

**LITIGATION ALERT**  
**Winter 2008**

**Supreme Court of Puerto Rico Concludes That Emotional Damages  
are Available in Breach of Contract Cases**

The Supreme Court of Puerto Rico finally clarified that in a contract case, where no separate tort allegations are involved, a defendant may be liable for the emotional pain and suffering caused to the plaintiff, if those damages were foreseeable at the time the contract was executed and are a result of defendant's violation of the contract. The Supreme Court further held that a non-party to the contract may be awarded emotional damages if the claims are based on tort law. Muñiz-Olivari v. Stiefel Laboratories, Inc., 2008 TSPR 152.

Stiefel Laboratories orally promised and guaranteed continued employment to Muñiz in the event it decided to close the operations of its Puerto Rico plan. Such operations were eventually shut down and Muñiz was fired. Accordingly, Muñiz and his wife sued Stiefel Laboratories in federal court for breach of contract and employment discrimination.

The employment discrimination claims were dismissed and the case went before a jury for the breach of contract action. The jury found the employer liable and awarded Muñiz both contractual and emotional damages. The jury also awarded Muñiz' wife emotional damages, even though she was not a party to the contract.

On appeal, the First Circuit affirmed the jury verdict, but remanded the case instructing the district court to certify to the Puerto Rico Supreme Court to resolve under Puerto Rico law the novel question of the availability of pain and suffering damages in a contract case involving no separate tort allegations and the availability of such damages to a non-party to the contract. Muñiz Olivari v. Stiefel Laboratories, Inc., 496 F. 3d 29 (1st Cir. 2007). As explained above, the Supreme Court answered both questions in the affirmative.

If you have any questions or comments, or wish additional information regarding this matter, please contact Francisco G. Bruno, Director of our Litigation Practice Group at (787) 250-5608 or [fgb@mcvpr.com](mailto:fgb@mcvpr.com). The contact information of our Litigation Practice Group attorneys is available at our website: [www.mcvpr.com](http://www.mcvpr.com).

The content of this memorandum has been prepared by us for information purposes only. It is not intended as, and does not constitute, either legal advice or solicitation of any prospective client. An attorney-client relationship with McConnell Valdés LLC cannot be formed by reading to this memorandum. Such relationship may be formed only by express agreement with McConnell Valdés LLC.