



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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FIRST DIVISION

MARINO B. DAANG, G.R. No. 191902
 Petitioner,

Present:

-versus-

BERSAMIN, *CJ.*, Chairperson,
 JARDELEZA,*
 Acting Working Chairperson,
 GESMUNDO, and
 CARANDANG, *JJ.*

SKIPPERS UNITED PACIFIC, INC. and COMMERCIAL S.A.,
 Respondents. Promulgated:

JUL 30 2019

X ----- X

DECISION

JARDELEZA, *J.*:

This is a petition for review on *certiorari*¹ assailing the October 15, 2009 Decision² and March 30, 2010 Resolution³ 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 Marino⁵ 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

* Designated as Acting Working Chairperson of the First Division per Special Order No. 2680 dated July 12, 2019.

¹ *Rollo*, pp. 9-44.

² *Id.* at 272-288. Penned by Associate Justice Rebecca De Guia-Salvador with Associate Justices Apolinario D. Bruselas, Jr., and Mario V. Lopez, concurring.

³ *Id.* at 304-305.

⁴ *MST Marine Services (Philippines), Inc. v. Asuncion*, G.R. No. 211335, March 27, 2017, 821 SCRA 535, 546.

⁵ Also referred to as "Mariano" in some parts of the *rollo*.

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/Undertaking¹³ and a handwritten declaration¹⁴ 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 Piñas, who issued a Medical Report¹⁶ dated September 29, 2007, finding him "partially and permanently disabled with Grade 6 (50%) [i]mpediment 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

⁶ *Rollo*, pp. 45, 273. The CA Decision states that the parties executed the Contract of Employment on October 17, 2005, and Daang joined his vessel on the same date (*id.* at 273). It appears, however, that the parties signed the Contract of Employment on October 15, 2005 (*id.* at 45).

⁷ *Id.* at 273.

⁸ *Id.* at 274.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Rollo*, p. 307.

¹² *Id.* at 308-309.

¹³ *Id.* at 310-311.

¹⁴ *Id.* at 312.

¹⁵ *Id.* at 275.

¹⁶ *Id.* at 49-51.

¹⁷ *Id.* at 275.

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 Decision¹⁹ 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 Resolution²⁰ 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 Decision²³ 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

¹⁸ *Id.* at 52-53, 275.

¹⁹ *Id.* at 122-128.

²⁰ *Id.* at 168-175.

²¹ *Id.* at 172-173.

²² *Id.* at 174.

²³ *Supra* note 2.

²⁴ *Rollo*, p. 283.

²⁵ *Id.* at 285.

of Appeals” (hereinafter, Conditional Satisfaction of Judgment).²⁶ Daang claims that he received from respondents the amount of ₱2,985,129.00 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

²⁶ *Id.* at 362-364.

²⁷ *Id.* at 362-363. Emphasis omitted.

²⁸ *Id.* at 365-367.

²⁹ *Id.* at 366.

³⁰ *Id.* at 365.

³¹ *Id.* at 382.

³² G.R. No. 209098, November 14, 2016, 808 SCRA 575.

³³ 6. That I have no further claims whatsoever in any theory of law against the Owners of MV “NIKOMARIN” because of the payment made to me. That I certify and warrant that I will not file any complaint or prosecute any suit or action in the Philippines, Panama, Japan or any other country against the shipowners and/or the released parties herein after receiving the payment of US\$66,000.00 or its peso equivalent x x x. x x x (*Id.* at 583-584, 589. Emphasis and citation omitted.)

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

1. That complainant **MARINO B. DAANG** received the sum of **TWO MILLION NINE HUNDRED EIGHTY-FIVE THOUSAND ONE HUNDRED TWENTY-NINE PESOS (PHP2,985,129.00)**, as conditional payment of the judgment award of the Labor Arbiter in its Decision dated 27 June 2008 which was affirmed by the Honorable Commission (Sixth Division) in its Resolutions dated 20 October 2008 and 28 November 2008 of the National Labor Relations Commission. **That payment is hereby made to complainant only to prevent imminent execution that the NLRC and the complainant are undertaking.**

x x x x

5. That this Conditional Satisfaction of Judgment is without prejudice to herein respondents' Petition for Certiorari pending with the Court of Appeals docketed as CA GR SP No. 107561 entitled "Skippers United Pacific Inc. and Commercial S.A. vs. National Labor Relations Commission (Third Division) and Marino B. Daang" and this Conditional Satisfaction of Judgment is being made only to prevent imminent execution being undertaken by the NLRC and the complainant.³⁶ (Emphasis in the original.)

AFFIDAVIT

x x x x

5. That I understand that in case of reversal and/or modification of the Decision dated 27 June 2008 of the Labor Arbiter and the Resolutions dated 20 October 2008 and 28 November 2008 of the NLRC (Third Division), by the Court of Appeals and/or the Supreme Court, I shall return whatever is due and owing to shipowners/manning agents without need of further demand;

6. That I understand that the payment of the judgment award of **US\$63,000.00** or its peso equivalent of

³⁴ *Id.* at 589.

³⁵ *Id.* at 593.

³⁶ *Rollo*, pp. 362-363.



PHP2,985,129.00 includes all my past, present and future expenses and claims, and all kinds of benefits due to me under the POEA employment contract and all collective bargaining agreements and all labor laws and regulations, civil law, or any other law whatsoever and all damages, pains, and sufferings in connection with my claim;

7. That I have no further claims whatsoever in any theory of law against the Owners of “**MERRY FISHER**” because of the payment made to me. That I certify and warrant that I will not file any complaint or prosecute any suit or action in the Philippines, Panama, Japan or any other country against the shipowners and/or the released parties herein after receiving the payment of **US\$63,000.00** or its peso equivalent of **PHP2,985,129.00**[.]³⁷ (Emphasis in the original.)

In a nutshell, the documents above enabled respondents to prevent the execution of the NLRC Decision, maintain their petition before the CA, and, in the event of an unfavorable outcome, seek an appeal before Us. Daang, on the other hand, would not only be obliged to return all settlement money he received in the event that the CA reverses the NLRC, by his waiver of his claims and right to prosecute any further action, he also gave up any legal recourse which would otherwise have been available to him. Clearly, Daang is on the losing end. The terms of the Conditional Satisfaction of Judgment and the Affidavit, not unlike those considered by this Court in *Hernandez*, are highly unfair and prejudicial against him.

Applying *Hernandez*, We find respondents to be in bad faith and should therefore bear the consequence of their actions—the conditional payment of the judgment award to Daang will be treated as a voluntary settlement in full satisfaction of the NLRC’s judgment. With the judgment award satisfied as of March 10, 2009—when the parties signed and filed the Conditional Satisfaction of Judgment with the NLRC, respondents’ petition before the CA became moot and academic.

We reject respondents’ contention that the Conditional Satisfaction of Judgment is their only protection against the execution proceedings before the NLRC. Respondents are not compelled to immediately pay the judgment award. In fact, they had already filed with the NLRC an appeal bond intended as an assurance to Daang that he would receive the money judgment upon dismissal of respondents’ appeal.³⁸

With this, We see no further need to resolve the other issues raised in the petition.

WHEREFORE, premises considered, petitioner Marino B. Daang’s urgent manifestation and motion to dismiss is **GRANTED**. The October 15,

³⁷ *Id.* at 365-366.

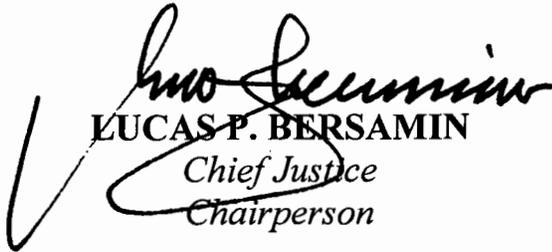
³⁸ See *Career Philippines Ship Management, Inc. v. Madjus*, G.R. No. 186158, November 22, 2010, 635 SCRA 619, 627.

2009 Decision and March 30, 2010 Resolution of the Court of Appeals in CA-G.R. SP No. 107561 are hereby **REVERSED and SET ASIDE**. The special civil action filed by respondents before the Court of Appeals has been rendered **MOOT and ACADEMIC** as a consequence of the complete satisfaction of Marino B. Daang's claims.

SO ORDERED.


FRANCIS H. JARDELEZA
Associate Justice
Acting Working Chairperson

WE CONCUR:


LUCAS P. BERSAMIN
Chief Justice
Chairperson


ALEXANDER G. GESMUNDO
Associate Justice


ROSMARI D. CARANDANG
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified 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.


LUCAS P. BERSAMIN
Chief Justice