

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**JOSEFINA M. PRINCIPE,
*Petitioner,***

-versus-

**G.R. No. 80918
August 16, 1989**

**PHILIPPINE-SINGAPORE TRANSPORT
SERVICES, INC. and CHUAN HUP
AGENCIES, PTE. LTD., NATIONAL
LABOR RELATIONS COMMISSION
AND PHILIPPINE OVERSEAS
EMPLOYMENT ADMINISTRATION,
*Respondents.***

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DECISION

GANCAYCO, J.:

Once again this Tribunal is faced with the issue of the validity of the quitclaim executed by the employee's heir in favor of the employer.

Petitioner is the widow of the late Abelardo Principe who was then the Chief Engineer of M/V OSAM Falcon, a commercial vessel of Singaporean registry owned by Chuan Hup Agencies, Pte. Ltd. (Chuan Hup for brevity), one of the private respondents herein, who is the principal of Philippine-Singapore Transport Services, Inc.

(PSTSI), also a private respondent herein. The contract of employment of the deceased with private respondent Chua Hup provides, among others, that Principe would receive Singapore \$2,800.00 a month to commence on September 7, 1982, medical benefits and insurance coverage through group hospitalization and surgical insurance and group and personal accident insurance for a capital sum of US\$75,000.00. It also provides that the laws of Singapore shall apply in cases of disputes arising out of the said appointment and that said disputes are to be resolved by the courts of the Republic of Singapore.^[1]

On September 15, 1982, while Principe was on duty in Malintoc Field, Palawan, Philippines, he suddenly contracted a serious illness which eventually resulted to his death.^[2]

On July 5, 1983, petitioner filed a complaint^[3] against PSTSI with the Worker's Assistance and Adjudication Office of the Philippine Overseas Employment Administration (POEA), seeking the payment of death compensation benefits and other benefits accruing to her deceased husband. While the aforesaid case was pending, the parties entered into a compromise agreement. On December 22, 1983, petitioner executed a release and quitclaim in favor of PSTSI in consideration of the sum of Seven Thousand Pesos (P7,000.00) together with hospital, burial and other incidental expenses previously disbursed by PSTSI in favor of petitioner's deceased husband.^[4] Consequently, Atty. Wellington Lachica, counsel for petitioner, with the latter's conformity, filed a motion to dismiss the case with prejudice against PSTSI and without prejudice' as against Chuan Hup.^[5]

On the basis of the compromise agreement and the motion to dismiss dated November 23, 1983, the POEA issued an order dated December 27, 1983, dismissing petitioner's complaint with prejudice against PSTSI.

On April 21, 1986, petitioner filed with the POEA another claim for death benefits against PSTSI, this time including Chuan Hup. The new case was docketed as POEA Case No. (L)86-04-328. In the decision dated January 27, 1987, the POEA dismissed the complaint on the ground that there exist identity of parties, subject matter and

cause of action between the previous case, POEA Case No. L635-83 and the new case, and that the present case is barred by prior judgment based on a compromise agreement in the previous case.^[6]

Petitioner appealed to the National Labor Relations Commissions (NLRC). In a resolution dated September 25, 1987, the NLRC dismissed the appeal for lack of merit.^[7]

Hence, the present petition.

It is the position of the petitioner that the release and quitclaim that she signed in favor of private respondent PSTSI is null and void on the ground that the consideration given in exchange thereof in the amount of P7,000.00 is extremely low and unconscionable. Petitioner added that she was merely misled to sign the quitclaim due to the assurance given by PSTSI that it will help her recover the death compensation and insurance proceeds due her deceased husband. She argued that even on the assumption that the quitclaim is valid, the release should benefit PSTSI alone and should not include Chua Hup as the quitclaim was executed only in favor of PSTSI. Further she contended that notwithstanding the quitclaim executed in favor of PSTSI, the latter may still be held liable since it is an agent of Chuan Hup here in the Philippines.^[8]

The Solicitor General supports petitioner's view stating that the principle of res judicata is inapplicable to the case at bar since petitioner and PSTSI agreed that the dismissal of the suit against the latter is without prejudice insofar as the principal Chuan Hup is concerned; that the quitclaim is null and void as the consideration given is unconscionably low as it is not even equal to one percent (1%) of petitioner's claim; and that the quit claim is inequitable and incongruous to the declared policy of the State to afford protection to labor, citing Section 3, Article XIII of the 1987 Constitution.^[9]

We rule for the petitioner.

The release and quitclaim in question reads as follows:

“JOSEFINA M. PRINCIPE, of legal age, widow, and resident at 1287-E, G. Tuazon St., Sampaloc, Manila.

in favor of

PHILIPPINE-SINGAPORE TRANSPORT SERVICES, INC., a domestic corporation domiciled and having its principal place of business at 205 Martinez Bldg., Dasmariñas, Manila.

WITNESSETH, that:

WHEREAS, on July 5, 1983, Josefina M. Principe filed a complaint for death benefits against Philippine-Singapore Transport Services, Inc. as a shipping agency of Chuan Hup Agencies Pte. Ltd. of the Republic of Singapore for the death of her husband, Engr. Abelardo D. Principe, on September 15, 1982 in Matinloc Field, Offshore Palawan, Philippines while in the course of his employment as Chief Engineer of 'Osam Falcon' in POEA Case No. (L) 635-83 of the Philippine Overseas Employment Administration, entitled 'Josefina M. Principe vs. Philippine-Singapore Transport Services, Inc.;

WHEREAS, the parties have agreed to settle the above-entitled case amicably.

NOW, THEREFORE, for and in consideration of the sum of SEVEN THOUSAND PESOS (P7,000.00), Philippine currency and of the hospital, burial and other incidental expenses previously disbursed by Philippine-Singapore Transport Services, Inc., receipt of which in full is hereby acknowledged to her full and complete satisfaction, JOSEFINA M. PRINCIPE have (sic) released and discharged, as she hereby releases and discharges, Philippine-Singapore Transport Services, Inc., its directors, officers, employees, principals and agents from any and all claims, actions, obligations and liabilities which she have or might have against Philippine-Singapore Transport Services, Inc. in connection with the death of her husband Abelardo D. Principe on September 15, 1982 in Matinloc Field, Offshore Palawan under the circumstances narrated in the aforementioned case.

That she hereby represents and warrants to Philippine-Singapore Transport Services, Inc. that she is the surviving spouse legally entitled to claim for damages/support which may arise from the death of said Abelardo D. Principe, and further, that she hereby manifests that any and all rights or claim's which she, as a surviving forced heir of the late Abelardo D. Principe might have against Philippine-Singapore Transport Services, Inc., its directors, employees, principals and agents arising out of or by reason of the death of said Abelardo D. Principe are hereby deemed waived and discharged and she have (sic) Philippine-Singapore Transport Services, Inc., its directors, officers, employees, principals and agents and whoever may be held liable, completely free and harmless from any claim and/or liabilities that may arise from the death of said Abelardo D. Principe (sic).

That in the event that any other person/persons, as surviving spouse of the deceased Abelardo D. Principe should claim against Philippine-Singapore Transport Services, Inc. for such damages/support arising from the death of Abelardo D. Principe, and the claim is held valid, then Josefina M. Principe hereby undertakes and agrees to reimburse to Philippine-Singapore Transport Services, Inc. the amounts hereunder received, plus legal interest therein.

That she further states that the foregoing consideration is voluntarily accepted by her as a full and final compromise, adjustment and settlement of any and all claims that she may have against Philippine-Singapore Transport Services, Inc., its directors, officers, employees, principals and agents; and she hereby irrevocably affirm (sic) that Philippine-Singapore Transport Services, Inc. has made this settlement solely to buy peace, avoid litigation and on human consideration, and she acknowledges that the payment of said consideration is not and shall never be construed as an admission of liability or obligation by Philippine-Singapore Transport Services, Inc., its officers, directors, employees, principals and agents.^[10]

It is true that a compromise agreement once approved by the court has the effect of res judicata between the parties and should not be

disturbed except for vices of consent and forgery. However, settled is the rule that the NLRC may disregard technical rules of procedure in order to give life to the constitutional mandate affording protection to labor and to conform to the need of protecting the working class whose inferiority against the employer has always been earmarked by disadvantage.^[11]

The Court finds that the compromise agreement entered into by the petitioner in favor of PSTSI was not intended to totally foreclose her right over the death benefits of her husband. First, the motion to dismiss, filed by petitioner through Atty. Lachica before the POEA, which cited the compromise agreement entered into by the parties, clearly and unequivocally reflects the undertaking that the release is without prejudice as regards private respondent Chuan Hup. This fact was acknowledged in the decision of POEA Administrator Tomas D. Achacoso in POEA Case No. (L) 86-04-328. It is surprising why both the POEA and the NLRC failed to consider this aspect in the resolution of the second complaint filed by the petitioner against PSTSI and Chuan Hup.

The second complaint was filed by petitioner to enforce the joint and several liability of PSTSI' and Chuan Hup per joint affidavit of responsibility executed by said parties in entering into a principal-agent relationship after PSTSI failed to live up to its commitment to assist petitioner in the recovery of death compensation.^[12] This observation is supported by the provisions of the release signed by the petitioner wherein the parties referred to therein were only the petitioner and PSTSI. The release is from any claim against PSTSI. Chuan Hup is not a party thereto. He cannot be considered covered by the release.

Moreover, the Court sees no reason why petitioner, with the assistance of a counsel would ever agree to foreclose her right against Chuan Hup over the death benefits of her husband in exchange for a very measly sum of Seven Thousand Pesos (P7,000.00). They must have been aware that should she pursue her case, she was assured of getting at least One Hundred Thousand Eight Hundred Singapore dollars (S\$100,800.00). This Court has laid down the rule in similar cases that applying the Singapore Maritime Laws in case of a

seaman's death, the heirs of the seaman should receive the equivalent of 36 months wages of the deceased seaman.^[13]

The fact that petitioner received the sum of P7,000.00 only should not be taken to mean as a waiver of her right. The circumstances she was confronted with during that time left her with no other alternative but to accept the same as she was in dire need of money due to the sudden death of her husband. PSTSI contends that it was precisely because of her need for cash that petitioner thereby totally waived her right over the death benefits of her husband. We do not think so. What is plausible is the protestation of petitioner that PSTSI took advantage of her financial distress and led her to signing the release and quitclaim without explaining the consequences to her. While it may be true that her counsel assisted her in the process, said counsel must have been persuaded by the assurance of PSTSI that it shall help obtain for her the corresponding benefits from Chuan Hup.

Even assuming for the sake of argument that the quitclaim had foreclosed petitioner's right over the death benefits of her husband, the fact that the consideration given in exchange thereof was very much less than the amount petitioner is claiming renders the quitclaim null and void for being contrary to public policy.^[14] The State must be firm in affording protection to labor. The quitclaim wherein the consideration is scandalously low and inequitable cannot be an obstacle to petitioner's pursuing her legitimate claim.^[15] Equity dictates that the compromise agreement should be voided in this instance.

Lastly, it must be noted that the first complaint of petitioner was merely an action against PSTSI whereas in the second complaint Chuan Hup was already included. The POEA ruled that the second complaint was merely an afterthought, and that it was a product of a pre-conceived mind considering the interval of time from the issuance of the order of dismissal in the previous case and the institution of the second complaint. We do not think so. On the contrary, the Court holds that the delay was due to PSTSI's failure to make good its promise to assist the petitioner in recovering the death benefits of her husband. We see no other reason thereby. Hence, even if the second action was filed beyond the three (3) year reglementary period as provided by law for such claims, We cannot buy PSTSI's

argument that the claim is already barred. The blame for the delay, if any, can only be attributed to PSTSI.

On the other hand, PSTSI argues that it cannot be held responsible on the ground that the aforesaid affidavit of undertaking with Chua Hup is applicable only to those members of the crew recruited by PSTSI in the Philippines for and in behalf of its principal Chuan Hup and that since Principe was directly hired by Chuan Hup, PSTSI cannot be held responsible as it has no private of contract with those personnel recruited in Singapore.

The argument is untenable. This is the first time PSTSI raised this defense when it had all the chance to do so below. Moreover, if PSTSI honestly believed it had no private of contract with Principe who was directly recruited by Chuan Hup, then there is no reason why it entered into a compromise agreement with herein petitioner. From the very start, it should have asked for the dismissal of the case against it on the ground of lack of cause of action, but it did not do so. What is obvious is that Principe was actually recruited by PSTSI and that he signed the employment contract with the principal Chuan Hup. Thus, private respondents stand jointly and severally liable for the claim of petitioner.

Anent the argument that the Philippine courts are without jurisdiction over the subject matter as jurisdiction was, by agreement of the parties, vested in the courts of the Republic of Singapore, it is well-settled that an agreement to deprive a court of jurisdiction conferred on it by law is void and of no legal effect.^[16] In this jurisdiction labor cases, are within the competence of the National Labor Relations Commission.

With respect to petitioner's monetary claim, since the parties agreed that the laws of Singapore shall govern their relationship and that any dispute arising from the contract shall be resolved by the law of that country, then the petitioner is entitled to death benefits equivalent to 36 months salary of her husband.^[17] As the wage of deceased Abelardo Principe was S\$2,800.00 a month, then petitioner is entitled to a total of S\$100,800.00.

WHEREFORE, premises considered, the petition is granted. The resolution of the NLRC dated September 25, 1987 is hereby set aside and another decision is hereby rendered ordering private respondents PSTSI and Chuan Hup Agencies, Pte. Ltd. to jointly and severally pay petitioner the sum of S\$100,800.00 in its equivalent in Philippine pesos.

This decision is immediately executory.

SO ORDERED.

Narvasa, Acting C.J., Cruz, Griño-Aquino and Medialdea, JJ., concur.

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- [1] Pages 1618, Rollo.
 - [2] Page 19-20, Rollo.
 - [3] POEA Case No. L-635-83.
 - [4] Pages 21-22, Rollo.
 - [5] Page 25, Rollo.
 - [6] Pages 24-27, Rollo.
 - [7] Pages 29-32, Rollo.
 - [8] Pages 9-12, Rollo.
 - [9] Pages 91-94-Rollo.
 - [10] Pages 21-22, Rollo.
 - [11] Cuales vs. National Labor Relations Commission, 121 SCRA 812(1983); Araneta vs. Perez, 7 SCRA 923 (1963); Serrano vs. Miave, 13 SCRA 461 (1965); Vda. de Corpus vs. Phodaca-Ambrocia, 32 SCRA 279 (1970).
 - [12] Pages 67-73, Rollo.
 - [13] Norse Management Co. (Pte.) vs. National Seamen Board, 117 SCRA 486, 491 (1982), citing Vir-Jen Shipping and Marine Services, Inc. vs. National Seamen Board, L-41297 (1975).
 - [14] Article 6, Civil Code.
 - [15] Cuales vs. National Labor Relations Commission, supra.
 - [16] Molina vs. De la Riva, 6 Phil. 12(1906).
 - [17] Norse Management Co. (Pte.) vs. National Seamen Board, supra.