

FIFTH DIVISION

[CA - G.R. SP No. 132175, March 15, 2015]

**FLORANTE M. CAPITULO AND ZENAIDA Z. DE CLARO,
PETITIONERS, VS. NATIONAL LABOR RELATIONS COMMISSION
(5TH DIVISION), PHILIPPINE SCHOOL OF BUSINESS
ADMINISTRATION, ATTY. BENJAMIN PAULINO AND DR. JUAN D.
LIM, RESPONDENTS.**

D E C I S I O N

LOPEZ, J.:

The central issue in this case is whether petitioners are still entitled to retirement pay differentials despite having signed a quitclaim.

The facts are not disputed.

On April 4, 2011, Florante Capitulo and Zenaida De Claro (petitioners), together with other retired faculty members, filed a complaint for non-payment of retirement benefits against the Philippine School of Business Administration (PSBA) with the National Labor Relations Commission (NLRC). ^[1]

Petitioners and the other retired faculty members have optionally and compulsory retired from teaching at PSBA. Their retirement benefits, however, were withheld because of a pending case on the salary adjustment of the faculty members. Meantime, PSBA declared that it would only release their retirement benefits if they would waive their rights under the pending claim.^[2] Thus, on June 2, 2011, petitioners agreed and signed a quitclaim and release (quitclaim) before Labor Arbiter Nicolas Barriatios.^[3] Later, however, De Claro claimed that the quitclaim is void. She was only compelled to sign it and accept a lesser amount than what she was entitled to receive. She only received Php353,006.42 when her total claim should be Php764,458.25.^[4]

On September 5, 2011, the Labor Arbiter rendered a Decision ordering PSBA to release the retirement benefits of the retired faculty members, including the petitioners.^[5] It found that the quitclaim is valid and binding because petitioners voluntarily signed it subject to the pending case. The release covers only those benefits actually received and does not extend to future legal benefits, thus:

De Claro and Capitulo have the right to payment of retirement benefits (sic) differentials that would be realized in connection with the decision in NLRC NCR Case No. 11-15426-11

The quitclaim and release signed by De Claro and Capitulo (sic) upon receipt of the retirement benefit computed on the bases of their rates on the date of their retirement is valid. It was executed and signed before

the Labor Arbiter and therefore it shall be binding and final between the parties. It cannot be nullified simply because of a change of mind because this agreement was voluntarily entered into by the parties before the Labor Arbiter and represents a reasonable settlement of claims. However, its validity and legality shall only cover the retirement benefits that have been actually received by De Claro and Capitulio (sic) that were computed based on their salary rates at the time of their retirement. It cannot extend to cover future legal benefits (or retirement differentials) that may accrue pursuant to the appealed decision of the Labor Arbiter in NLRC NCR Case No. 11-15426-11 to which De Claro and Capitulio (sic) are legally entitled.^[6]

On appeal, the NLRC modified the Labor Arbiter's Decision and declared that petitioners are not entitled to retirement pay differentials.^[7] It reasoned that petitioners voluntarily agreed to waive their claim in the pending case when they signed the quitclaim.

Petitioners sought reconsideration,^[8] but was denied. ^[9] The NLRC reiterated that petitioners intelligently and voluntarily waived any past, present and contingent benefits from PSBA.^[10] Hence, this petition for *certiorari*^[11] alleging that the NLRC gravely abused its discretion when it denied their claim to retirement pay differentials.

The petition is bereft of merit.

It is settled that waivers and quitclaims are not invalid per se or against public policy. They may be declared void only when (1) there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or (2) the terms of settlement are unconscionable on their face.^[12] It is only in these cases that the law will step in to annul the questionable transactions.^[13] The Supreme Court reiterated this doctrine in *Goodrich Manufacturing Corporation v. Ativo*,^[14] to wit:

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.

In this case, the voluntariness of the parties and the reasonableness of their quitclaim are not in issue. The only question is whether petitioners waived their claim in the pending case. We quote the quitclaim agreement^[15]:

THAT, I do hereby acknowledge receipt on this date, the sum of xxx, from Philippine School of Business Administration, Inc.-Q.C. in full payment and complete satisfaction of all sums due to me from PSBA-QC, including

the retirement benefits under existing laws and the CBA between the PSBA, Inc.-Q.C. and the PSBA Faculty Association-Quezon City.

THAT, for [and] in consideration of the said payment, I have remised, released and do hereby discharge, and by these presents do for myself, my heirs, executors and administrators, remise, release and forever discharge the Philippine School of Business Administration, Inc.-Q.C., its directors and officers, their successors and assigns, from any and all manner of actions, cause or causes of actions, sum or sums of money, account damages, claims and demands whatsoever, which I ever had while employed at PSBA-QC, which I now have or which my heirs, executors and administrators, hereafter can, shall or may have, upon or by reason of any matter, cause or things whatsoever in connection herewith, including, without limitation, whatever judgment and/or award which might finally be adjudged in or in relation to this case of ANGEL B. GOLOC vs. PSBA, NLRC-NCR Case No. 11-15426-09; NLRC LAC No. 01-00088-11.

THAT, I have signed this Deed of Waiver, Release and Quitclaim freely and voluntarily, after I have read the contents thereof and understood the same and its legal effects.^[16]

The words in the quitclaim are clear. Petitioners waived their rights to any award in the pending case in consideration of the release of their retirement benefits. Thus, if the terms of an agreement are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.^[17] This was correctly observed by the NLRC, to wit:

When De Claro and Capitulo executed their quitclaims, they were certainly aware of the existence of the first case. In fact, it was because of the pendency of the first case that respondents withheld their retirement checks. When they executed their quitclaim, releasing PSBA from any claim or demand which they had, or have "shall or may have, upon or by reason of any matter, cause or things whatsoever in connection herewith, including, without limitation, whatever judgment and/or award which might finally be adjudged in or in relation in this case of ANGEL GOLOC vs. PSBA, NLRC-NCR Case No. 11-15426-09; NLRC LAC No. 01-00088-11. xxx" they intelligently and voluntarily freed the school from any past, present and contingent liability. It should be remembered that De Claro and Capitulo who were faculty members of respondent college can hardly be classified as gullible and unsuspecting persons.^[18]

Notably, there is no evidence that petitioners were constrained to sign the quitclaim. It cannot be said that they did not fully understand the consequences of signing the quitclaim.^[19] As well-educated persons, they are expected to comprehend the consequences of their agreement. Hence, the stipulation in the quitclaim waiving their right from the award in the pending case is valid.

Consequently, the quitclaim amounts to a valid and binding compromise agreement between petitioners and PSBA.^[20] Article 227 of the Labor Code provides that: