

****Title:****

Famanila vs. Court of Appeals and Barbership Management Limited

****Facts:****

In 1989, Roberto G. Famanila was employed by NFD International Manning Agents, Inc. as a Messman on the vessel Hansa Riga, owned by Barbership Management Limited.

****June 21, 1990****: During docking in Eureka, California, Famanila suffered a cerebral hemorrhage from a ruptured aneurysm, leading to his repatriation to the Philippines after undergoing two brain surgeries.

****August 21, 1990****: Dr. Patricia Abesamis at the American Hospital in Manila examined Famanila and declared him permanently and totally disabled and unfit to return to sea duty.

****February 28, 1991****: Famanila signed a Receipt and Release agreement, acknowledging receipt of US\$13,200 as a settlement for his disability claim, witnessed by his wife and another relative.

****June 11, 1997****: Famanila filed a complaint with the NLRC, seeking disability benefits, a share in insurance proceeds, moral damages, and attorney's fees after accepting the settlement.

****September 29, 1997****: The Labor Arbiter dismissed the complaint on the ground of prescription (time-barred).

****March 31, 1998****: The NLRC upheld the Labor Arbiter's decision, dismissing Famanila's appeal.

****June 29, 1998****: Famanila's motion for reconsideration was denied by the NLRC.

****December 2, 1998****: The Supreme Court referred Famanila's petition to the Court of Appeals following the protocol established in *St. Martin Funeral Home v. NLRC*.

****March 30, 2001****: The Court of Appeals dismissed Famanila's petition, finding no merit, leading to another motion for reconsideration being denied.

****October 5, 2001****: The Court of Appeals denied Famanila's motion for reconsideration, prompting him to file a petition for review with the Supreme Court.

****Issues:****

1. ****Validity of Receipt and Release Agreement****: Whether Famanila's consent to the Receipt and Release was vitiated due to his permanent disability and financial constraints, making it void and unenforceable.
2. ****Prescription Period for Claims****: Whether the applicable prescription period for Famanila's claims should be the three-year period under the Labor Code or the ten-year period under the Civil Code.

****Court's Decision:****

1. ****Validity of Receipt and Release Agreement****: The Supreme Court ruled that Famanila's consent was not vitiated. Disability does not constitute a factor that vitiates consent under the Civil Code (Art. 1330). Famanila voluntarily signed the agreement, as evidenced by the participation and witnessing of his wife and another relative. The Court upheld the Receipt and Release due to the lack of proof of coercion or undue influence. Furthermore, the compensation agreed upon appeared reasonable and acceptable.
2. ****Prescription Period for Claims****: The Supreme Court affirmed that the three-year prescription under Article 291 of the Labor Code applies to Famanila's money claims arising from his employment. Since Famanila's cause of action accrued on August 21, 1990, the claim filed on June 11, 1997 was time-barred, having exceeded the three-year limit.

****Doctrine:****

1. ****Vitiated Consent****: Disabilities are not recognized as factors that vitiate consent to a contract. Valid consent requires freedom from mistake, violence, intimidation, undue influence, or fraud, but not health conditions or financial status (Civil Code Art. 1330).
2. ****Prescription Period under Labor Code****: All money claims arising from employer-employee relations must be filed within three years from accrual, per Article 291 of the Labor Code. Claims filed beyond this period are barred.

****Class Notes:****

****Key Elements:****

- ****Vitiated Consent:**** Requires mistake, violence, intimidation, undue influence, or fraud

(Civil Code Art. 1330).

- **Voidable Contracts:** Contracts entered into with vitiated consent are voidable, not void (Civil Code Art. 1390).

- **Three-Year Prescription:** Money claims from employment must be filed within three years (Labor Code Art. 291).

Statutes/Provisions:

- **Civil Code Art. 1330:** Defines and governs vitiated consent.

- **Civil Code Art. 1390:** Covers voidability of contracts.

- **Labor Code Art. 291:** Specifies the prescription period for money claims arising from employment.

Historical Background:

This case reflects the judicial attitude towards maintaining the finality and enforceability of labor dispute resolutions while protecting workers against coercion or unfair settlements. The Supreme Court's affirmation that disability benefits-related claims fall under labor laws illustrates the persistent clarification needed between general civil law and specific labor regulations, especially concerning prescription periods and contractual consent amidst health impairments. This landmark decision clarifies the standing of employment-related claims and the validity of consensual settlements in the Philippine judicial context.