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HANDS THIS 29 day of NOV, 1994 at JEDDAH.

SIGNED

MARIANITO C. ESQUILLO."<sup>[14]</sup>