

Republic of the Philippines

Supreme Court

Manila

**SECOND DIVISION**

**VARORIENT SHIPPING CO., INC., and, d G.R. No. 161934  
ARIA MARITIME CO., LTD.,**

Petitioners,

**Present:**

VELASCO, JR., \* *J.*,

NACHURA, \*\* *J., Acting*

*Chairperson,*

PERALTA,

MENDOZA, and

- *versus* -

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\*\* Designated as an additional member in lieu of Senior Associate Justice Antonio T. Carpio, per Special Order No. 897, dated September 28, 2010.

\*\*\*\* Per Special Order No. 898, dated September 28, 2010.

SERENO,\*\*\* JJ.

**GIL A. FLORES,**

**Promulgated:**

Respondent.

October 6, 2010

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## DECISION

**PERALTA, J.:**

Before the Court is a petition for review on *certiorari* seeking to set aside the Decision<sup>1</sup>[1] dated February 28, 2003, of the Court of Appeals (CA) in CA-G.R. SP. No. 55512, entitled *Varorient Shipping Co., Inc. and Aria Maritime Co., Ltd. v. National Labor Relations Commission, Third Division and Gil A. Flores*, which affirmed with modification the Decision<sup>2</sup>[2] dated May 25, 1999, and

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\*\*\*\*\* Designated as an additional member in lieu of Associate Justice Roberto A. Abad, per Special Order No. 903, dated September 28, 2010.

1[1] Penned by Associate Justice Regalado E. Maambong, with Associate Justices Delilah Vidallon-Magtolis and Andres B. Reyes, Jr., concurring; *rollo*, pp. 34-48.

Resolution<sup>3</sup>[3] dated August 18, 1999, of the National Labor Relations Commission (NLRC) in NLRC CN OCW RAB-IV-9-917-97-C, and its Resolution<sup>4</sup>[4] dated January 29, 2004, denying petitioners' motion for reconsideration thereof. The assailed CA Decision ordered petitioners Varorient Shipping Co., Inc. and Aria Maritime Co., Ltd., jointly and severally, to pay respondent Gil A. Flores the balance of sickness wages in the amount of US\$3,790.00, or its peso equivalent at the time of actual payment, and to reimburse his medical and surgical expenses in the total amount of ₱15,373.26, instead of ₱13,579.76. However, it dismissed all the other claims of respondent for lack of merit.

The antecedent facts are as follows:

On April 7, 1997, petitioners employed respondent, in behalf of its foreign principal, Aria Maritime Co., Ltd. of Piraeus, Greece, for the position of Chief Officer on board *M/V Aria*, per Contract of Employment<sup>5</sup>[5] dated April 7, 1997, duly approved by the Philippine Overseas Employment Administration (POEA), for a period of 12 months, with a basic monthly salary of US\$1,200.00 at 48 hours of work weekly, overtime pay of US\$600.00, allowance of US\$200.00, and

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2[2] Penned by Commissioner Ireneo B. Bernardo, with Presiding Commissioner Lourdes C. Javier and Commissioner Tito F. Genilo, concurring; *id.* at 63-72.

3[3] *CA rollo*, pp. 30-31.

4[4] *Rollo*, pp. 51-52.

5[5] *CA rollo*, p. 63.

vacation leave with pay of 30 days a year (or US\$100.00 a month) or pro-rata. The total fixed monthly salary of respondent was US\$2,100.00.

On April 16, 1997, he was deployed aboard *M/V Aria* in Bangkok, Thailand. During his employment, the master of the vessel sent respondent to the Centre Medical de Ngodi at Doula, Cameroon, where he was treated for three days due to the shooting pain in the lower extremities, particularly on his right foot. In the Medical Certificate<sup>6</sup>[6] dated June 19, 1997, the attending physician, Dr. R. Mongouè Tchouaké, stated that he diagnosed respondent's pain on the right foot as “sciatic neuralgia” and administered “[drips], injection, and acupuncture.” Respondent was declared not fit to work. The doctor recommended respondent’s repatriation to the Philippines for continuing treatment.

On June 21, 1997, respondent was repatriated to the Philippines. When he reported back to work, he was referred to the company physician, Dr. John H.E. Cusi who, in turn, referred him to Dr. Irene B. Roman-Igual, a neurologist at Makati Medical Center. On June 30, 1997, respondent was subjected to the Computed Tomography Scan (CT Scan), which yielded the following results:

CT scan examination of the lumbosacral spine demonstrates a large disc herniation ventral and right lateral at the L5-S1 level encroaching into the right neural exit foramina. There is compression of the right nerve root at the same L5-S1 level.

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6[6] *Id.* at 64.

Smaller disc protrusion is also noted ventral and bilateral at the L4-L5 interspace level obliterating the underlying epidural fatty plane.

The right nerve root appears relatively swollen when compared with the left at the L5-S1.

The *ligamentum flavum*, however, is not hypertrophic.

The vertebral bodies, pedicles, laminae, facets and sacro-iliac joints are intact.

There is straightening of the lumbar curvature, but with no compression deformities nor spondylolisthesis.

IMPRESSION: Large disc herniation, ventral and right lateral at the L5-S1 level with secondary right nerve root compression and edema. Small disc protrusion also noted ventral and bilateral at the L4-L5.<sup>7</sup>[7]

Dr. Igual observed that the “CT scan showed large disc herniation L5-S1 with 2° nerve root compression and edema” and recommended respondent’s “confinement for at least two weeks for P.T. [physical therapy] and medications; if not resolved, may need surgical decompression.”<sup>8</sup>[8]

In a letter<sup>9</sup>[9] to petitioner Varorient dated July 29, 1997, respondent, through his counsel, stated that due to the gross and evident bad faith of petitioners in refusing to grant him continued medical assistance until he becomes fit to work, as recommended by their company doctors, he was forced to seek medical

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7[7] *Id.* at 65.

8[8] *Id.* at 66.

9[9] *Id.* at 67-68.

treatment at his own expense.<sup>10</sup>[10] Respondent demanded that petitioners should provide him medical treatment and pay him sickness wages and disability compensation, within five (5) days from receipt of the letter; otherwise, he would be constrained to institute appropriate legal action against them.

In a Certification<sup>11</sup>[11] dated November 7, 1997, Dr. Copernico J. Villaruel, Jr., attending orthopedic surgeon at the Philippine General Hospital, stated that respondent has been admitted under his care from October 9 to 10, 1997 for hemilaminectomy and foraminotomy of L4-L5 and L5-SI, due to the pain in his right foot, and that respondent is now fit to go back to work.

Acting on the endorsement letter<sup>12</sup>[12] dated November 24, 1997 by Labor Arbiter Pedro C. Ramos, Dr. Francisco A. Estacio, Chief of the Medical and Rehabilitation Division of the Employees Compensation Commission (ECC),

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10[10] The Summary of Medical Expenses incurred were: Mercury Drug medicines – P4,218.20; Perpetual Help Medical Center - P4,030.00; Doctor's Blood Center, Surgicare Corporation, and Philippine General Hospital – P1,573.25; and Doctor's Fees and hospital bills (Philippine General Hospital) – P84,147.76. The total amount of the medical, hospital, doctor's fees and allied expenses was P93,969.21. (*Id.* at 69-70).

11[11] *CA rollo*, p. 88.

12[12] *Id.* at 87. The text of the letter request reads: For and in behalf of Mr. Gil Flores, complainant in NLRC Case No. OCW RAB-IV-9-917-97-C, entitled: Gil A. Flores vs. Varorient Shipping Co., Inc. and Aria Maritime Co., Ltd., his medical check-up is hereby requested to determine the degree of his disability needed in the resolution of his complaint for disability benefits and sickness wages, as well as whether or not medical treatment on him is still required and reimbursement of his medical expenses that [may be] incurred in connection with his alleged ailment, against respondent Varorient Shipping Co., Inc. and Aria Maritime Co., Ltd. arising from his employment as seaman (Chief Officer).

submitted the Disability Evaluation Report<sup>13</sup>[13] dated December 15, 1997, conducted on the health condition of respondent, with the following findings:

PHYSICAL EXAMINATION:

- Fairly developed fairly nourished
- Head, Eyes, Ears, Nose, and Throat no abnormal findings
- Heart and lungs – no rales and no murmur appreciated
- Abdomen – no abnormal finding
- Extremities – no limitation of movements, no atrophy of muscles.

DIAGNOSIS:

- Large Herniated Disc L5 S1, with Nerve Root Compression and Edema
- Small Disc Protrusion, L4 L5

RECOMMENDATION:

Based on ECC Schedule of Compensation, the Complainant deserves to receive daily income benefit for the loss of income he incurred from June 1997 to November 1997, plus reimbursement of hospital and medical expenses for his injury, Herniated Disc.

On September 19, 1997, respondent filed a Complaint<sup>14</sup>[14] against petitioners, alleging that (1) per his employment contract, he boarded *M/V Aria* at Bangkok, Thailand on April 16, 1997; (2) prior to his deployment, he was employed by petitioner for the past 12 years; (3) during his employment and while in the performance of his duties, he suffered injuries consisting of “large disc herniation, ventral and right lateral at the L5-S1 level with secondary right and nerve root compression and edema, small disc protrusion also noted at ventral and bilateral at the L4-L5”; (4) due to petitioners’ refusal to provide for his medical

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13[13] *Id.* at 71-72.

14[14] *Id.* at 45-51.

treatment and continued failure to pay his sickness wages amounting to US\$4,800.00, he was constrained to provide for his own medical expenses; (5) his injuries constituted permanent and total disability which, under POEA Memorandum Circular No. 5, series of 1994, would make petitioners liable for disability benefits under his employment contract in the amount of US\$60,000.00; and (6) his injury or disability was directly and proximately due to the direct and vicarious acts of negligence of petitioners and their agents. Respondent prayed that judgment be rendered, declaring petitioners liable to reimburse his medical and hospital expenses in the total amount of P103,969.00 and to pay him disability benefits in the amount of US\$60,000.00, sickness wages of US\$4,800.00, compensatory damages of US\$604,800.00 (this amount was reduced to US\$13,370.00 in his Position Paper), moral damages of P1,100,000.00, and exemplary damages and attorney's fees in such an amount as the labor arbiter may deem proper.

In his Position Paper,<sup>15</sup>[15] respondent sought reimbursement of his medical expenses and asserted that petitioners are liable to pay him sickness wages, compensatory damages, moral damages, and attorney's fees. However, respondent withdrew his claim for disability benefits with reservation to re-file a complaint should there be a recurrence of his injury.

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<sup>15</sup>[15] *Id.* at 52-62.



In their Position Paper,<sup>16</sup>[16] petitioners countered that respondent is not entitled to the benefits arising from his alleged permanent and total disability as he was later declared to be fit to work per Certification dated November 7, 1997 by Dr. Copernico J. Villaruel, Jr., the attending orthopedic surgeon at the Philippine General Hospital; that respondent can no longer seek continuation of his medical treatment and claim for sickness wages and reimbursement of medical expenses because upon his repatriation, he had received the amount of US\$1,010.00 (or the equivalent then of about P40,400.00) as settlement for his sickness wages and other benefits, as evidenced by the Receipt and Quitclaim<sup>17</sup>[17] dated June 25,

16[16] *Id.* at 73-84

17[17] *Id.* at 92. The pertinent portions of the Receipt and Quitclaim state:

### **RECEIPT AND QUITCLAIM**

#### **KNOW ALL MEN BY THESE PRESENTS:**

I, GIL FLORES, with a rank of CHIEF OFFICER and presently residing at B-3L-6 Camella Homes, Mambog, Bacoor, Cavite, do hereby acknowledge receipt of the amount of USD\$1,010.00 or its Peso Equivalent to my full satisfaction, in complete and final settlement of my wages, bonuses, overtime pay, leave pay, allotments and all other entitlements due to me as a result of my services rendered and employment on board the vessel M/V ARIA.

I hereby declare and confirm that I have no other claims whatsoever against said vessel, her Master, Owners, Operators and Agents and I hereby discharge and release them from any liability/ies.

I certify and confirm that I have worked on board the said vessel under normal conditions and that I have not contracted or suffered any illness or injury from my work and that I was discharged in good and perfect health. I further certify that with this RECEIPT AND QUITCLAIM, I waived the unexpired portion of my contract.

I agree further, that this RECEIPT AND QUITCLAIM may be pleaded as an absolute and final bar to any complaint or legal proceeding that may hereafter be prosecuted by me. And that, I hereby certify that I have read this RECEIPT AND QUITCLAIM before signing the same and that I fully understand the contents thereof.

IN WITNESS WHEREOF. I have hereunto sign this RECEIPT AND QUITCLAIM with my own free will and volition on this 25<sup>th</sup> day of June, 1997 at Makati City, Philippines.

(Signed)

GIL FLORES

1997, executed by respondent; and that respondent is not entitled to moral and exemplary damages and attorney's fees. By way of counterclaim, they sought recovery of litigation expenses, actual damages, and attorney's fees in an amount not less than ₱20,000.00 and, also, exemplary damages in an amount at the discretion of the labor arbiter.

In their Supplement to Position Paper,<sup>18</sup>[18] petitioners averred that respondent sought another employment with Tara Trading Shipmanagement, Inc. (for and in behalf of Amethyst Shipping Co.), on board *M/V* Luna Azul, for a period of twelve (12) months, with a basic monthly salary of US\$967.00 at 48 hours of work weekly, overtime pay of US\$535.00/month (US\$6.24 per hour beyond 105 hours), and vacation leave with pay of 3 days a year (or US\$98.00 a month), as evidenced by his Contract of Employment,<sup>19</sup>[19] Seafarer Info-Sheet<sup>20</sup>[20] and POEA Overseas Employment Certificate.<sup>21</sup>[21]

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Seaman

SIGNED IN THE PRESENCE OF:

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18[18] *Id.* at 93-95.

19[19] *Id.* at 96.

20[20] *Id.* at 97.

21[21] *Id.*

On September 7, 1998, Acting Executive Labor Arbiter Pedro C. Ramos dismissed respondent's complaint for permanent and total disability benefits, sickness wages and all other claims and, likewise, petitioners' counterclaim for damages, for lack of merit. The labor arbiter found that petitioners have substantially complied with all their obligations to

respondent under the POEA-approved employment contract. He debunked respondent's claim for permanent and total disability benefits because respondent had been duly proven and declared to be "fit to work" not only by the hospital of his choice, *i.e.*, Philippine General Hospital, but also by the Employees Compensation Commission (ECC); that respondent withdrew his claim during the pendency of the proceedings, although with reservation to re-file the same; and that respondent is now on board *M/V* Luna Azul on an overseas deployment. He upheld the validity of the Receipt and Quitclaim executed by respondent and stated that respondent had received reimbursement of his medical expenses in the amount P4,896.50. He declared that respondent is no longer entitled to sickness wages as it would amount to double recovery of benefits, as provided for under Paragraph 11, Section 4 of the POEA Standard Employment Contract.

On May 25, 1999, the NLRC rendered a Decision which reversed and set aside the Decision of the labor arbiter. It ruled that respondent is entitled to sickness wages and to free medical and hospital treatment for the injury he sustained during the term of his contract, pursuant to Section C 4(b) and (c), Part II of the Standard Employment Contract Governing All Filipino Seamen On Board Ocean-Going Vessels, which obligates the employer to: (1) provide continuous medical treatment to the repatriated injured seaman until such time he is declared fit or the degree of his disability has been established by the company-designated

physician; and (2) pay the injured seaman one hundred percent (100%) of his basic wages from the time he leaves the vessel for treatment until he is declared fit to work, but in no case shall this period exceed 120 days. The NLRC observed that petitioners cannot be considered to have adequately discharged their obligation in providing continuous treatment for respondent, as they failed to follow through their company-designated physician's recommendation, which required respondent to undergo a two-week confinement and physical therapy and, if the injury remains unresolved, for respondent to have surgical decompression. As a consequence, respondent was constrained to seek treatment and surgery from a doctor other than the company-designated physician. The NLRC also declared that respondent is entitled to sickness wages equivalent to 120 days in the amount of US\$4,800.00, less the amount of US\$1,010.00 which he had received, as full settlement of the claim from the petitioners, per Receipt and Quitclaim dated June 25, 1997, or a net total of US\$3,790.00. However, the NLRC denied respondent's claim for compensatory damages, as the contractual benefit of sickness wages provided for under the Standard Contract is already a compensatory measure intended to assist the injured seaman during the term of his contract. The dispositive portion of the Decision reads:

WHEREFORE, the decision appealed from is hereby SET ASIDE. Respondents Varorient Shipping Co., Inc. and Aria Maritime Co., Ltd., are, jointly and severally, ordered to pay complainant Gil A. Flores the Philippine Peso equivalent at the time of actual payment of THREE THOUSAND SEVEN HUNDRED NINETY US DOLLARS (US\$3,790.00), plus THIRTEEN THOUSAND FIVE HUNDRED SEVENTY-NINE and 76/00 PESOS (₱13,579.76), representing the balance of the sickness wages and reimbursement of medical and surgical expenses.

All other claims are DISMISSED for lack of merit.

SO ORDERED.<sup>22</sup>[22]

Both parties filed their respective motions for reconsideration. Petitioners sought exoneration from liability, while respondent averred that the NLRC erred in excluding certain items or receipts from the reimbursable medical expenses, deducting US\$1,010.00 from the award of sickness wages, not holding petitioners liable for his entire wages up to the time he would be employed with another company, and not awarding him compensatory and moral damages and attorney's fees.

The NLRC denied respondent's motion for reconsideration in a Resolution dated June 30, 1999 and, likewise, petitioners' motion for reconsideration in its Resolution dated August 18, 1999.

On petition for review by petitioners, the CA affirmed the Decision dated May 25, 1999 and the Resolution dated August 18, 1999 of the NLRC with the following disposition:

WHEREFORE, the Decision of the National Labor Relations Commission dated May 25, 1999 is AFFIRMED with MODIFICATION. Petitioners Varorient Shipping Co., Inc. and Aria Maritime Co., Ltd., are, jointly and severally, ordered to pay private respondent Gil A. Flores:

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<sup>22</sup>[22] *Rollo*, pp. 71-72.

1) the balance of sickness wages in the amount of US\$3,790.00, or its peso equivalent at the time of actual payment; and

2) reimbursement of medical and surgical expenses in the total amount of ₱15,373.26, instead of ₱13,579.76.

All other claims are **DISMISSED** for lack of merit.<sup>23</sup>[23]

As the CA denied their motion for reconsideration in the Resolution dated January 29, 2004, petitioners filed this present petition.

Petitioners contend that respondent is not entitled to sickness wages, as this would be tantamount to unjust enrichment and double recovery on the part of respondent. They maintain that they had paid him US\$1,010.00 as full payment of his salaries and benefits, including his medical treatment and, by reason thereof, respondent executed the Receipt and Quitclaim. They also claim that prior to his departure from the country and actual deployment overseas, respondent and his wife received financial accommodations in the form of cash advances, *i.e.*, US\$1,000.00, per cash voucher dated April 16, 1997, signed by respondent; and US\$2,790.00, per cash voucher dated April 21, 1997, signed by Crisanta Flores (wife of respondent), or the total amount of US\$3,790.00. According to petitioners, since the amount of US\$3,790.00 remained unpaid by respondent and his wife, therefore, they can properly offset the said amount with the sickness wages they would be paying to respondent.

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<sup>23</sup>[23] *Id.* at 48.

Respondent denies that he and his wife were given cash advances while he was on board; that he had received the amount of US\$1,010.00 from the petitioners as settlement of all his claims; and that the Receipt and Quitclaim dated June 25, 1997, allegedly executed by him, was a falsified document as the signature appearing therein was a forgery.

Contrary to petitioners' contention, respondent is entitled to sickness wages. The shooting pain on his right foot is an injury which he suffered during the course of his employment and, therefore, obligates petitioners to compensate him and provide him the appropriate medical treatment.

This is in consonance with the mandated provisions under Section 20 B (1), (2), (3), (4), and (5) of the Standard Terms and Conditions Governing the Employment of Filipino Seafarers On Board Ocean-Going Vessels,<sup>24</sup>[24] pursuant to Department Order No. 4, series of 2000, of the Department of Labor and Employment (by then Secretary Bienvenido E. Laguesma), adopted on May 31, 2000, which provides that:

#### SECTION 20. COMPENSATION AND BENEFITS

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24[24] This is the revised version of the "Standard Employment Contract Governing the Employment of All Filipino Seamen On Board Ocean-Going Vessels" of 1989 and the "Revised Standard Employment Terms and Conditions Governing the Employment of Filipino Seafarers On Board Ocean-Going Vessels," per Department of Labor and Employment Department Order No. 33, Series of 1996, (approved by the POEA and effective on January 1, 1997) and POEA Memorandum Circular No. 055-96, issued by Administrator Felicisimo O. Josen, Jr. and adopted on December 16, 1996.

## B. COMPENSATION AND BENEFITS FOR INJURY OR ILLNESS

The liabilities of the employer when the seafarer suffers work-related injury or illness during the term of his contract are as follows:

1. The employer shall continue to pay the seafarer his wages during the time he is on board the vessel;

2. If the injury or illness requires medical and/or dental treatment in a foreign port, the employer shall be liable for the full cost of such medical, serious dental, surgical and hospital treatment, as well as board and lodging, until the seafarer is declared fit to work or to be repatriated.

However, if after repatriation, the seafarer still requires medical attention arising from said injury or illness, he shall be so provided at cost to the employer until such time he is declared fit or the degree of his disability has been established by the company-designated physician.

3. Upon sign-off from the vessel for medical treatment, the seafarer is entitled to sickness allowance equivalent to his basic wage until he is declared fit to work, or the degree of permanent disability has been assessed by the company-designated physician, but in no case shall this period exceed one hundred twenty (120) days.

For this purpose, the seafarer shall submit himself to a post-employment medical examination by a company-designated physician within three working days upon his return, except when he is physically incapacitated to do so, in which case a written notice to the agency within the same period is deemed as compliance. Failure of the seafarer to comply with the mandatory reporting requirement shall result in his forfeiture of the right to claim the above benefits.

If a doctor appointed by the seafarer disagrees with the assessment, a third doctor may be agreed jointly between the employer and the seafarer. The third doctor's decision shall be final and binding on both parties.

4. Those illnesses not listed in Section 32 of this Contract are disputably presumed as work related.

5. Upon sign-off of the seafarer from the vessel for medical treatment, the employer shall bear the full cost of repatriation in the event the seafarer is declared (1) fit for repatriation; or (2) fit to work, but the employer is unable to find employment for the seafarer on board his former vessel or another vessel of the employer despite earnest efforts.



6. In case of permanent total or partial disability of the seafarer caused by either injury or illness, the seafarer shall be compensated in accordance with the schedule of benefits enumerated in Section 32 of his Contract. Computation of his benefits arising from an illness or disease shall be governed by the rates and the rules of compensation applicable at the time the illness or disease was contracted.

On June 21, 1997, respondent was repatriated to the Philippines and declared fit to work on November 7, 1997, or a total period of 141 days. Applying the said provisions of the Standard Contract, respondent is entitled to receive sickness wages, covering the maximum period of 120 days, or the amount of US\$4,800.00. The NLRC, as affirmed by the CA, found that petitioners are liable to pay respondent the total amount of US\$3,790.00 (US\$4,800.00 less the amount of US\$1,010.00 which he already received by virtue of the Receipt and Quitclaim dated June 25, 1997).

As pointed out by the CA, petitioners, in their motion for reconsideration of the NLRC Decision dated May 25, 1999, raised for the first time that they had given the amount of US\$3,790.00 to respondent and belatedly submitted two (2) cash vouchers, *i.e.*, US\$1,000.00, dated April 16, 1997, which was signed by respondent; and US\$2,290.00, dated April 21, 1997, which was signed by respondent's wife Cristina Flores, or a total of US\$3,790.00. The CA observed that the said cash vouchers do not bear the name and logo of petitioners, unlike the check voucher they issued for the reimbursement of the medical expenses of respondent amounting to ₱4,896.50, and that these vouchers were supposedly already in existence or in the possession of the petitioners since April 1997, but they never interposed such fact in their pleadings, *e.g.*, Position Paper, Supplement

to Respondent's Position Paper, or Opposition to Complainant's Appeal. The Court sees no reason to disturb this factual finding.

Moreover, petitioners were remiss in providing continuous treatment for respondent in accordance with the recommendation of their company physician that respondent should undergo a two-week confinement and physical therapy and, if his condition does not improve, then he would have to be subjected to surgical decompression to alleviate the pain on his right foot. Respondent's ailment required urgent medical response, thereby necessitating him to seek immediate medical attention, even at his own expense. The CA enumerated the medical expenses of respondent for which petitioner would be liable. Thus,

[w]hile we agree substantially with the NLRC's decision in allowing the reimbursement of P13,579.76, we disagree with its findings that the receipts for medicines were not covered by prescriptions. Dr. Irene Igual recommended the continued use of neo-pyrozon, ne[u]robin, and myonal [and], thus, respondent should accordingly be reimbursed for the purchase of these medicines. The records disclose the following purchases:

1. Mercury Drug Receipt No. 535112 (Annex "F")  
Myonal - P97.50  
Neo-pyrozon - 71.50 - P169.00
2. Mercury Drug Receipt No. 532746 (Annex "F-1")  
Ne[u]robin - P76.00  
Myonal - 97.50 - P173.50
3. Mercury Drug Receipt No. 533708 (Annex "F-2")  
Neo-pyrazon - P71.50  
Neurobin - 76.00  
Myonal - 97.50 - P244.00
4. Mercury Drug Receipt No. 251929 (Annex "F-3")  
Pyrazon - P71.50 - P71.50
5. Mercury Drug Receipt No. 251931 (Annex "F-4")  
Myonal - P97.50 - P97.50

6.	Mercury Drug Receipt No. 534528 (Annex “F-5”)		
	Neo Pyrozon	- P71.50	
	Myonal	- 97.50	- P169.00
7.	Mercury Drug Receipt No. 253117 (Annex “F-6”)		
	Myobal	- P97.50	
	Neo-Pyrozon	- 71.50	- P169.00
	TOTAL	-	P1,093.50

x x x x

In the same vein, receipt numbers 630 and 0091, issued by the offices of Dr. Betty Dy Mancao (Annex “F-40”) and Dr. Copernico J. Villaruel (Annex “F-39”) for P300.00 and P400.00, respectively, should be reimbursed to Flores. The PGH hospital bills do not include the doctors’ fee, thus, it is safe to conclude that the doctors who attended to Flores billed him personally. x x x

x x x x

In fine, private respondent is entitled to reimbursement of his medical expenses totalling P15,373.26.<sup>25</sup>[25]

In view of the foregoing, respondent should be reimbursed the amount of P13,579.76, representing the balance of the sickness wages due him, the cost of the prescribed medicines he purchased, and the surgical expenses he incurred, as evaluated by the CA.

Petitioners argue that the Receipt and Quitclaim sufficed to cover the balance of the sickness wages, after deducting the cash advances, which respondent would be entitled to; while respondent questions the veracity of the said document.

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25[25] *Rollo*, pp. 43-45.

The Receipt and Quitclaim executed by respondent lacks the elements of voluntariness and free will and, therefore, does not absolve petitioners from liability in paying him the sickness wages and other monetary claims.

Although respondent avers that his signature on the said quitclaim was a forgery, the CA relied on the factual findings of the labor arbiter and the NLRC that gave credence to it. Thus, the matter to be resolved would be whether the Receipt and Quitclaim can be considered substantial compliance to the contractual obligation by petitioners under the standard employment contract.

In *More Maritime Agencies, Inc. v. NLRC*,<sup>26</sup>[26] the Court ruled that the law does not consider as valid any agreement to receive less compensation than what a worker is entitled to recover nor prevent him from demanding benefits to which he is entitled. Quitclaims executed by the employees are thus commonly frowned upon as contrary to public policy and ineffective to bar claims for the full measure of the worker's legal rights, considering the economic disadvantage of the employee and the inevitable pressure upon him by financial necessity. Thus, it is never enough to assert that the parties have voluntarily entered into such a quitclaim. There are other requisites, to wit: (a) that there was no fraud or deceit on the part of any of the parties; (b) that the consideration of the quitclaim is credible and reasonable; and (c) that the contract is not contrary to law, public order, public policy, morals or good customs, or prejudicial to a third person with a right recognized by law.

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26[26] 366 Phil. 646, 653-654 (1999).

A perusal of the provisions of the Receipt and Quitclaim shows that respondent would be releasing and discharging petitioners from all claims, demands, causes of action, and the like in an all-encompassing manner, including the fact that he had not contracted or suffered any illness or injury in the course of his employment and that he was discharged in good and perfect health. These stipulations clearly placed respondent in a disadvantageous position *vis-à-vis* the petitioners.

**WHEREFORE**, the petition is **DENIED**. The Decision dated February 28, 2003 and the Resolution dated January 29, 2004 of the Court of Appeals in CA-G.R. SP No. 55512, which affirmed with modification the Decision dated May 25, 1999 and Resolution dated August 18, 1999 of the National Labor Relations Commission, are **AFFIRMED**.

**SO ORDERED.**

**DIOSDADO M. PERALTA**

Associate Justice

**WE CONCUR:**

**PRESBITERO J. VELASCO, JR.**

Associate Justice

**ANTONIO EDUARDO B. NACHURA**

Associate Justice

Acting Chairperson

**JOSE CATRAL MENDOZA**

Associate Justice

**MARIA LOURDES P.A. SERENO**

Associate Justice

**ATTESTATION**

I attest 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.

**ANTONIO EDUARDO B. NACHURA**

Associate Justice

Second Division, Acting Chairperson

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, 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.

**RENATO C. CORONA**

Chief Justice

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