SUPREME COURT
FIRST DIVISION

REY PABLO D. SICANGCO,
***Petitioner*,**

-versus-

G.R. No. 110261
August 4, 1994

NATIONAL LABOR RELATIONS COMMISSION AND METRO DRUG, INC.,
***Respondents*.**
x----------x

D E C I S I O N

CRUZ, *J.*:

The usual complaint is that a lawyer coerced somebody into signing the questioned document. In the case at bar, it is the lawyer who claims to have been coerced.

Sometime in April 1985, Rey Pablo D. Sicangco was appointed Senior Attorney in the Metro Drug Corporation (MDC). In 1986, he was promoted to the position of Assistant Vice-President for Legal Affairs. Later that same year, MDC was acquired by another company and subsequently renamed Metro Drug Inc. (MDI). Sicangco retained his position in MDI. As Assistant Vice-President for Legal Affairs, he was

in charge of labor relations, personnel administration, and all other corporate concerns of MDI.

In 1989, Sicangco was assigned to the legal staff of the mother company, First Pacific Metro Corporation, under the supervision of its general counsel. In a letter dated June 2, 1989, the company informed him that his position would be declared redundant effective July 2, 1989. He was assured of benefits due him under the law.

Sicangco did not protest and instead successfully negotiated for higher separation benefits. The separation pay was only P93,436.10, but the company agreed to write off his outstanding car loan of P162,000.00 as part of his separation package. On July 18, 1989, Sicangco was paid an extra amount of P13,291.57, representing his pay adjustment and proportionate bonuses for the period covering January to June 1989. All in all, the separation benefits awarded to him amounted to P268,727.67.

In accordance with his agreement with the company and before the declared redundancy of his position took effect, Sicangco tendered his resignation.[1]

On June 15, 1989, upon receipt of his separation benefits, Sicangco signed a document entitled "Release, Waiver and Quitclaim."[2] This document was prepared by him and the other lawyers of the company. Before he signed it, its contents were explained to him by another company lawyer, Atty. Elmer Nitura.

On February 26, 1990, Sicangco filed an action against the company for unfair labor practice and illegal dismissal. On April 5, 1990, he amended the complaint to include a prayer for damages.

The labor Arbiter declared Sicangco's dismissal as illegal and ordered his reinstatement with back wages, moral and exemplary damages, and attorney's fees.[3] However, the National Labor Relations Commission took the opposite view when the decision was appealed to it.[4]

The NLRC held that Sicangco's termination from employment was due to his voluntary resignation and not because of redundancy. It

did not give credence to Sicangco's claim of "dire necessity" as the reason that compelled him to execute the quitclaim. Sicangco's allegation of coercion and undue influence was also dismissed for lack of evidence. The NLRC said that by negotiating for a bigger separation package, he was deemed to waived whatever defects may have attended the declaration of his redundancy.

The petitioner is now before us, praying for reversal of the NLRC.

He contends that the respondent Commission gravely abused its discretion when it ignored the illegality of the company's declaration that his position had become redundant. He points out that just before the declaration, he received recognitions, salary increases and bonuses from the respondent. He says that his position was singled out as redundant because of his active involvement in the formation of a supervisors' union in the company.

Sicangco also insists that he did not resign voluntarily but signed the quitclaim out of "dire necessity." He says he was suffering then from illnesses he acquired while still in the employ of the respondent company and was also under great financial distress because of the funeral and hospitalization expenses he shouldered for his family. His acceptance therefore of higher separation benefits should not bar him from filing an illegal dismissal case against his employer.

The Solicitor General, the NLRC, and respondent company have filed their respective comments.

The Solicitor General agrees with the petitioner. He notes that none of the grounds constituting redundancy was proved by the respondent company. The real reason for the petitioner's dismissal was his poor performance, but this never became the subject of any hearing. He was therefore illegally dismissed. The unilateral declaration of redundancy by the respondent company left the petitioner with no other option than to resign.

The Commission, on the other hand, maintains that this is not a case of illegal dismissal but of voluntary resignation. In dismissal cases, the employee is not given the option to resign, but in the case at bar the petitioner was given this option before his position was declared

redundant. Moreover, he received separation benefits. There is also no evidence on record that the petitioner was forced by the company to sign the release, waiver and quitclaim.

The private respondent echoes the view of the Commission and, in addition, contends that the issues raised in the petition are not reviewable in a certiorari proceeding because they are all factual.

The resolution of this case hinges on the determination of the true cause of the severance from employment of the petitioner from the respondent company.

The following provisions in the Civil Code are pertinent:

> Art. 1335. There is intimidation when one of the contracting parties is compelled by a reasonable and well-grounded fear of an imminent and grave evil upon his person and property, or upon the person or property of his spouse, descendants or ascendants, to give his consent.
>
> To determine the degree of the intimidation, the age, sex and condition of the person shall be borne in mind.
>
> Art. 1337. There is undue influence when a person takes improper advantage of his power over the will of another, depriving the latter of a reasonable freedom of choice. The following circumstances shall be considered: the confidential, family, spiritual, and other relations between the parties, or the fact that the person alleged to have been unduly influenced was suffering from mental weakness, or was ignorant or in financial distress.
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> Art. 1338. There is fraud when, through insidious words or machinations, of one of the contracting parties, the other is induced to enter into a contract which, without them, he would not have agreed to. (Emphasis supplied)

Contrary to Sicangco's allegations, there is no indication in the record that he was coerced into resigning from the company. It should be noted that the petitioner is a lawyer and specializes in labor relations

at that. There is every reason to suppose that he knows his basic rights as an employee and, no less importantly, knows how to protect these rights as a lawyer. In fact, he used this knowledge to his advantage when he negotiated successfully for higher separation benefits.

The petitioner was not illegally dismissed. It would appear that when he was informed that his position had become redundant, he decided to resign and was allowed to do so before his redundancy took effect. We have said that there is nothing illegal with the practice of allowing an employee to resign instead of being separated for just cause, so as not to smear his employment record.[5]

Moreover, the petitioner cannot renege on the release, waiver and quitclaim he executed. His contention that it was coerced, considered especially in the light of the fact that he is a lawyer, must be rejected. Lawyers are not easily coerced into signing legal documents.

Quitclaims executed by employees are commonly frowned upon as contrary to public policy and ineffective to bar claims for the full measure of the worker's legal rights. Neither does acceptance of benefits estop the employee from prosecuting his employer for unfair labor practice acts. The reason is plain. Employer and employee obviously do not stand on the same footing.[6]

Nevertheless, the above rule is not without exception, as this Court held in Periquet vs. NLRC:[7]

> Not all waivers and quitclaims are invalid as against public policy. If the agreement was voluntarily entered into and represents a reasonable settlement, it is binding on the parties and may not later be disowned simply because of a change of mind. It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of settlement are unconscionable on its face, that the law will step in to annul the questionable transaction. But where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is credible and reasonable, the

> transaction must be recognized as a valid and binding undertaking.

As for his excuse of "dire necessity," Veloso vs. DOLE,[8] commented on precisely this ground thus:

"Dire necessity" is not an acceptable ground for annulling the releases, especially since it has not been shown that the employees had been forced to execute them. It has not even been proven that the considerations for the quitclaims were unconscionably low and that the petitioners had been tricked into accepting them.

It is inconceivable that as an experienced lawyer, the petitioner would allow himself to be inveigled or coerced into signing away his rights. He obviously has forgotten the lesson in the old but still valid case of Vales vs. Villa[9] that —

> Courts cannot constitute themselves guardians of persons who are not legally incompetent. Courts operate not because one person has been defeated or overcome by another, but because he has been defeated or overcome illegally. Men may do foolish things, make ridiculous contracts, use miserable judgment and lose money by them — indeed, all they have in the world; but not for that alone can the law intervene and restore. There must be, in addition, a violation of law, the commission of what the law knows as an actionable wrong, before the courts are authorized to lay hold of the situation and remedy it.

We find that the respondent Commission committed no grave abuse of discretion in finding that the petitioner resigned voluntarily and that he knowingly waived all rights of action against the respondent company in exchange for the separation benefits he received from it.

WHEREFORE, the petition is **DISMISSED** and the challenged decision of the National Labor Relations Commission is **AFFIRMED**, with costs against the petitioner.

SO ORDERED.

Davide, Jr., Quiason and Kapunan, *JJ.*, concur.

Bellosillo, *J.*, is on leave.

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[1] Records, p. 49; rollo, pp. 44, 88.
[2] Rollo, pp. 45-46.
[3] Rollo, p. 35.
[4] Rollo, pp. 85-94.
[5] Samaniego vs. NLRC, 198 SCRA 111.
[6] Lopez Sugar Corporation vs. Federation of Free Workers, 189 SCRA 179; AFP Mutual Benefit Association vs. AFP MBAI-EU, 97 SCRA 715; Mercury Drug Co. vs. CIR, 56 SCRA 694.
[7] 186 SCRA 724.
[8] 200 SCRA 205.
[9] 35 Phil. 788.
