



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

**PHILIPPINE TRANSMARINE
CARRIERS, INC.,**

Petitioner,

G.R. No. 202791

Present:

VELASCO, JR., *J.*, Chairperson,
PERALTA,
ABAD,
MENDOZA, and
LEONEN, *JJ.*

- versus -

LEANDRO LEGASPI,

Respondent.

Promulgated:

JUN 10 2013

X -----X

Macapalan

DECISION

MENDOZA, J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court assailing the January 5, 2012 Resolution¹ and July 20, 2012 Resolution² of the Court of Appeals (CA), in CA-G.R. SP No. 116686, which denied the petitioner's motion to amend the dispositive portion of the June 29, 2011 CA Decision.

¹ *Rollo*, pp. 37-41, penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justice Josefina Guevara-Salonga and Associate Justice Franchito N. Diamante.

² *Id.* at 57-58.

The Factual and Procedural Antecedents

Respondent Leandro Legaspi (*respondent*) was employed as Utility Pastry on board the vessel “Azamara Journey” under the employment of petitioner Philippine Transmarine Carriers, Inc. (*petitioner*). Respondent’s employment was covered by a Collective Bargaining Agreement (*CBA*) wherein it was agreed that the company shall pay a maximum disability compensation of up to US\$60,000.00 only.

While on board the vessel, respondent suffered “Cardiac Arrest S/P ICD Insertation.” He was checked by the ship’s doctor and was prescribed medications. On November 14, 2008, respondent was repatriated to receive further medical treatment and examination. On May 23, 2009, the company-designated physician assessed his condition to be Disability Grade 2.

Not satisfied, respondent filed a complaint for full and permanent disability compensation against petitioner before the Labor Arbiter (*LA*).

The Labor Arbiter’s Ruling

In its January 25, 2010 Decision,³ the LA ruled in favor of respondent, the dispositive portion of which reads:

WHEREFORE, respondents (*now petitioner*) are hereby ordered to pay complainant jointly and severally, the following:

1. US\$80,000.00 or its peso equivalent at the time of payment as permanent disability compensation;
2. US\$1,320.00 or its peso equivalent as sick wages;
3. Attorney’s fees equivalent to 10% of the total award.

SO ORDERED.

³ *Rollo*, pp. 8-9

Notably, the LA awarded US\$80,000.00 based on the ITF Cruise Ship Model Agreement for Catering Personnel, not on the CBA.

Not satisfied, petitioner appealed the LA decision before the National Labor Relations Commission (*NLRC*).

The NLRC's Ruling

In its May 28, 2010 Decision, the NLRC affirmed the decision of the LA. Petitioner timely filed its motion for reconsideration but it was denied by the NLRC in its July 30, 2010 Resolution. On September 5, 2010, the NLRC issued the Entry of Judgment stating that its resolution affirming the LA decision had become final and executory.

On October 22, 2010, during the hearing on the motion for execution before the NLRC, petitioner agreed to pay respondent US\$81,320.00. The terms and conditions of said payment were embodied in the Receipt of Judgment Award with Undertaking,⁴ wherein respondent acknowledged receipt of the said amount and undertook to return it to petitioner in the event the latter's petition for *certiorari* would be granted, without prejudice to respondent's right to appeal. It was also agreed upon that the remaining balance would be given on the next scheduled conference. Pertinent portions of the said undertaking provide:

X X X X

3. That counsel (*of the petitioner*) manifested their willingness to tender the judgment award without prejudice to the respondent's (*now petitioner*) right to file a Petition for Certiorari and provided, complainant (*now respondent*) undertakes to return the full amount without need of demand or a separate action in the event that the Petition for *Certiorari* is granted;

4. That complainant's counsel was amenable to the arrangement and accepted the offer. NOW THEREFORE complainant and his counsel hereby acknowledge RECEIPT of the sum of EIGHTY-ONE THOUSAND THREE HUNDRED TWENTY AND 0/100 (US\$81,320.00) covered by CITIBANK CHECK with No. 1000001161 dated October 21, 2010 payable to the order of LEANDRO V. LEGASPI and UNDERTAKES to RETURN the entire amount to respondent PHILIPPINE TRANSMARINE CARRIERS,

⁴ Id. at 75-77.

INC. in the event that the Petition for *Certiorari* is granted without prejudice to complainant's right to appeal. Such undertaking shall be ENFORCEABLE by mere motion before this Honorable office without need of separate action.⁵ [Emphases and underscoring supplied]

On November 8, 2010, petitioner timely filed a petition for *certiorari* with the CA.⁶

In the meantime, on March 2, 2011, the LA issued a writ of execution which noted petitioner's payment of the amount of US\$81,320.00. On March 16, 2011, in compliance with the said writ, petitioner tendered to the NLRC Cashier the additional amounts of US\$8,132.00 as attorney's fees and ₱3,042.95 as execution fee. In its Order, dated March 31, 2011, the LA ordered the release of the aforementioned amounts to respondent.

The CA's Ruling

Unaware of a) the September 5, 2010 entry of judgment of the NLRC, b) the October 22, 2010 payment of US\$81,320.00, and c) the writ of execution issued by the LA, the CA rendered its Decision, dated June 29, 2011. The CA *partially granted* the petition for *certiorari* and modified the assailed resolutions of the NLRC, awarding only US\$60,000.00 pursuant to the CBA between Celebrity Cruise Lines and Federazione Italianaa Transporti CISL.

Petitioner then filed its Manifestation with Motion to Amend the Dispositive Portion, submitting to the CA the writ of execution issued by the LA in support of its motion. Petitioner contended that since it had already paid the total amount of US\$89,452.00, it was entitled to the return of the excess payment in the amount of US\$29,452.00.

In its assailed January 5, 2012 Resolution, the CA denied the motion and ruled that the petition should have been dismissed for being moot and academic not only because the assailed decision of the NLRC had become final and executory on September 5, 2010, but also because the said judgment had been satisfied on October 22, 2010, even before the filing of the petition for *certiorari* on November 8, 2010. In so ruling, the CA cited the pronouncement in *Career Philippines Ship Management v. Geronimo*

⁵ Id. at 76.

⁶ Id. at 59-68.

*Madjus*⁷ where it was stated that the satisfaction of the monetary award rendered the petition for *certiorari* moot.

Petitioner filed a motion for reconsideration but it was denied by the CA in its assailed July 20, 2012 Resolution.

Hence, this petition.

ISSUES

- I. **WHETHER THE COURT OF APPEALS COMMITTED SERIOUS REVERSIBLE ERROR OF LAW IN RULING THAT PETITIONER IS ESTOPPED IN COLLECTING THE EXCESS PAYMENT IT MADE TO THE RESPONDENT NOTWITHSTANDING THE RECEIPT OF JUDGMENT AWARD SIGNED BY THE RESPONDENT**
- II. **WHETHER THE COURT OF APPEALS COMMITTED SERIOUS REVERSIBLE ERROR IN INVOKING THE RULING OF *CAREER V. MADJUS***

Petitioner argues that it clearly filed its petition for *certiorari* within the 60-day reglementary period and, thus, the NLRC resolutions could not have attained finality. Citing *Delima v. Gois*,⁸ petitioner avers that the NLRC cannot declare that a decision has become final and executory because the period to file the petition has not yet expired. Petitioner, thus, contends that the finality of the NLRC judgment did not render the petition moot and academic because such is null and void *ab initio*.

Petitioner also argues that the Receipt of the Judgment Award with Undertaking, which was never refuted by respondent, clearly stated that the payment of the judgment award was without prejudice to its right to file a petition for *certiorari* with the CA. Petitioner asserts that the case relied upon by the CA, *Career Philippines*, is not applicable as it is not on all fours with this case. Instead, it asserts that the applicable case should be *Leonis Navigation Co., Inc. v. Villamater*,⁹ where it was held that the satisfaction of the monetary award by the employer does not render the petition for *certiorari* moot before the CA.

⁷ G.R. No. 186158, November 22, 2010, 635 SCRA 619.

⁸ G.R. No. 178352, June 17, 2008, 554 SCRA 731.

⁹ G.R. No. 179169, March 3, 2010, 614 SCRA 182.

On the other hand, respondent reiterates the CA ruling, asserting that the voluntary satisfaction by petitioner of the full judgment award rendered the case moot, and insists that it was a clear indication that it had already been persuaded by the judiciousness and merits of the award for disability compensation. He also avers that this petition is merely pro-forma as it is a reiteration of petitioner's previous issues and arguments already resolved by the CA.

The Court's Ruling

Petition for Certiorari, Not Moot

Section 14, Rule VII of the 2011 NLRC Rules of Procedure provides that decisions, resolutions or orders of the NLRC shall become final and executory after ten (10) calendar days from receipt thereof by the parties, and entry of judgment shall be made upon the expiration of the said period.¹⁰ In *St. Martin Funeral Home v. NLRC*,¹¹ however, it was ruled that judicial review of decisions of the NLRC may be sought via a petition for *certiorari* before the CA under Rule 65 of the Rules of Court; and under Section 4 thereof, petitioners are allowed sixty (60) days from notice of the assailed order or resolution within which to file the petition. Hence, in cases where a petition for *certiorari* is filed after the expiration of the 10-day period under the 2011 NLRC Rules of Procedure but within the 60-day period under Rule 65 of the Rules of Court, the CA can grant the petition and modify, nullify and reverse a decision or resolution of the NLRC.

Accordingly, in this case, although the petition for *certiorari* was not filed within the 10-day period, petitioner timely filed it before the CA within the 60-day reglementary period under Rule 65. It has, thus, been held that the CA's review of the decisions or resolutions of the NLRC under Rule 65, particularly those which have already been executed, does not affect their statutory finality, considering that Section 4,¹² Rule XI of the 2011 NLRC

¹⁰ **SECTION 14. FINALITY OF DECISION OF THE COMMISSION AND ENTRY OF JUDGMENT.** - a) Finality of the Decisions, Resolutions or Orders of the Commission. - Except as provided in Section 9 of Rule X, the decisions, resolutions or orders of the Commission shall become final and executory after ten (10) calendar days from receipt thereof by the counsel or authorized representative or the parties if not assisted by counsel or representative.

b) Entry of Judgment. - Upon the expiration of the ten (10) calendar day period provided in paragraph (a) of this Section, the decision, resolution, or order shall be entered in a book of entries of judgment.

x x x x

¹¹ G.R. No. 130866, September 16, 1998, 295 SCRA 494.

¹² **SECTION 4. EFFECT OF PETITION FOR CERTIORARI ON EXECUTION.** - A petition for certiorari with the Court of Appeals or the Supreme Court shall not stay the execution of the assailed decision unless a restraining order is issued by said courts.

Rules of Procedure, provides that a petition for certiorari filed with the CA shall not stay the execution of the assailed decision unless a restraining order is issued. In *Leonis Navigation*, it was further written:

The CA, therefore, could grant the petition for *certiorari* if it finds that the NLRC, in its assailed decision or resolution, committed grave abuse of discretion by capriciously, whimsically, or arbitrarily disregarding evidence that is material to or decisive of the controversy; and it cannot make this determination without looking into the evidence of the parties. Necessarily, the appellate court can only evaluate the materiality or significance of the evidence, which is alleged to have been capriciously, whimsically, or arbitrarily disregarded by the NLRC, in relation to all other evidence on record.¹³ Notably, if the CA grants the petition and nullifies the decision or resolution of the NLRC on the ground of grave abuse of discretion amounting to excess or lack of jurisdiction, the decision or resolution of the NLRC is, in contemplation of law, null and void ab initio; hence, the decision or resolution never became final and executory.¹⁴

Career Philippines not applicable

In *Career Philippines*, believing that the execution of the LA Decision was imminent after its petition for injunctive relief was denied, the employer filed before the LA a pleading embodying a conditional satisfaction of judgment before the CA and, accordingly, paid the employee the monetary award in the LA decision. In the said pleading, the employer stated that the conditional satisfaction of the judgment award was without prejudice to its pending appeal before the CA and that it was being made only to prevent the imminent execution.¹⁵

The CA later dismissed the employer's petition for being moot and academic, noting that the decision of the LA had attained finality with the satisfaction of the judgment award. This Court affirmed the ruling of the CA, interpreting the "conditional settlement" to be tantamount to an amicable settlement of the case resulting in the mootness of the petition for *certiorari*, considering (i) that the employee could no longer pursue other

¹³ *Dole Philippines, Inc. v. Esteva*, G.R. No. 161115, November 30, 2006, 509 SCRA 332, 363.

¹⁴ *Tomas Claudio Memorial College, Inc. v. Court of Appeals*, G.R. No. 152568, February 16, 2004, 423 SCRA 122, 130.

¹⁵ "That this Conditional Satisfaction of Judgment Award is **without prejudice to herein respondent's Petition for Certiorari pending with the Court of Appeals** docketed as C.A. GR SP No. 104438 entitled "*Career Philippines Shipmanagement Ltd., vs. National Labor Relations Commission and Geronimo Madjus*" and this **Conditional Satisfaction of Judgment Award has been made only to prevent imminent execution** being undertaken by the NLRC and complainant."

(Emphases supplied)

claims,¹⁶ and (ii) that the employer could not have been compelled to immediately pay because it had filed an appeal bond to ensure payment to the employee.

Stated differently, the Court ruled against the employer because the conditional satisfaction of judgment signed by the parties was highly prejudicial to the employee. The agreement stated that the payment of the monetary award was without prejudice to the right of the employer to file a petition for *certiorari* and appeal, while the employee agreed that she would no longer file any complaint or prosecute any suit of action against the employer after receiving the payment.

In contrast, in *Leonis Navigation*, after the NLRC resolution awarding disability benefits became final and executory, the employer paid the monetary award to the employee. The CA dismissed the employer's petition for *certiorari*, ruling that the final and executory decisions or resolutions of the NLRC rendered appeals to superior courts moot and academic. This Court disagreed with the CA and held that final and executed decisions of the NLRC did not prevent the CA from reviewing the same under Rule 65 of the Rules of Court. It was further ruled that the employee was estopped from claiming that the case was closed and terminated, considering that the employee's Acknowledgment Receipt stated that such was without prejudice to the final outcome of the petition for *certiorari* pending before the CA.

In the present case, the Receipt of the Judgment Award with Undertaking was fair to both the employer and the employee. As in *Leonis Navigation*, the said agreement stipulated that respondent should return the amount to petitioner if the petition for *certiorari* would be granted but *without prejudice to respondent's right to appeal*. The agreement, thus, provided available remedies to both parties.

It is clear that petitioner paid respondent subject to the terms and conditions stated in the Receipt of the Judgment Award with Undertaking.¹⁷ Both parties signed the agreement. Respondent neither refuted the agreement nor claimed that he was forced to sign it against his will.

¹⁶ "5. That I understand that the payment of the judgment award of US\$66,000.00 or its peso equivalent of PhP2,932,974.00 **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.**

6. That I have no further claims whatsoever in any theory of law against the Owners of MV "Tama Star" because of the payment made to me. That I certify and warrant **that I will not file any complaint or prosecute any suit of action in the Philippines, Panama, Japan or any country against the shipowners and/or released parties** herein after receiving the payment of US\$66,000.00 or its peso equivalent of PhP2,932,974.00."

(Underscoring and Emphases supplied)

¹⁷ *Rollo*, p. 76.

Therefore, the petition for *certiorari* was not rendered moot despite petitioner's satisfaction of the judgment award, as the respondent had obliged himself to return the payment if the petition would be granted.

Return of Excess Payment

As the agreement was voluntarily entered into and represented a reasonable settlement, it is binding on the parties and may not later be disowned simply because of a change of mind.¹⁸ Respondent agreed to the stipulation that he would return the amount paid to him in the event that the petition for *certiorari* would be granted. Since the petition was indeed granted by the CA, albeit partially, respondent must comply with the condition to return the excess amount.

The Court finds that the Receipt of the Judgment Award with Undertaking was a fair and binding agreement. It was executed by the parties subject to outcome of the petition. To allow now respondent to retain the excess money judgment would amount to his unjust enrichment to the prejudice of petitioner.

Unjust enrichment is a term used to depict result or effect of failure to make remuneration of or for property or benefits received under circumstances that give rise to legal or equitable obligation to account for them. To be entitled to remuneration, one must confer benefit by mistake, fraud, coercion, or request. Unjust enrichment is not itself a theory of reconveyance. Rather, it is a prerequisite for the enforcement of the doctrine of restitution.¹⁹ There is unjust enrichment when:

1. A person is unjustly benefited; and
2. Such benefit is derived at the expense of or with damages to another.²⁰

In the case at bench, petitioner paid respondent US\$81,320.00 in the pre-execution conference plus attorney's fees of US\$8,132.00 pursuant to the writ of execution. The June 29, 2011 CA Decision, however, modified the final resolution of the NLRC and awarded only US\$60,000.00 to respondent. If allowed to return the excess, the respondent would have been unjustly benefited to the prejudice and expense of petitioner.

¹⁸ *Bilbao v. Saudi Arabia Airlines*, G.R. No. 183915, December 14, 2011, 662 SCRA 540, 551.

¹⁹ *GSIS v. COA*, G.R. No. 162372, September 11, 2012.

²⁰ Art. 22, CIVIL CODE.

Petitioner's claim of excess payment is further buttressed by, and in line with, Section 14, Rule XI of the 2011 NLRC Rules of Procedure which provides:

EFFECT OF REVERSAL OF EXECUTED JUDGMENT. – Where the executed judgment is **totally or partially reversed or annulled** by the **Court of Appeals or the Supreme Court**, the Labor Arbiter shall, on motion, issue such orders of **restitution of the executed award**, except wages paid during reinstatement pending appeal. [Emphases supplied]

Although the Court has, more often than not, been inclined towards the plight of the workers and has upheld their cause in their conflicts with the employers, such inclination has not blinded it to the rule that justice is in every case for the deserving, to be dispensed in the light of the established facts and applicable law and doctrine.²¹


WHEREFORE, the petition is **GRANTED**. The Court of Appeals Resolutions, dated January 5, 2012 and July 20, 2012, are hereby **REVERSED** and **SET ASIDE**. Respondent Leandro Legaspi is **ORDERED** to return the excess amount of payment in the sum of US\$29,452.00 to petitioner Philippine Transmarine Carriers, Inc. The amount shall earn interest at the rate of 12% per annum from the finality of this judgment.

SO ORDERED.


JOSE CATRAL MENDOZA
Associate Justice

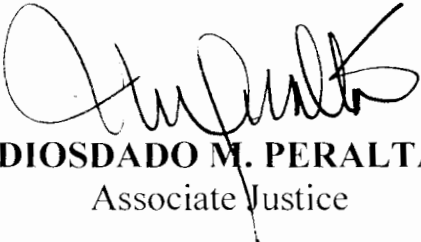
²¹ *Alfaro v. CA*, 416 Phil. 310, 320 (2001).

WE CONCUR:

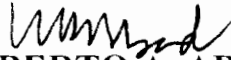


PRESBITERO J. VELASCO, JR.

Associate Justice
Chairperson



DIOSDADO M. PERALTA
Associate Justice




ROBERTO A. ABAD
Associate Justice



MARVIC MARIO VICTOR F. LEONEN
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.

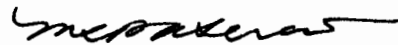


PRESBITERO J. VELASCO, JR.

Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division 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.



MARIA LOURDES P. A. SERENO
Chief Justice