



Republic of the Philippines  
**Supreme Court**  
Manila

**FIRST DIVISION**

**RADIO MINDANAO  
NETWORK, INC.,**  
Petitioner,

**G.R. No. 167225**

Present:

- versus -

SERENO, C.J.,  
LEONARDO-DE CASTRO,  
BERSAMIN,  
PEREZ, and  
PERLAS-BERNABE, JJ.

Promulgated:

**MICHAEL MAXIMO R.  
AMURAO III,**  
Respondent.

**OCT 22 2014**

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**DECISION**

**BERSAMIN, J.:**

This appeal deals with the issue of whether the quitclaim executed by the employee was valid and effective against him.

**Antecedents**

On February 16, 1989, petitioner Radio Mindanao Network, Inc. (RMN) hired respondent Michael Maximo R. Amurao III (Michael) as a radio broadcaster for its DWKC-FM station and production manager for its metropolitan radio operations at a monthly salary of ₱28,400.00.<sup>1</sup>

Years later, RMN decided to reformat and restructure the programming of its DWKC-FM station to meet the demands of the broadcasting industry. On April 25, 2002, the president of RMN met with Michael and other personnel of the station to inform them of the management's decision, advising them that the reformatting and restructuring of the station's programs would necessarily affect their

<sup>1</sup> Rollo, pp. 25, 55.

employment; but assuring that they would be paid their retirement pay and other benefits.<sup>2</sup> To formalize the discussions had in their meeting, RMN furnished Michael and other personnel separate letters dated May 14, 2002 reading as follows:

This is to formalize your meeting with our President Mr. Eric S. Canoy, last April 25, 2002. During said meeting, you have been informed that in line with the Network's reformatting/restructuring program for operations, your services are deemed ended effective June 15, 2002. However, effective May 16, 2002, you will no longer [be] required to report for work. And for the services you have rendered, Radio Mindanao Network, Inc. will pay your separation benefits, service incentive leave pay, proportionate 13<sup>th</sup> month pay and salary for the month of May 16 to June 15, 2002.

Radio Mindanao Network, Inc. extends its gratitude and prayers to you and to your loved ones.

Thank you and God bless.<sup>3</sup>

However, Michael and the other personnel refused to sign in receipt when the letters were served on them. Not long after, however, they accepted the offer of RMN and executed affidavits relinquishing all their claims against the employer. In Michael's case, the Affidavit of Release/Quitclaim Dated May 30, 2002 (quitclaim) stated as follows:

#### AFFIDAVIT OF RELEASE/QUITCLAIM

That I, **MICHAEL MAXIMO R. AMURAO III**, of legal age, Filipino, and a resident of Manila after having been duly sworn to according to law, hereby depose and say:

1. That I have retired from my position as **Production Manager** from **RADIO MINDANAO NETWORK INC.** EFFECTIVE **June 15, 2002**;

2. That for and in consideration of sum **THREE HUNDRED ELEVEN THOUSAND NINE HUNDRED TWENTY-TWO PESOS & 00 CENTS. (P311,922.00)** in Philippine Currency, to me in hand paid by **RADIO MINDANAO NETWORK, INC.** in additional retirement benefits per corrected employment period, receipt of which is hereby acknowledged to my complete and full satisfaction;

3. That I hereby **RELEASE AND DISCHARGE RADIO MINDANAO NETWORK, INC.**, its Officers, Directors, and Managers from any and all claims and demands whatsoever as maybe due to me incident to employment with radio station **DWKC-FM** and/or cessation of the same with Radio Mindanao Network, Inc., on **June 15, 2002**.

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<sup>2</sup> Id. at 25.

<sup>3</sup> Id. at 63, 82.

4. That I hereby state further that I have no more claims, right or action whatsoever nature whether past, present or contingent against said corporation;

5. That, I manifest that the terms of this release and quitclaim have been read and thoroughly understood by me and accepted said terms on my own consent.”<sup>4</sup>

On October 14, 2002, or 5 months after receiving his benefits and his execution of the quitclaim, Michael filed a complaint against RMN for illegal dismissal with money claims in the National Labor Relations Commission (NLRC).<sup>5</sup>

### **Decision of the Labor Arbiter**

On November 12, 2002, the Labor Arbiter rendered a decision<sup>6</sup> declaring the dismissal of Michael as illegal on the ground that the reformatting and restructuring of RMN’s radio programming did not fall under any of the just or authorized causes specified under Article 282, Article 283 and Article 284 of the *Labor Code* that would make the termination of his employment valid; and holding the quitclaim Michael signed as void because it was not voluntarily executed. The decision disposed thusly:

WHEREFORE, premises considered, judgment is hereby rendered declaring that the dismissal of the complainant from the respondent’s employment is illegal and that the Affidavit of Release /Quitclaim is null and void.

Accordingly, the respondent is ordered as follows:

1) To reinstate the complainant to his former position as radio broadcaster and production manager without loss of seniority rights;

2) To pay the complainant backwages which as of the date of this decision already amounts to P159,040.00 until his actual reinstatement;

3) To pay the complainant moral damages in the amount of Php100,000.00 and exemplary damages in the amount of Php100,000.00 and

4) To pay the complainant attorney’s fees equivalent to 10 percent of the award as stated above.

The complainant’s claim for regular holiday pay and premiums on holiday pay and rest day are dismissed for lack of sufficient evidence.<sup>7</sup>

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<sup>4</sup> Id. at 64.

<sup>5</sup> Id. at 65-79.

<sup>6</sup> Id. at 98-109.

<sup>7</sup> Id. at 108-109.

### **Ruling of the NLRC**

RMN appealed to the NLRC, contending that the decision of the Labor Arbiter was premature for being rendered without first issuing an order either setting the case for hearing or declaring the same submitted for decision in violation of Rule V, Section II of the Rules of Procedure of the NLRC, as amended;<sup>8</sup> that the quitclaim signed in its favor was valid and binding because it represented a voluntary and reasonable settlement of Michael's claims; and that Michael was estopped from filing the illegal dismissal case against it.<sup>9</sup>

In its decision rendered on November 28, 2003,<sup>10</sup> the NLRC found no merit in the contention of RMN that the appealed decision was prematurely rendered. It noted that the *constancia* dated October 28, 2002, which stated "*counsel for respondent appeared and asked for a period of ten (10) days from today within which to file reply and after the lapse of the allotted period, with or without said pleading, case shall be submitted for resolution,*" clearly showed that RMN was sufficiently apprised that the case would be decided after the lapse of the 10-day period RMN prayed for regardless of whether it filed its reply or not. It held that the quitclaim was null and void for not being voluntarily executed; modified the decision of the Labor Arbiter in that the amount already received by Michael was to be deducted from the monetary benefits awarded to him; and deleted the awards for moral and exemplary damages.

RMN moved for reconsideration, but the NLRC denied its motion.<sup>11</sup>

### **Decision of the Court of Appeals**

Consequently, RMN filed with the Court of Appeals (CA) its petition for *certiorari*,<sup>12</sup> submitting that the NLRC thereby committed a grave abuse of its discretion amounting to lack or excess of its jurisdiction.

On August 31, 2004, however, the CA denied due course to the petition and dismissed it for lack of merit.<sup>13</sup>

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<sup>8</sup> Sec. 2. Nature of Proceedings – the proceedings before the Labor Arbiter shall be non-litigious in nature. Subject to the requirements of due process, the technicalities of law and procedure and the rules obtaining in the courts of law shall not apply thereto. The Labor Arbiter may avail himself/herself of all reasonable means to ascertain the facts of the controversy speedily, including ocular inspection and examination of well-informed person.

<sup>9</sup> *Rollo*, pp. 110-118.

<sup>10</sup> *Id.* at 137-144.

<sup>11</sup> *Id.* at 157-158.

<sup>12</sup> *Id.* at 159-173.

<sup>13</sup> *Id.* at 44-52; penned by Associate Justice Aurora Santiago-Lagman, with Associate Justice Portia Aliño-Hormachuelos and Associate Justice Rebecca De Guia-Salvador, concurring.

RMN sought for reconsideration of the resolution of the CA, but its motion for that purpose was similarly denied by the CA.

### Issues

Hence, this appeal by petition for review on *certiorari*,<sup>14</sup> with RMN raising the following issues, to wit:

1. Whether or not the November 12, 2002 decision of the Labor Arbiter was prematurely rendered;
2. Whether or not the November 12, 2002 decision of the Labor Arbiter was rendered in violation of petitioner's right to due process;
3. Whether or not the Affidavit of Release/Quitclaim executed by Michael was valid and binding; and
4. Whether or not private respondent's dismissal is legal.<sup>15</sup>

### Ruling of the Court

That Michael was illegally dismissed from his employment is beyond question. RMN does not dispute this. Its only submission now is that it was discharged from whatever claims Michael had against it arising from his employment by virtue of the Affidavit of Release/Quitclaim he signed in its favor. Accordingly, the remaining question to resolve is whether the quitclaim was valid and binding.

This Court recognizes that the issue concerning the validity of the quitclaim was a question of fact that is not within the province of a review on *certiorari* under Rule 45. However, there is reason to hold that the CA manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion herein. On that basis, the Court has to delve into the factual issue, and has to review the evidence again to ensure that its ruling on the issue jibes with the evidence on record.<sup>16</sup> Its doing so is an acceptable exception to the general rule of non-review of factual matters.<sup>17</sup>

The CA was quick to rule that Michael had been coerced into signing the quitclaim. It did so because he had assailed the voluntariness of the execution of the quitclaim. It noted that the fact that Michael had refused to

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<sup>14</sup> Id. at 23-38.

<sup>15</sup> Id. at 30.

<sup>16</sup> *Cajucom VII v. TPI Philippines Cement Corporation*, G.R. No. 149090, February 11, 2005, 451 SCRA 70, 78; *Cabang v. Basay*, G.R. No. 180587, March 20, 2009, 582 SCRA 172, 186.

<sup>17</sup> *Riosa v. Tobacco La Suerte Corporation*, G.R. No. 203786, October 23, 2013, 708 SCRA 655, 662.

sign the May 14, 2002 letter and thereby indicate his acceptance of the terms of his termination stated therein was proof enough of the quitclaim not being freely signed.<sup>18</sup>

The Court finds and considers the CA's ruling unfounded.

RMN consistently contended that a series of negotiations between Michael and the management preceded the giving of the settlement pay that they had considered as reasonable.<sup>19</sup> Not once did Michael refute this contention. Worth noting is that Michael signed the quitclaim to release RMN from any and all claims that could be due to him by reason of his employment after he receiving the *agreed* settlement pay of ₱311,922.00.

Not all quitclaims are *per se* invalid or against public policy. A quitclaim is invalid or contrary to public policy only: (1) where there is clear proof that the waiver was wrangled from an unsuspecting or gullible person; or (2) where the terms of settlement are unconscionable on their face. In instances of invalid quitclaims, the law steps in to annul the questionable waiver. Indeed, there are legitimate waivers that represent the voluntary and reasonable settlements of laborers' claims that should be respected by the Court as the law between the parties. Where the party has voluntarily made the waiver, with a full understanding of its terms as well as its consequences, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as a valid and binding undertaking, and may not later be disowned simply because of a change of mind.<sup>20</sup> A waiver is essentially contractual.

In our view, the requisites for the validity of Michael's quitclaim were satisfied. We explain.

Firstly, Michael acknowledged in his quitclaim that he had read and thoroughly understood the terms of his quitclaim and signed it of his own volition. Being a radio broadcaster and production manager, he occupied a highly responsible position in the company. It would be implausible to hold, therefore, that he could be easily duped into simply signing away his rights. Besides, the language and content of the quitclaim were clear and uncomplicated such that he could not claim that he did not understand what he was signing.

Secondly, the settlement pay of ₱311,922.00 was credible and reasonable considering that Michael did not even assail such amount as unconscionably low, or even state that he was entitled to a higher amount.

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<sup>18</sup> *Rollo*, p. 17.

<sup>19</sup> *Id.* at 59, 86, 112, 169, 202.

<sup>20</sup> *Coats Manila Bay, Inc. v. Ortega*, G.R. No. 172628, February 13, 2009, 579 SCRA 300, 311-312.

Thirdly, that he was required to sign the quitclaim as a condition to the release of the settlement pay<sup>21</sup> did not prove that its execution was coerced. Having agreed to part with a substantial amount of money, RMN took steps to protect its interest and obtain its release from all obligations once it paid Michael his settlement pay, which it did in this case.

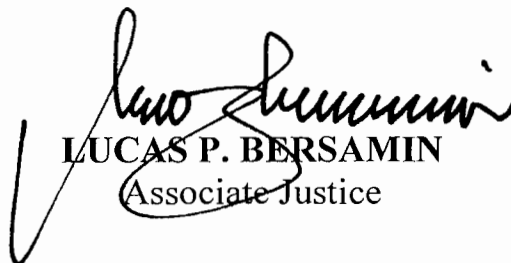
And, lastly, that he signed the quitclaim out of fear of not being able to provide for the needs of his family and for the schooling of his children did not immediately indicate that he had been forced to sign the same.<sup>22</sup> Dire necessity should not necessarily be an acceptable ground for annulling the quitclaim, especially because it was not at all shown that he had been forced to execute it. Nor was it even proven that the consideration for the quitclaim was unconscionably low, and that he had been tricked into accepting the consideration.<sup>23</sup>

With the quitclaim having been freely and voluntarily signed, RMN was released and absolved from any liability in favor of Michael. Suffice it to say that the quitclaim is ineffective in barring recovery of the full measure of an employee's rights only when the transaction is shown to be questionable and the consideration is scandalously low and inequitable.<sup>24</sup> Such is not true here.

**WHEREFORE**, the Court **GRANTS** the petition for review on *certiorari*; **REVERSES** and **SETS ASIDE** the decision promulgated on August 31, 2004; **DECLARES** the Affidavit of Release/Quitclaim executed by and between respondent Michael Maximo R. Amurao III and petitioner Radio Mindanao Network, Inc. valid and binding; and **DISMISSES** the complaint for illegal dismissal of Michael Maximo R. Amurao III.

No pronouncement on costs of suit.

**SO ORDERED.**

  
LUCAS P. BERSAMIN  
Associate Justice

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<sup>21</sup> *Rollo*, p. 305.

<sup>22</sup> *Id.*

<sup>23</sup> *Veloso v. Department of Labor and Employment*, G.R. No. 87297, August 5, 1991, 200 SCRA 201, 205.

<sup>24</sup> *City Government of Makati v. Odeña*, G.R. No. 191661, August 13, 2013, 703 SCRA 460, 498, citing *Interorient Maritime Enterprises, Inc. v. Remo*, G.R. No. 181112, June 29, 2010, 622 SCRA 237, 248.

**WE CONCUR:**



**MARIA LOURDES P. A. SERENO**  
Chief Justice

*TERESITA LEONARDO DE CASTRO*  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice

*JOSE PORTUGAL PEREZ*  
**JOSE PORTUGAL PEREZ**  
Associate Justice

*ESTELA M. PERLAS-BERNABE*  
**ESTELA M. PERLAS-BERNABE**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARIA LOURDES P. A. SERENO**  
Chief Justice