Republic of the Philippines
Supreme Court
Manila

EN BANC

GLOBAL MEDICAL CENTER OF LAGUNA, INC.,
Petitioner,

-versus-

ROSS SYSTEMS INTERNATIONAL, INC.,
Respondent.

G.R. No. 230112

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ROSS SYSTEMS INTERNATIONAL, INC.,
Petitioner,

- versus -

GLOBAL MEDICAL CENTER OF LAGUNA, INC.,
Respondent.

G.R. No. 230119

Present:

GESMUNDO, *C.J.*,
PERLAS-BERNABE,
LEONEN,
CAGUIOA,
HERNANDO,
CARANDANG,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
M. LOPEZ,
DELOS SANTOS,
GAERLAN,
ROSARIO, and
J. LOPEZ, *JJ.*

Promulgated:

May 11, 2021

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DECISION

CAGUIOA, *J.*:

Before the Court are Consolidated[1] Petitions[2] for Review on *Certiorari* (petitions) under Rule 45 of the Rules of Court (Rules) filed by Ross Systems International, Inc., (RSII) and Global Medical Center of Laguna, Inc. (GMCLI), both assailing the Decision[3] dated October 28, 2016 (assailed Decision) of the Court of Appeals, Sixth Division (CA), in CA-G.R. SP No. 145753.

The assailed Decision affirmed with modification the arbitral award[4] dated May 10, 2016 of the Construction Industry Arbitration Commission (CIAC), which mainly adjudged: (1) GMCLI was without authority to withhold and remit the 2% Creditable Withholding Tax (CWT) on the cumulative amount of 15 progress billings of RSII; (2) RSII was not entitled to the release of the amount of ₱4,884,778.92, equivalent to the 2% CWT withheld; and (3) RSII was still entitled to the amount of ₱1,088,214.33, representing the balance due after deducting from ₱8,131,474.83 the 2% CWT on Progress Billings Nos. 1 to 15 (in the amount of ₱3,941,769.00) and the payment already made to RSII (in the amount of ₱3,101,491.00).[5]

The CA likewise denied the motion for reconsideration of RSII through its Resolution[6] dated February 21, 2017.

Factual Antecedents

GMCLI engaged the services of RSII for the construction of its hospital in Cabuyao, Laguna, in accordance with a Construction Contract[7] (Contract) which valued the entire construction project at ₱248,500,000.00,[8] with 15% of said contract price to be paid to RSII as down payment, and the remaining balance to be paid in monthly installments based on the percentage of work accomplished.[9] Under Section 9[10] of the Contract, all taxes[11] on the services rendered were for the account of RSII. Finally, an

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1 *Rollo* (G.R. No. 230119), pp. 97-99. As recommended in the Memorandum Report dated August 8, 2017.
2 Id. 3-18, dated March 13, 2017; *rollo* (G.R. No. 230112), pp. 9-21, dated April 12, 2017.
3 Id. at 22-29; penned by Associate Justice Jane Aurora C. Lantion and concurred in by Associate Justices Fernanda Lampas Peralta and Nina G. Antonio-Valenzuela.
4 Id. at 54-69. Composed of Chairman Primitivo C. Cal and Members Custodio O. Parlade and Felipe T. Cuison.
5 Id. at 28.
6 Id. at 30-31.
7 Id. at 33-42.
8 Id. at 34.
9 Id.
10 Id. at 38.
11 Excluding Value Added Tax (VAT), fees, dues and other impositions that shall become due as a result of RSII performance of the work.

arbitration clause[12] additionally stipulated the parties' resort to arbitration in the event of dispute.

On April 12, 2015, RSII submitted to GMCLI its Progress Billing No. 15, which indicated that it had already accomplished 79.31% of the project, equivalent to ₱9,228,286.77, inclusive of VAT. After receipt and upon evaluation of GMCLI, however, it estimated that the accomplished percentage was only at 78.84% of the entire contract price or equivalent to ₱7,043,260.00 for Progress Billing No. 15,[13] to wit:

> Accomplishment Percent as of April 12, 2015:
>
> As submitted by [RSII]: 79.31% x 248,500,000.00 = ₱197,088,497.00
>
> As submitted by [GMCLI]: 78.84% x 248,500,000.00 = ₱195,920,749.00[14]

GMCLI, after its internal audit, learned that it was unable to withhold and remit 2% CWT on RSII's Progress Billings Nos. 1 to 14.[15] On April 29, 2015, in order to make up for its previous non-remittances, GMCLI withheld the 2% CWT not only from Progress Billing No. 15 (or from the amount of ₱7,043,260.00) but from the cumulative amount of all Progress Billings Nos. 1-15[16] (or from the amount of ₱197,088,497.00, equivalent to the submitted 79.31% accomplishment of RSII).[17] Thus, for RSII's Progress Billing No. 15 priced at ₱7,043,260.00, GMCLI only paid a total of ₱3,101,491.00, with computation as cited by the CIAC arbitral award[18] as follows:

Evaluated billing at 78.84% accomplishment	₱7,043,260.00
Less: 2% of ₱197,088,497.01 (submitted billing of RSII, instead of ₱195,920,749.00, as submitted by GMCLI)	(₱3,941,769.00)
Payment	₱3,101,491.00

RSII sent two demand letters[19] to GMCLI, claiming that it still had a balance of ₱4,884,778.92 to collect from the latter, under the following allegations: (1) GMCLI's outstanding obligation under Progress Billing No. 15 should have been ₱8,131,474.83, and not merely ₱7,043,260.00; and (2) GMCLI should not have belatedly withheld the 2% CWT on Progress

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12 *Rollo* (G.R. No. 230119), p. 37. The clause provides: "It is agreed by the parties that before any of them may submit any controversy arising out of, in connection with or incidental to this Contract for adjudication by the regular courts, arbitration proceedings shall first be exhausted. The arbitrator shall be chosen by mutual agreement of the parties to this contract."

13 Id. at 59.

14 Id.

15 Id. at 24.

16 Id.

17 Id. at 59.

18 Id.

19 Id. at 24; dated May 15 and 25, 2015, respectively.

Billings Nos. 1 to 14, but should only have withheld the 2% CWT from Progress Billing No. 15.[20]

Proceedings before the CIAC

With its demand unheeded, RSII filed a complaint and request for arbitration before the CIAC on August 6, 2015.[21] GMCLI filed a motion to dismiss on August 27, 2015,[22] assailing the jurisdiction of the CIAC. A Case Management Conference was held on October 20, 2015,[23] followed by a Preliminary Conference on November 23, 2015,[24] where a set of Terms of Reference (TOR) was signed.[25] After the parties submitted their respective affidavits and pieces of documentary evidence,[26] and presented their respective witnesses,[27] both RSII and GMCLI submitted their Supplemental Draft Awards to the CIAC on April 26, 2016.[28]

On May 10, 2016, the CIAC promulgated its Final Award,[29] which ruled that:

> 1. The CIAC has jurisdiction over the instant case as it involves a construction dispute.
> 2. [GMCLI] is not authorized to withhold and remit the CWT of 2% on the cumulative amount based on Progress Billings Nos. 1 to 15.
> 3. [RSII] is not entitled to the release of the amount of [₱]4,884,778,92 as the balance for Progress Billing No. 15.
> 4. [GMCLI] is not entitled to moral damages.
> 5. No attorney's fees shall be paid by either party to the other.
> 6. The cost of arbitration shall be shouldered by the Parties in proportion to their respective claims.[30]

The CIAC held that the crux of the controversy was the correct computation of the amount due RSII under Progress Billing No. 15, and since the same claim stemmed from a construction contract, said controversy qualified as a construction dispute within the contemplation of Executive Order No. (E.O.) 1008,[31] and within the ambit of the CIAC.

The CIAC further determined that with respect to the propriety of GMCLI's act of withholding and remitting the 2% CWT on the cumulative amount based on Progress Billings Nos. 1 to 15, GMCLI had no more authority to withhold and remit the same,[32] reasoning thus:

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20 Id.
21 Id. at 55.
22 Id.
23 Id.
24 Id. at 56.
25 Id.
26 Id. at 57.
27 Id.
28 Id.; albeit the Supplemental Draft Award of RSII was merely noted for having been filed out of time.
29 Id. at 54-69.
30 Id. at 68.
31 CREATING AN ARBITRATION MACHINERY IN THE PHILIPPINE CONSTRUCTION INDUSTRY, February 4, 1985.
32 *Rollo* (G.R. No. 230119), p. 65.

> Both [RSII] and GMCLI agree that, citing Revenue Regulation No. 2-98, as amended (RR 2-98), the 2% withholding tax must be withheld or deducted by the latter, as the withholding agent, from its payments for the former's services at the time said payments were made. x x x.
>
> x x x x
>
> Applying the above provision to this case, [GMCLI]'s obligation to withhold the 2% withholding tax on the income derived by the [RSII] from the former's payments of Progress Billings Nos. 1 to 14 arose at the time it paid for each of said progress billings submitted to it by [RSII]. Not later, or worse, **much** later spanning at least three years, as what [GMCLI] did.
>
> To justify its action of applying the 2% CWT deduction on the cumulative amount from Progress Billing[s] No[s]. 1 to [ ] 15, GMCLI recorded the amount in two installments as incomes of [RSII] for 2015. x x x This is falsehood and contrary to the above-cited provision of the Rules and Regulations of the BIR.[33]

However, the CIAC held that despite GMCLI's lack of authority to withhold the 2% CWT on the cumulative bill, RSII was still not entitled to the release of ₱4,884,778.92, or the amount equivalent to the 2% CWT withheld on the cumulative billings. Apart from observing that there was actually no dispute as to the computation[34] as the same was not contested by GMCLI,[35] the CIAC held that RSII was no longer entitled to the said amount because at the time the same was remitted to the Bureau of Internal Revenue (BIR), RSII had not yet paid income taxes on the payments from Progress Billings Nos. 1 to 15.[36]

In addition, the CIAC held that the fact that RSII did declare the income taxes on those payments on March 22, 2016, or after GMCLI remitted the cumulated 2% CWT to BIR, was of no moment. Applying the doctrine of Last Clear Chance[37] analogously, the CIAC held that RSII, having knowledge of GMCLI's prior remittance, had the last clear opportunity to avoid the loss through a double payment of the 2% CWT. It held that RSII's failure to avert the effective double payment could only be held on its own account.[38]

Finally, the CIAC held that GMCLI was not entitled to its claim of moral damages, as it could not be considered faultless, and that neither party could be awarded attorney's fees due to both parties' contributory lapses.[39]

Proceedings before the CA

Aggrieved, RSII filed a petition for review under Rule 43 of the Rules before the CA and assailed the CIAC arbitral award, imputing the following

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33 Id. at 65-66.
34 Id. at 66.
35 Id.
36 Id.
37 Id. at 67.
38 Id.
39 Id. at 68.

as errors: (1) the ruling that it was not entitled to the release of ₱4,884,778.92 as the balance of the payment for Progress Billing No. 15, and (2) the finding that it was not entitled to attorney's fees.

In its Decision[40] dated October 28, 2016, the CA partially granted the petition, the dispositive portion of which reads:

> **WHEREFORE**, the appeal is **PARTIALLY GRANTED**. The Final Award dated [May 10, 2016] issued by the Construction Industry Arbitration Commission (CIAC) in CIAC Case No. 20-2015 is **AFFIRMED with MODIFICATION** in that [RSII] is still entitled to the payment of the amount of [₱]1,088,214.83, which represents the balance after deducting from [₱]8,131,474.83 (at 78.84% work accomplishment) the 2% CWT on Progress Billing[s] Nos. 1 to 15 in the amount of [₱]3,941,769.00 and the payment already made to RSII in the amount of [₱]3,101,491.00.[41]

In affirming the CIAC's award, the CA ruled that the amount of ₱3,815,996.50, equivalent to the 2% CWT on Progress Billings Nos. 1 to 14 was already remitted to the BIR,[42] and it would be unjust to require GMCLI, as the withholding agent, to effectively shoulder the amount of tax which RSII had the legal duty to pay.[43]

With respect to granting RSII's entitlement to ₱1,088,214.83, the CA reasoned thus:

> [RSII] is still, however, entitled to collect the amount of ₱1,088,214.83.
>
> To recall, [GMCLI] initially evaluated [RSII]'s accomplishment at 78.84% and computed the amount due to [RSII] at [₱]7,043,260.00. Subtracted from this amount was the 2% CWT on the amount of [₱]197,088,497.01, equivalent to [₱]3,941,769,00, which [GMCLI] already remitted to the BIR. Thus, [GMCLI] paid [RSII] the amount of [₱]3,101,491.00.
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> [RSII] accepted [GMCLI]'s evaluation of its work accomplishment at 78.84% but argued that the amount due for Progress Billing No. 15 was [₱]8,131,474.83, and not [₱]7,043,260.00, and computed the amount it is still entitled to collect from [GMCLI] as follows:
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> | | |
> |---|---|
> | Submitted billing at 78.84% Accomplishment | ₱8,131,474,83. |
> | Less: | |
> | 2% withholding tax for Progressive Billing No. 15 | ₱145,204.91 |
> | | ₱7,986,269.92 |

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40 Id. at 22-29.
41 Id. at 28. Emphasis in the original.
42 Id. at 26.
43 Id. at 27.

Less:

Payment made to [RSII]	₱3,101,491.00
Amount due / collectible	₱4,884,778.92

The CIAC ruled that there is no issue on the [RSII]'s computation since [GMCLI] did not contest the same. This said, [RSII] is still entitled to the amount of ₱1,088,214.83, which is computed as follows:

Submitted billing at 78.84% Accomplishment	₱8,131,474.830
Less	
Payment made to [RSII]	₱3,101,491.00
2% withholding tax for Progressive Billing[s] Nos. 1 to 15	₱3,941,769.00
Amount due/ collectible	₱1,088,214.83[44]

Both RSII's Motion for Partial Reconsideration and GMCLI's Motion for Reconsideration were denied through the CA's Resolution[45] dated February 21, 2017. Hence the separate, now consolidated, petitions filed by GMCLI and RSII before the Court.

On the one hand, GMCLI prays that the assailed Decision be partially modified and the CIAC arbitral award be reinstated *in toto*.[46] On the other, RSII claims that it is entitled not only to the balance of ₱1,088,214.83, but to the amount of ₱3,815,996.50, equivalent to the allegedly improperly withheld 2% CWT, or that, in the alternative, GMCLI should be ordered to issue BIR Form 2307 (Certificate of Creditable Tax Withheld at Source) in favor of RSII.[47]

Issues

The parties come before the Court bearing the following consolidated issues: (1) whether RSII is entitled to the release of ₱3,815,996.50 or the equivalent of 2% CWT on Progress Billings Nos. 1 to 14, in addition to the award of ₱1,088,214.83 and (2) whether GMCLI may be ordered to issue BIR Form 2307 to RSII.

The Court's Ruling

The Court's resolution of the case before it is three-pronged and involves: (1) a revisit and untangling of the relevant laws and case pronouncements on the extent of judicial review of CIAC arbitral awards;

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44 Id. at 27-28. Underscoring supplied.
45 Id. at 30-31.
46 Id. at 98.
47 Id. at 10-16.

(2) a decisive harmonization of the standing laws on CIAC review *vis-à-vis* perceptible Constitutional limitations; and finally, (3) a determination of rights of the parties in accordance with existing tax laws on creditable withholding tax.

I - Extent of Judicial Review vis-à-vis CIAC awards

The case at bar presents the Court a timely opportunity to review and demarcate the laws and rules relevant to the relationship between the courts and the CIAC. Seen through the lens of the national policy of enabling alternatives to dispute resolution, the Court here takes a second look at judicial review and the specific mandate and authority of the CIAC, with the end of tracing how the extent of the former's reach over the latter, or the understanding thereof, has evolved over the years.

As will be seen in the succeeding discussions, the historical arc of this relationship appears to maintain the early, original legislative intent of judicial restraint in favor of the empowerment of arbitration. More particularly, a historical survey informs the Court of the intent of affording parties with a direct recourse to this Court in challenging a CIAC arbitral award on pure questions of law[48] or one where only the application of the law as to uncontroverted facts is raised, which, under CIAC's original charter, and apart from the most excepting of circumstances, are the only questions that may be raised against it.

Original and Affirmed Intent of E.O. 1008

The construction industry, in and of itself wrought with factual complexity, is not a stranger to the industry-specific arbitration. In its international history, as early as the turn of the 20th century, the peculiar intricacies of the construction processes and contracts have led to the call for industry-focused dispute resolution that implored professional decision-making and arbitration mechanisms.[49]

In the Philippines, the birth of construction arbitration can be traced back to the issuance of Presidential Decree No. (P.D.) 1746,[50] which created the Construction Industry Authority of the Philippines (CIAP). Recognizing the need to provide a national environment conducive for its expansion, P.D.

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48 In *F.F. Cruz & Co., Inc. v. HR Construction Corp.*, G.R. No. 187521, March 14, 2012, 668 SCRA 302, we differentiated questions of fact and law thus:

> A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, the same must not involve an examination of the probative value of the evidence presented by the litigants or any of them. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the question posed is one of fact. Id. at 317.

49 Philip L. Bruner, *The Historical Emergence of Construction Law*, WILLIAM MITCHELL LAW REVIEW (2007), <http://open.mitchellhamline.edu/wmlr/vol34/iss1/6>.

50 CREATING THE CONSTRUCTION INDUSTRY AUTHORITY OF THE PHILIPPINES (CIAP), November 29, 1980.

1746 was issued to address the then non-cohesive government policies by providing a central agency tasked to accelerate as well as regulate the growth of the industry.

On February 4, 1985, with the growth of the construction industry in full swing, then President Ferdinand E. Marcos issued E.O. 1008 which created the Construction Industry Arbitration Commission (CIAC) as the arbitration machinery for the Philippine construction industry. Its policy sought to ensure "early and expeditious settlement of disputes" in order to provide stability for its enterprises, and fairly insulate them from bureaucratic lags.[51] Its whereas clause[52] clearly provided for the law's resolve to remove the disputes of the industry from the languid and problematic machinery of the courts, with the full awareness that disputes held up in the judiciary's dockets easily translated to infrastructure projects that halted to a standstill.

The law likewise designed the CIAC awards to be decisive and conclusive, to wit:

> SECTION 19. Finality of Awards. – The arbitral award shall be binding upon the parties. It shall be final and [u]nappealable except on questions of law which shall be appealable to the Supreme Court.
>
> SECTION 20. Execution and Enforcement of Awards. As soon as a decision, order or award has become final and executory, the Arbitral Tribunal or the single arbitrator, with the concurrence of the CIAC, shall [*motu proprio*] or on motion of any interested party, issue a writ of execution requiring any sheriff or other proper officer to execute said decision, order or award.

Section 19 of the CIAC Charter provides that findings of fact of the CIAC are no longer open to challenge on appeal, but its legal conclusions may be assailed before the Court. This narrow corridor of remedies against a CIAC award as categorically provided for in its Charter was broadened by two succeeding procedural rules which significantly altered the review mode

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51 E.O. 1008, Sec. 2 provides:

> SECTION 2. Declaration of Policy. – It is hereby declared to be the policy of the State to encourage the early and expeditious settlement of disputes in the Philippine construction industry.

52 Id., the Whereas clauses provide:

> WHEREAS, there is a need to establish an arbitral machinery to settle such disputes expeditiously in order to maintain and promote a healthy partnership between the government and the private sector in the furtherance of national development goals;
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> WHEREAS, Presidential Decree No. 1746 created the Construction Industry Authority of the Philippines (CIAP) to exercise centralized authority for the optimum development of the construction industry and to enhance the growth of the local construction industry;
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> WHEREAS, among the implementing agencies of the CIAP is the Philippine Domestic Construction Board (PDCB) which is specifically authorized by Presidential Decree No. 1746 to "adjudicate and settle claims and disputes in the implementation of public and private construction contracts and for this purpose, formulate and adopt the necessary rules and regulations subject to the approval of the President"[.]

of a CIAC award, with the final sum a scenario akin to procedural laws defeating specialized substantive law and its inceptive spirit.

Procedural Departures:
Revised Administrative Circular No. 1-95 and
Rule 43 of 1997 Rules of Civil Procedure

The first procedural law which effectively expanded the reach of judicial review *vis-à-vis* CIAC arbitral awards is Revised Administrative Circular No. 1-95,[53] issued for the Court by then Chief Justice Andres R. Narvasa on May 16, 1995, which amended Circular No. 1-91 and prescribed the rules governing appeals to the CA from final orders or decisions of the Court of Tax Appeals and quasi-judicial agencies. For the first time, the CIAC was included in the enumeration of quasi-judicial agencies, the decisions of which may be appealed to the CA.[54] This inclusion is the first clear departure from E.O. 1008's original provision that a CIAC arbitral award may only be appealed to this Court. Further, Revised Administrative Circular No. 1-95 also substantially extended judicial review powers in its categorical inclusion of questions of fact as those that may be appealed, to wit:

> 3. *WHERE TO APPEAL.* — An appeal under these rules may be taken to the Court of Appeals within the period and in the manner herein provided, whether the appeal involves **questions of fact, of law, or mixed questions of fact and law**. (Emphasis supplied)

This procedural expansion was affirmed by the 1997 Rules of Civil Procedure, as amended, particularly Rule 43 thereof,[55] which once more

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[53] RULES GOVERNING APPEALS TO THE COURT OF APPEALS FROM JUDGMENTS OR FINAL ORDERS OF THE COURT OF TAX APPEALS AND QUASI-JUDICIAL AGENCIES, December 15, 1995.

[54] REVISED ADMINISTRATIVE CIRCULAR NO. 1-95, paragraph 1 provides:

> 1. *Scope.* - These rules shall apply to appeals from judgments or final orders of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any quasi-judicial agency in the exercise of its quasi-judicial functions. Among these agencies are the Civil Service Commission, Central Board of Assessment Appeals, Securities and Exchange Commission, Land Registration Authority, Social Security Commission, Office of the President, Civil Aeronautics Board, Bureau of Patents, Trademarks and Technology Transfer, National Electrification Administration, Energy Regulatory Board, National Telecommunications Commission, Department of Agrarian Reform under Republic Act [No.] 6657, Government Service Insurance System, Employees Compensation Commission, Agricultural Inventions Board, Insurance Commission, Philippine Atomic Energy Commission, Board of Investments, and **Construction Industry Arbitration Commission**. (Emphasis supplied)

[55] RULES OF COURT, Rule 43, Secs. 1 and 3 provide:

> **SEC. 1.** *Scope.* — This Rule shall apply to appeals from judgments or final orders of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any quasi-judicial agency in the exercise of its quasi-judicial functions. Among these agencies are the Civil Service Commission, Central Board of Assessment Appeals, Securities and Exchange Commission, Office of the President, Land Registration Authority, Social Security Commission, Civil Aeronautics Board, Bureau of Patents, Trademarks and Technology Transfer, National Electrification Administration, Energy Regulatory Board, National Telecommunications Commission, Department of Agrarian Reform under Republic Act No. 6657, Government Service Insurance System, Employees Compensation Commission, Agricultural Invention Board, Insurance Commission, Philippine Atomic Energy Commission, Board of Investments,

included the CIAC as among the quasi-judicial agencies the decisions of which may be appealed to the CA with respect to either points of fact, or law, or both.

In retrospect, what may be gleaned is that the enabling of the CA to review questions of fact pertaining to the CIAC awards departed from E.O. 1008's original design of the relationship between the courts and the CIAC, when it created the latter. In effect, the authoritative expertise of the CIAC was undone with these two new procedural changes because with the CA's power to review the arbitral tribunal's factual determinations, the CA then acts as a trial court, before which factual assertions already threshed out in the CIAC are litigated anew. Needless to say, one may be reasonably hard-pressed to find sound basis for a court's exercise of reviewing a specialized tribunal's findings of fact that are well within its specialized competence and well-outside the court's.

More so, such a factual review easily runs the peril of being speculative, as it overly extends the review powers that may invite ridicule upon the courts, which are forced to venture into industry-specific technical findings that they are not designed to do.

To be sure, the Court dispels with utmost import any conclusion to the effect that upholding the CIAC's authoritative expertise on questions of facts before it necessarily translates to even the slightest implication of inadequacy of intelligence or inferiority of competence on the part of appellate judges. This inference is as unintended as it is unsupported by the succeeding exhaustive discussion of the history and the constitutional schema within which this particular mode of review is found.

The Court's iteration of the original limits set upon judicial review of the CIAC arbitral awards must not be considered impertinence against appellate judges, lest all rulings that delineate limits be seen as a put-down of the competence of the jurisdiction they confine. The Court here simply upholds the persuasive weight of factual findings of the CIAC, and consequently rules against a factual judicial review that effectively undermines the CIAC's conclusive and authoritative findings, consistent with the prevailing laws as outlined.

It further goes without saying that appellate judges are fully equipped to conduct factual review by evaluating whether or not factual findings of lower courts or tribunals are supported by evidence. This fact is affirmed not

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Construction Industry Arbitration Commission, and voluntary arbitrators authorized by law. (n)

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SEC. 3. *Where to appeal.* — An appeal under this Rule may be taken to the Court of Appeals within the period and in the manner herein provided, whether the appeal involves questions of fact, of law, or mixed questions of fact and law. (n) (Emphasis supplied)

in the least by the fact that in the event that a factual review of the CIAC arbitral awards is merited in the narrowest of sense, the same may be brought before the CA through the appropriate petition. Demonstratively, therefore, the CA is ultimately not divested of any review powers that it was not intended to wield, to begin with, but merely donned with the authority of review of the CIAC arbitral awards that falls within the original extent of E.O. 1008.

Finally, this factual review of the courts also weighs heavily in costs for the parties, in that instead of having an abridged resolution of their disputes, the same is, in fact, lengthened, with resort to the CIAC becoming no more than an additional layer in the process, and its resolution of construction disputes no longer the alternative to litigation, but only the beginning.

Substantive Realignment towards Deference to CIAC: R.A. 9285 and the Special ADR Rules

Significantly, however, on July 28, 2003, this departure would be unequivocally corrected and realigned with the passing of R.A. 9285,[56] also known as the Alternative Dispute Resolution Law of 2004. Preliminarily, telling are the exchanges during the deliberations of the House Committee on Justice of its provisions. Then deliberated as House Bill 5654, its records reflected the legislative desire to provide alternative modes of dispute resolution in order to provide dispute settlement machineries that are far removed from notoriously cumbersome judicial mechanisms, in order, for one, to decongest the courts' dockets:

> THE CHAIRMAN [(Rep. Marcelino C. Libanan)]: x x x x
>
> x x x I think from the Philippine Judicial Academy who raised the issue on separation of powers. Nevertheless, it is the impression of the Chair that this is a very good bill and that this will de-clog our cases in our regular courts and so we have to pass this if possible this 12th [C]ongress.
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> x x x x
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> MR. ANTONIO M. MARTINEZ (Vice Chancellor, Philippine Judicial Academy): Thank you, Mr. Chairman.
>
> Just like Atty. Pilando and Dean Parlade, I would like to voice out also the sentiments of the Judiciary on this aspect that we certainly welcome this bill. It is really a laudable piece of legislation and would, in effect, be a very helpful device to decongest the courts of [their] clogged dockets.

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[56] Entitled, "AN ACT TO INSTITUTIONALIZE THE USE OF AN ALTERNATIVE DISPUTE RESOLUTION SYSTEM IN THE PHILIPPINES AND TO ESTABLISH THE OFFICE FOR ALTERNATIVE DISPUTE RESOLUTION AND FOR OTHER PURPOSES," approved on April 2, 2004.

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> As a matter of fact, recently, we launched the mediation project in the appellate level. We hope that in due time, we will be able to eventually saturate all of the courts nationwide with mediators and will be able to help us in decongesting the clogged docket of court.[57]

R.A. 9285 was also designed to draw a broad and bright line between litigation and alternative resolutions of disputes, as was shown by the comment of the head of the Chartered Institute of Arbitrators:

> MR. MARIO VALDERAMA (Representative, Chartered Institute of Arbitrators): Thank you, Your Honor.
>
> Now, now to go directly to the point, when we talked about ADR, Your Honor, please, we talk about party autonomy and of course the promotion of ADR is only the means resulting to the effect, among them, the declogging of courts, and probably, we can do something about the declaration of policy instead of promoting, merely promoting ADR, then probably, **what would have to be upheld would be the autonomy of the parties insofar as their dispute resolution is concerned**. The thinking being that... since we are adults, with sufficient discretion, then we may... **we should have the option of choosing whether to go to litigation or to go ADR**.[58]

Consistent with the above rationale for demarcating options for parties in dispute, as well as relieving the courts of the workload that may no longer necessitate litigation, Sections 34-40, Chapter 6 of R.A. 9285, on the governing laws over construction disputes, distinctly resolved all doubts in favor of the restrictive limitation of judicial review only to questions of law, and a categorical deference to the CIAC with respect to its findings of fact.

First, Section 34 positively provided for the return to E.O. 1008, as the original applicable law, which in turn rules out judicial review of the CIAC's factual determination, and exclusively provides that appeal may only be to the Court, and on the narrow limit of questions of law only:

> ***SEC. 34. Arbitration of Construction Disputes: Governing Law.*** – The arbitration of construction disputes shall be governed by Executive Order No. 1008, otherwise known as the Construction Industry Arbitration Law.

Second, evidencing the legislative intent to defer the threshing of facts to the CIAC and not the courts, Section 39 likewise fittingly provides that in the event that a trial court is notified of a construction arbitration clause between parties who are litigating before it, the court is bound to dismiss the case, unless the parties agree to the contrary:

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57 Deliberation of the House Committee on Justice, October 15, 2002, pp. 6-7.

58 Id. at 9. Emphasis supplied.

> ***SEC. 39. Court to Dismiss Case Involving a Construction Dispute.*** – A regional trial court where a construction dispute is filed shall, upon becoming aware, not later than the pretrial conference, that the parties had entered into an arbitration to be conducted by the CIAC, unless both parties, assisted by their respective counsel, shall submit to the regional trial court a written agreement exclusive for the Court, rather than the CIAC, to resolve the dispute.

Finally, on September 1, 2009, for the avoidance of uncertainties as to where the line of review is drawn, the Supreme Court, through Chief Justice Reynato S. Puno, issued Administrative Matter No. (A.M) 7-11-08-SC,[59] also known as the Special ADR Rules, which definitively affirmed the bright-line rule on judicial restraint with regard to factual review. Undeniably clear are Rule 19.7 and 19.10 of the Special ADR Rules, which provide:

> **PART VI**
>
> **RULE 19: MOTION FOR RECONSIDERATION, APPEAL AND CERTIORARI**
>
> x x x x
>
> **B. GENERAL PROVISIONS ON APPEAL AND CERTIORARI**
>
> **RULE 19.7.** ***No appeal or certiorari on the merits of an arbitral award.*** – An agreement to refer a dispute to arbitration shall mean that the **arbitral award shall be final and binding. Consequently, a party to an arbitration is precluded from filing an appeal or a petition for *certiorari* questioning the merits of an arbitral award.** (Emphasis supplied)
>
> x x x x
>
> **RULE 19.10.** ***Rule on judicial review on arbitration in the Philippines.*** – As a general rule, the court can only vacate or set aside the decision of an arbitral tribunal upon a clear showing that the award suffers from any of the infirmities or grounds for vacating an arbitral award under Section 24 of Republic Act No. 876 or under Rule 34 of the Model Law in a domestic arbitration, or for setting aside an award in an international arbitration under Article 34 of the Model Law, or for such other grounds provided under these Special Rules.
>
> If the Regional Trial Court is asked to set aside an arbitral award in a domestic or international arbitration on any ground other than those provided in the Special ADR Rules, the court shall entertain such ground for the setting aside or non-recognition of the arbitral award only if the same amounts to a violation of public policy.
>
> **The court shall not set aside or vacate the award of the arbitral tribunal merely on the ground that the arbitral tribunal committed errors of fact, or of law, or of fact and law, as the court cannot**

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[59] SPECIAL RULES OF COURT ON ALTERNATIVE DISPUTE RESOLUTION, September 1, 2009.

> **substitute its judgment for that of the arbitral tribunal.** (Emphasis supplied)

In December of the same year, the Department of Justice (DOJ) likewise issued Department Circular No. 98,[60] which resonated R.A. 9285's intent to restore E.O. 1008's pertinent provisions on the CIAC, as provided in Chapter 6 thereof:

> **CHAPTER 6**
> **ARBITRATION OF CONSTRUCTION DISPUTES**
>
> The Construction Industry Arbitration Commission (CIAC), which has original and exclusive jurisdiction over arbitration of construction disputes pursuant to Executive Order No. 1008, s. 1985, otherwise known as the "Construction Industry Arbitration Law", shall promulgate the Implementing Rules and Regulations governing arbitration of construction disputes, incorporating therein the pertinent provisions of the ADR Act.

A slight, recent digression from this bright-line demarcation occurred in the 2011 amendment of CIAC Revised Rules of Procedure Governing Construction Arbitration (CIAC Rules), specifically Section 18.2 thereof,[61] which echoed Rule 43 of the Rules with respect to appeal of the CIAC award to the CA on questions of fact.

It is crucial to note, however, that the CIAC Rules only iterated the procedural license provided in Rule 43 of the Rules, which, as seen, was already reconsidered by R.A. 9285.

In the final analysis, it appears that a circumspect consideration of the evolution of laws illustrates that although the procedural rules have expanded the judicial review to include questions of fact, R.A. 9285 in 2003, as seconded by the Special ADR Rules in 2009, recalibrated said extent and restated the limit of the Court's review powers as to include only questions of law.

Exceptions to the Rule on Pure Questions of Law

Numerous cases decided both prior to and after the passage of R.A. 9285 have confirmed the persuasive authority of the CIAC in determining merits in a construction dispute. The vital role of the neutral expertise of the arbitral tribunal in such disputes has been underscored in a 2011 New York State Bar Report on the advantages of arbitration in the field of construction:

> In arbitration, the experienced construction neutral requires much less "setting the stage" for the context of the dispute. He or she will understand

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[60] IMPLEMENTING RULES AND REGULATIONS OF THE ALTERNATIVE DISPUTE RESOLUTION ACT OF 2004, October 26, 2009.

[61] CIAC REVISED RULES OF PROCEDURE GOVERNING CONSTRUCTION ARBITRATION, Sec. 18.2 provides:
> **SECTION 18.2** ***Petition for review***. – A petition for review from a final award may be taken by any of the parties within fifteen (15) days from receipt thereof in accordance with the provisions of Rule 43 of the Rules of Court.

> substantive case law in the area, for instance case law regarding change orders, betterment, "quantum meruit" claims and other specialties of construction law. These concepts will not be "new" to the arbitrator so while time may be spent on describing the application of these laws to the particular case, the arbitrator will not need to be introduced to the concepts.
>
> An experienced construction arbitrator will also have the ability to understand complex construction disputes on a technical level. Construction disputes are usually resolved on the facts and the contract. In cases that haven't settled, there is often a disagreement on the facts and the contract. Was there a material delay by the engineer in approving shop drawings? Were the shop drawings complete? Do the disputed Change Orders actually represent work outside the scope of the contract? Were proper procedures followed during drilling? Does the contract promise payment for unanticipated sub-surface site conditions or not? Experienced arbitrators frequently commiserate that attorneys inexperienced in arbitration often spend their time proving the failings of character or ethics in the participants, while neglecting to address that which every arbitrator cares about, the facts and the contract. Construction cases do not deserve to be settled on emotion, but rather on a matrix of complex facts and contractual responsibilities.[62]

In related fashion, several notable decisions have illustrated how CIAC awards serve the premium of persuasive factual determination, but are nevertheless not insulated from judicial review on grounds that go into the integrity of the arbitral tribunal.

In *Metropolitan Cebu Water District v. Mactan Rock Industries, Inc.*,[63] the Court repeated the early recognition of the peculiar nature of the construction industry as one that is considered "x x x vital for the fulfilment of national development goals x x x"[64] and the corresponding need to have its disputes decided with dispatch. In similar import, in *R.V. Santos Company, Inc. v. Belle Corporation*,[65] the Court expounded on the deference to the factual findings of the CIAC, to wit:

> Section 19 [of E.O. 1008] makes it crystal clear that questions of fact cannot be raised in proceedings before the Supreme Court — which is not a trier of facts — in respect of an arbitral award rendered under the aegis of the CIAC. **Consideration of the animating purpose of voluntary arbitration in general, and arbitration under the aegis of the CIAC in particular, requires us to apply rigorously the above principle embodied in Section 19 that the Arbitral Tribunal's findings of fact shall be final and [u]nappealable.**
>
> x x x x

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62 *See* John Rusk, et al., *The Benefits of Alternative Dispute Resolution for Resolving Construction Disputes*, NEW YORK STATE BAR ASSOCIATION, April 2011, at 1, 7, available at <http://www.constructivedecisions.com/images/The_Benefits_of_Alternative_Dispute_Resolution_for_Resolving_Construction_Disputes.pdf.>

63 G.R. No. 172438, July 4, 2012, 675 SCRA 577.

64 Id. at 857.

65 G.R. Nos. 159561-62, October 3, 2012, 682 SCRA 219.

> Aware of the objective of voluntary arbitration in the labor field, in the construction industry, and in any other area for that matter, the Court will not assist one or the other or even both parties in any effort to subvert or defeat that objective for their private purposes. **The Court will not review the factual findings of an arbitral tribunal upon the artful allegation that such body had "misapprehended the facts" and will not pass upon issues which are, at bottom, issues of fact, no matter how cleverly disguised they might be as "legal questions["].** The parties here had recourse to arbitration and chose the arbitrators themselves; they must have had confidence in such arbitrators. **The Court will not, therefore, permit the parties to relitigate before it the issues of facts previously presented and argued before the Arbitral Tribunal, save only where a very clear showing is made that, in reaching its factual conclusions, the Arbitral Tribunal committed an error so egregious and hurtful to one party as to constitute a grave abuse of discretion resulting in lack or loss of jurisdiction. Prototypical examples would be factual conclusions of the Tribunal which resulted in deprivation of one or the other party of a fair opportunity to present its position before the Arbitral Tribunal, and an award obtained through fraud or the corruption of arbitrators. Any other, more relaxed, rule would result in setting at naught the basic objective of a voluntary arbitration and would reduce arbitration to a largely inutile institution.**
>
> In another case, we have also held that:
>
> It is settled that **findings of fact of *quasi*-judicial bodies, which have acquired expertise because their jurisdiction is confined to specific matters, are generally accorded not only respect,** but also finality, especially when affirmed by the Court of Appeals. In particular, factual findings of construction arbitrators are final and conclusive and not reviewable by this Court on appeal.[66]

In 2015, in *Philippine Race Horse Trainer's Association, Inc. v. Piedras Negras Construction and Development Corporation*[67] the Court found that the matters the parties brought for resolution essentially required factual determination, which it held must "rightly be left to the CIAC's sound expertise."[68] Subsequently, in the case of *Fruehauf Electronics Philippines Corporation v. Technology Electronics Assembly and Management Pacific Corporation*,[69] the Court upheld the autonomy of arbitral awards, and refrained from reviewing factual findings thereof, reasoning thus:

> We have deliberately refrained from passing upon the merits of the arbitral award — not because the award was erroneous — but because it would be improper. None of the grounds to vacate an arbitral award are present in this case and as already established, the *merits* of the award cannot be reviewed by the courts.
>
> Our refusal to review the award is not a simple matter of putting procedural technicalities over the substantive merits of a case; it goes into

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66 Id. at 233-235. Emphasis and underscoring supplied; citations omitted.
67 G.R. No. 192659, December 2, 2015, 775 SCRA 631.
68 Id. at 639.
69 G.R. No. 204197, November 23, 2016, 810 SCRA 280.

> the very legal substance of the issues. There is no law granting the judiciary authority to review the merits of an arbitral award. If we were to insist on reviewing the correctness of the award (*or consent to the CA's doing so*), it would be tantamount to expanding our jurisdiction without the benefit of legislation. This translates to judicial legislation — a breach of the fundamental principle of separation of powers.
>
> **The CA reversed the arbitral award — *an action that it has no power to do* — because it disagreed with the tribunal's factual findings and application of the law.** However, the alleged incorrectness of the award is insufficient cause to vacate the award, given the **State's policy of upholding the autonomy of arbitral awards**.[70]

More, in *CE Construction Corporation v. Araneta Center, Inc.*,[71] the Court was similarly inclined to refrain from reviewing the CIAC's factual conclusions, ruling in this wise:

> x x x When their awards become the subject of judicial review, courts must defer to the factual findings borne by arbitral tribunals' technical expertise and irreplaceable experience of presiding over the arbitral process. Exceptions may be availing but only in instances when the integrity of the arbitral tribunal itself has been put in jeopardy. These grounds are more exceptional than those which are regularly sanctioned in Rule 45 petitions.
>
> x x x x
>
> The CIAC does not only serve the interest of speedy dispute resolution, it also facilitates *authoritative* **dispute resolution. Its authority proceeds not only from juridical legitimacy but equally from technical expertise. The creation of a special adjudicatory body for construction disputes presupposes distinctive and nuanced competence on matters that are conceded to be outside the innate expertise of regular courts and adjudicatory bodies concerned with other specialized fields.** The CIAC has the state's confidence concerning the entire technical expanse of construction, defined in jurisprudence as "referring to all on-site works on buildings or altering structures, from land clearance through completion including excavation, erection and assembly and installation of components and equipment."
>
> x x x x
>
> This is not to say that factual findings of CIAC arbitral tribunals may now be assailed before the Court of Appeals. Section 3's statement "whether the appeal involves questions of fact, of law, or mixed questions of fact and law" merely recognizes variances in the disparate modes of appeal that Rule 43 standardizes: there were those that enabled questions of fact; there were those that enabled questions of law, and there were those that enabled mixed questions fact and law. Rule 43 emphasizes that though there may have been variances, all appeals under its scope are to be brought before the Court of Appeals. **However, in keeping with**

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70 Id. at 319. Emphasis supplied.

71 G.R. No. 192725, August 9, 2017, 836 SCRA 181.

> **the Construction Industry Arbitration Law, any appeal from CIAC arbitral tribunals must remain limited to questions of law.**[72]

In his *Concurring Opinion*, Associate Justice Marvic M.V.F. Leonen (Justice Leonen) adds on the rationale for the high degree of deference accorded to CIAC awards, to wit:

> The CIAC serves the interest not only of speedy dispute resolution, but also of *authoritative* dispute resolution. It was created with a particular view of enabling "early and expeditious settlement of disputes" aware of the exceptional role of construction to "the furtherance of national development goals". x x x.
>
> x x x x
>
> *CE Construction* further discussed how "[t]he creation of a special adjudicatory body for construction disputes presupposes distinctive and nuanced competence on matters that are conceded to be outside the innate expertise of regular courts and adjudicatory bodies concerned with other specialized fields." It drew attention to how the CIAC is a "quasi-judicial administrative agency equipped with the technical proficiency that enables it to efficiently and promptly resolve conflicts. x x x.[73]

This judicial restraint and deference was further reaffirmed in the subsequent cases of *Metro Rail Transit Development, Corporation v. Gammon Philippines, Inc.*,[74] *Camp John Hay Development Corporation v. Charter Chemical and Coating Corporation*,[75] and *Metro Bottled Water Corporation v. Andrada Construction & Development Corporation, Inc.*[76]

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72 Id. at 186-219. Emphasis supplied.

73 Concurring Opinion of J. Leonen, pp. 2-6.

74 G.R. No. 200401, January 17, 2018, 851 SCRA 378. The Court here held:

> While Rule 43 petitions may pertain to questions of fact, questions of law, or both questions of law and fact, it has been established that factual findings of CIAC may not be reviewed on appeal. In *CE Construction v. Araneta*, this Court explained that appeals from CIAC may only raise questions of law:
>
> > This is not to say that factual findings of CIAC arbitral tribunals may now be assailed before the Court of Appeals. Section 3's statement "whether the appeal involves questions of fact, of law, or mixed questions of fact and law" merely recognizes variances in the disparate modes of appeal that Rule 43 standardizes: that there were those that enabled questions of fact, there were those that enabled questions of law, and there were those that enabled mixed questions fact and law. Rule 43 emphasizes that though there may have been variances, all appeals under its scope are to be brought before the Court of Appeals. However, in keeping with the Construction Industry Arbitration Law, any appeal from CIAC Arbitral Tribunals must remain limited to questions of law. Id. at 404.

75 G.R. No. 198849, August 7, 2019, accessed at <https://sc.judiciary.gov.ph/6600/>. The Court observed:

> This dispute is better left to the expertise of the Construction Industry Arbitration Commission, a quasi-judicial body with the technical expertise to resolve disputes outside the expertise of regular courts. Aptly, it should adjudicate and determine the claims and rights of petitioner and respondent with respect to the construction contract and all its incidents.

76 G.R. No. 202430, March 6, 2019, 895 SCRA 217. Here the Court reasoned:

> On the other hand, arbitral awards by the Construction Industry Arbitration Commission may only be appealed on pure questions of law, though not all will justify an appeal. Consistent with the strict standards for judicial review of arbitral awards, only those appeals which involve egregious errors of law may be entertained.

Far from being absolute, however, the general rule proscribing against judicial review of factual matters admits of exceptions, **with the standing litmus test that which pertain to either a challenge on the integrity of the arbitral tribunal, or otherwise an allegation of a violation of the Constitution or positive law**. The 2019 case of *Tondo Medical Center v. Rante*[77] illustrates:

> Thus, questions on **whether the CIAC arbitral tribunals conducted their affairs in a haphazard and immodest manner that the most basic integrity of the arbitral process was imperiled** are not insulated from judicial review. Thus:
>
> > x x x We reiterate the rule that **factual findings of construction arbitrators are final and conclusive and not reviewable by this Court on appeal, except when the petitioner proves affirmatively that: (1) the award was procured by corruption, fraud or other undue means; (2) there was evident partiality or corruption of the arbitrators or of any of them; (3) the arbitrators were guilty of misconduct in refusing to postpone the hearing upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; (4) one or more of the arbitrators were disqualified to act as such under section nine of Republic Act No. 876 and willfully refrained from disclosing such disqualifications or of any other misbehavior by which the rights of any party have been materially prejudiced; or (5) the arbitrators exceeded their powers, or so imperfectly executed them, that a mutual, final and definite award upon the subject matter submitted to them was not made.** x x x.[78]

In other words, the scenarios that will trigger a factual review of the CIAC's arbitral award must fall within either of the following sets of grounds:

(1) **Challenge on the integrity of the arbitral tribunal** (*i.e.*, (i) the award was procured by corruption, fraud or other undue means; (ii) there was evident partiality or corruption of the arbitrators or of any of them; (iii) the arbitrators were guilty of misconduct in refusing to postpone the hearing upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; (iv) one or more of the arbitrators were disqualified to act as such under Section 9 of R.A. 876[79] or

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Given its technical expertise, the Construction Industry Arbitration Commission is given a wide latitude of discretion so that it may resolve all issues before it in a fair and expeditious manner x x x. Id. at 223-224.

77 G.R. No. 230645, July 1, 2019, accessed at <https://sc.judiciary.gov.ph/6024/>.

78 Id., citing *Spouses David v. Construction Industry and Arbitration Commission*, 479 Phil. 578, 583 (2004). Emphasis supplied.

79 Entitled, "AN ACT TO AUTHORIZE THE MAKING OF ARBITRATION AND SUBMISSION AGREEMENTS, TO PROVIDE FOR THE APPOINTMENT OF ARBITRATORS AND THE PROCEDURE FOR ARBITRATION IN CIVIL CONTROVERSIES, AND FOR OTHER PURPOSES," approved on June 19, 1953.

"The Arbitration Law", and willfully refrained from disclosing such disqualifications or of any other misbehavior by which the rights of any party have been materially prejudiced; or (v) the arbitrators exceeded their powers, or so imperfectly executed them, that a mutual, final and definite award upon the subject matter submitted to them was not made) and;

(2) **Allegation of the arbitral tribunal's violation of the Constitution or positive law.**

In addition to the prototypical examples that exceptionally trigger a factual review of the CIAC's arbitral awards, the Court here discerns the merit in adding the otherwise forgotten presumption that factual findings of the CIAC arbitral tribunal may also be revisited by the Court upon an allegation that the arbitral tribunal committed an act that is violative of the Constitution or other positive laws. To abate fears, the delimitation discerned in the Court's power to review factual findings of the CIAC shall in no way plausibly allow for a situation wherein the Court's hand is stayed from correcting a blatant constitutional or legal violation because the autonomy of the arbitral process is paramount. Contrarily, the Court underscores that the contracted or very limited grounds for alleging grave abuse of discretion on the part of the CIAC arbitral tribunal, however narrow, are still principally tethered to the courts' primary duty of upholding the Constitution and positive laws. The addition of the second ground makes plain that no amount of contracting or expanding grounds for grave abuse will ever be permitted to lay waste to the original purpose of the courts and their mandate to uphold the rule of law.

Given the above Court pronouncements on judicial restraint in favor of animating and upholding the autonomy of the CIAC, as well as the more reasonable exceptions that all only involve a determination of whether the arbitral award in question was tainted with a challenge on the integrity of the arbitrators themselves or otherwise a violation of the Constitution or positive law in the course of the arbitral process, the Court deems it high time to revisit prior decisions that include among the exceptions meriting a factual review the mere disagreement of the factual findings of the CA *vis-à-vis* those made by the CIAC, as in the oft-cited case of *Uniwide Sales Realty and Resources Corporation v. Titan-Ikeda Construction and Development Corporation*[80] and the more recent case of *Shangri-La Properties, Inc. v. B.F. Corporation*.[81]

All told, the Court must now, sitting *en banc*, inescapably re-weigh the applicable laws and harmonize them in order to make the pertinent rules consistent with the spirit of the law that gave form to the CIAC, along with the overriding and uncontroverted national policy of favoring the unfettered

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[80] G.R. No. 126619, December 20, 2006, 511 SCRA 335.

[81] G.R. Nos. 187552-53 & 187608-09, October 15, 2019, accessed at <https://sc.judiciary.gov.ph/9755/>.

and enabled operations of the alternative modes of resolutions such as the CIAC.

II - Mode of Appeal of CIAC awards vis-à-vis Constitutional Limitations

Unmistakably, the tracing of the evolution of laws relating to judicial review of the CIAC awards as shown above demonstrates that the mode of appeal of the CIAC awards exists within a latticework of constitutional licenses and restraints. These constitutional parameters converge on three key points: (1) the prescriptive apportionment of the powers and appellate jurisdictions of both the CA and the Court, (2) the correlated limitation on the Congress' power to determine and confer a court's jurisdiction, and (3) the limitations on the Court's rule-making power. These constitutional conditions bear upon the ultimate question of whether E.O. 1008, as echoed by the R.A. 9285, validly provided for a direct resort to this Court for appeals on the CIAC awards.

The Court here deems it fit that navigating these constitutional considerations be informed, foremost, by the spirit of the CIAC Charter and the CIAC's primary function and design, with the end in view of clearing road blocks where the Constitution and other laws have placed none.

The construction industry necessitates the constant and supported availability of speedier and more efficient modes of resolving disputes precisely because of the very nature of the industry itself, where an unsettled dispute can easily run projects to the ground with serious delays and irreparable damage. Major international construction projects typically opt for arbitration as the final tier of dispute resolution for a variety of reasons that serve the parties' interest best, with courts limited to a supportive role.[82]

The fundamental advantage of arbitration over litigation in the specialized context of a construction dispute goes into the general flexibility of tailoring the resolution of disputes in a way that serves nuanced business priorities.[83] Arbitration also allows players in this highly competitive and collaborative industry to realize their intentions of resolving conflicts while avoiding courts and preserving professional relationships:

> In each of its niches, construction cases can involve a number of contractors, subcontractors, material suppliers and design professionals. Mediation with a knowledgeable industry professional can not only resolve the dispute, but resolve the dispute with a consensus regarding the cause of the dispute that allows the parties to accept responsibility for their respective obligations.

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[82] Jane Jenkins & Simon Stebbings, INTERNATIONAL CONSTRUCTION ARBITRATION LAW, SECOND EDITION, KLUWER LAW INTERNATIONAL 49 -84 (2nd ed. 2013).

[83] Thomas J. Stipanowich, *Arbitration and Choice: Taking Charge of the 'New Litigation'*, 7 DE PAUL BUS. & COMM. L.J. 401, 454 (2009), available at <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1372291.>

> This can lead to a resolution of the conflict which helps maintain relationships and allows companies to work together again.[84]

With benefits to parties that include the cost and time-efficient process facilitated by neutral and qualified decision makers or the "knowledgeable neutral" which are typically architects, engineers or other industry professionals,[85] the availability of arbitration as a mode for resolving construction disputes in the country has served as the impetus for the chartering of the CIAC. Primarily grounded on matters of policy, the CIAC was created precisely to forestall delays that resolution of construction disputes encounters in court litigation, with the recognized net effect of frustrating national development.[86]

After recapturing the original legislative intent inclined towards promoting arbitration in the area of the CIAC awards, it is next incumbent upon this Court to determine **with a firm degree of finality and conclusiveness** whether that precedent design was carried out with procedural and substantive validity, and ultimately whether it cleared all the relevant constitutional hurdles and conditions.

Appellate Jurisdiction of the Court

The first constitutional limitation that the CIAC's direct appeal to the Court must hurdle is the constitutionally detailed jurisdiction of the Court. Article VIII of the 1987 Constitution outlines the powers of the Judiciary, and Section 5(2) thereof prescribed the Court's appellate jurisdiction, to wit:

> *Section 5.* The Supreme Court shall have the following powers:
>
> x x x x
>
> (2) Review, revise, reverse, modify, or affirm on appeal or *certiorari*, as the law or the Rules of Court may provide, final judgments and orders of lower courts in:
>
> > (a) All cases in which the constitutionality or validity of any treaty, international or executive agreement, law, presidential decree, proclamation, order, instruction, ordinance, or regulation is in question.
> >
> > (b) All cases involving the legality of any tax, impost, assessment, or toll, or any penalty imposed in relation thereto.
> >
> > (c) All cases in which the jurisdiction of any lower court is in issue.

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84 Rusk, supra note 62, at 8.

85 Id. at 6-7.

86 *Gammon Philippines, Inc. v. Metro Rail Transit Development Corporation*, G.R. No. 144792, January 31, 2006, 481 SCRA 209, 212.

> (d) All criminal cases in which the penalty imposed is *reclusion perpetua* or higher.
>
> (e) All cases in which only an error or question of law is involved.
>
> x x x x.

Section 5(2), Article VIII has also been considered textually exclusive to courts and does not contemplate quasi-judicial bodies.[87] In *Fabian v. Desierto*[88] (*Fabian*), the Solicitor General invoked the application of this provision to support its argument that Section 27[89] of R.A. 6770 does not increase the Court's appellate jurisdiction, as the Court already has jurisdiction over questions of law by virtue of Section 5(2)(e), Article VIII of the Constitution. This argument was, however, rejected by the Court, which interpreted this constitutional grant of appellate jurisdiction to cover only "courts composing the integrated judicial system":[90]

> We are not impressed by this discourse. It overlooks the fact that by jurisprudential developments over the years, this Court has allowed appeals by [*certiorari*] under Rule 45 in a substantial number of cases and instances even if questions of fact are directly involved and have to be resolved by the appellate court. Also, the very provision cited by petitioner specifies that the appellate jurisdiction of this Court contemplated therein is to be exercised over "final judgments and orders of *lower courts*," that is, the courts composing the integrated judicial system. It does not include the quasi-judicial bodies or agencies, hence **whenever**

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87 Pursuant thereto, RULES OF COURT, Rule 45, Sec. 1 echoes:

> **SECTION 1.** *Filing of petition with Supreme Court.* — A party desiring to appeal by *certiorari* from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on *certiorari*. The petition shall raise only questions of law which must be distinctly set forth. (1a, 2a).

Notably, the text of Rule 45, Section 1 of the present Rules of Court was different with Rule 45, Section 1 of the 1964 Rules of Court, which only referred to an appeal by *certiorari* from a final judgment of the Court of Appeals. As such, Rule 45 Section 1 of the 1964 Rules of Court had to be adopted in statutes creating and providing for appeals from certain administrative or quasi-judicial agencies, whenever the purpose was to restrict the scope of the appeal to questions of law. *Fabian* observed that while the intended limitation on appellate review was not fully subserved by recourse to the former Rule 45, at that time, there was no uniform rule on appeals from quasi-judicial agencies. This was exactly the case with the creation of CIAC by virtue of E.O. 1008, which was enacted on February 4, 1985. Hence, Sec. 19 thereof on Finality of Awards provided that the arbitral award shall be final and unappealable except on questions of law which shall be appealable to the Supreme Court.

88 G.R. No. 129742, September 16, 1988, 295 SCRA 470.

89 ***Section 27. Effectivity and Finality of Decisions.*** — x x x All provisionary orders at the Office of the Ombudsman are immediately effective and executory.

A motion for reconsideration of any order, directive or decision of the Office of the Ombudsman must be filed within five (5) days after receipt of written notice and shall be entertained only on any of the following grounds:

x x x x

Findings of fact by the Office of the Ombudsman when supported by substantial evidence are conclusive. Any order, directive or decision imposing the penalty of public censure or reprimand, suspension of not more than one month salary shall be final and unappealable.

In all administrative disciplinary cases, orders, directives or decisions of the Office of the Ombudsman may be appealed to the Supreme Court by filing a petition for *certiorari* within ten (10) days from receipt of the written notice of the order, directive or decision or denial of the motion for reconsideration in accordance with Rule 45 of the Rules of Court.

The above rules may be amended or modified by the Office of the Ombudsman as the interest of justice may require.

90 *Fabian v. Desierto*, supra note 88, at 485.

> **the legislature intends that the decisions or resolutions of the quasi-judicial agency shall be reviewable by the Supreme Court or the Court of Appeals, a specific provision to that effect is included in the law creating that quasi-judicial agency and, for that matter, any special statutory court.** No such provision on appellate procedure is required for the regular courts of the integrated judicial system because they are what are referred to and already provided for, in Section 5, Article VIII of the Constitution.[91]

Further, this constitutionally determined appellate jurisdiction is prescribed as the minimum breadth of the Court's jurisdiction, as Section 2, Article VIII provides that Congress may not diminish the apportioned appellate jurisdiction of the Court:

> *Section 2.* The Congress shall have the power to define, prescribe, and apportion the jurisdiction of various courts but may not deprive the Supreme Court of its jurisdiction over cases enumerated in Section 5 hereof.
>
> No law shall be passed reorganizing the Judiciary when it undermines the security of tenure of its Members.

In elucidating on the operative interaction of Section 2, Article VIII of the Constitution with Section 5(2), Article VIII, the Court in *Morales v. Court of Appeals*[92] (*Morales*) held that:

> Jurisdiction is, of course, conferred by the Constitution or by Congress. **Outside the cases enumerated in Section 5(2) of Article VIII of the Constitution, Congress has the plenary power to define, prescribe and apportion the jurisdiction of various courts.** Accordingly, Congress may, by law, provide that a certain class of cases should be exclusively heard and determined by one court. Such would be a special law and must be construed as an exception to the general law on jurisdiction of courts, namely, the Judiciary Act of 1948 as amended, or the Judiciary Reorganization Act of 1980. In short, the special law prevails over the general law.[93]

This same constitutionally prescribed appellate jurisdiction of the Court is, however, not incapable of increase, for as long as the Court's advice and concurrence under Section 30, Article VI are secured:

> *Section 30.* No law shall be passed increasing the appellate jurisdiction of the Supreme Court as provided in this Constitution without its advice and concurrence.

Stated differently, Congress may pass a law that increases the Court's jurisdiction, but not one which decreases it. In case of a law increasing the Court's appellate jurisdiction, such would only violate the constitutional proscription under Section 30, Article VI of the Constitution if it increases

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91 Id. at 485-486. Emphasis supplied.
92 G.R. No. 126623, December 12, 1997, 283 SCRA 211.
93 Id. at 225-226. Emphasis supplied.

the appellate jurisdiction of *this Court*, not lower courts, without the former's advice and concurrence.

Proceeding from the doctrine in *Morales*, it follows that by the legislation of E.O. 1008, as reiterated by R.A. No, 9285, which articulated the law's intent to provide a direct route of appeal from the CIAC to this Court, Congress effectively increased the appellate jurisdiction of this Court to include awards of the CIAC. This increase in appellate jurisdiction, in turn, brings to fore the question of whether the requisite advice and concurrence of the Court under Section 30, Article VI were triggered.

Thus, the first question distilled for the Court is whether the direct appeal of the CIAC awards to this Court was an effective increase of the Court's appellate jurisdiction which therefore required the Court's blessing through its advice and concurrence.

The Court finds that there was no such increase in the Court's jurisdiction that required such concurrence. It is decisive to remember that when the 1987 Constitution was created, the Court was already enjoying the jurisdiction over appeal from CIAC awards on pure questions of law, as conferred to it by Congress for two years, by its passage of E.O. 1008. The direct resort to this Court from the CIAC awards on purely legal questions was an increase of the Court's jurisdiction that was already in place prior to the 1987 Constitution's Article VIII, Section 30 which required this Court's advice and concurrence.

To be sure, when E.O. 1008 was enacted in 1980, no such condition of the Court's advice and concurrence was required anywhere in the 1973 Constitution, and hence at that time, no such concurrence was needed. With the earlier 1935 Constitution, under Section 2, Article VIII thereof, Congress was expressly authorized to define and determine the Court's jurisdiction, without foreclosing the authority to *increase the same*, the only limitation being against any *diminishing* of the existing jurisdiction conferred upon it, to wit:

> **ARTICLE VIII**
>
> *Judicial Department*
>
> x x x x
>
> SECTION 2. **The Congress shall have the power to define, prescribe and apportion the jurisdiction of various courts, but may not deprive the Supreme Court of its original jurisdiction over cases affecting ambassadors, other public ministers, and consuls, nor of its jurisdiction to review, revise, reverse, modify, or affirm on appeal, *certiorari*, or writ of error, as the law or the rules of court may provide, final judgments and decrees of inferior courts** in —
>
> (1) All cases in which the constitutionality or validity of any treaty, law, ordinance, or executive order or regulation is in question.

(2) All cases involving the legality of any tax, impost, assessment, or toll, or any penalty imposed in relation thereto.

(3) All cases in which the jurisdiction of any trial court is in issue.

(4) All criminal cases in which the penalty imposed is death or life imprisonment.

(5) All cases in which an error or question of law is involved.

SECTION 3. Until the Congress shall provide otherwise the Supreme Court shall have such original and appellate jurisdiction as may be possessed and exercised by the Supreme Court of the Philippine Islands at the time of the adoption of this Constitution. The original jurisdiction of the Supreme Court shall include all cases affecting ambassadors, other public ministers, and consuls.[94]

Similarly, the 1973 Constitution likewise granted Congress with the authority to define and apportion the Court's jurisdiction, with the sole limitation that its jurisdiction be not diminished. Section 1, Article X, in relation to Section 5 provided:

ARTICLE X

The Judiciary

SECTION 1. The Judicial power shall be vested in one Supreme Court and in such inferior courts as may be established by law. **The Batasang Pambansa shall have the power to define, prescribe and apportion the jurisdiction of the various courts, but may not deprive the Supreme Court of its jurisdiction over cases enumerated in Section five hereof.**

x x x x

SECTION 5. The Supreme Court shall have the following powers:

(1) Exercise original jurisdiction over cases affecting ambassadors, other public ministers and consuls, and over petitions for *certiorari*, prohibition, *mandamus, quo warranto*, and *habeas corpus*.

(2) Review and revise, reverse, modify, or affirm on appeal or *certiorari*, as the law or the Rules of Court may provide, final judgments and decrees of inferior courts in—

(a) All cases in which the constitutionality or validity of any treaty, executive agreement, law, ordinance, or executive order or regulation is in question.

(b) All cases involving the legality of any tax, impost, assessment, or toll, or any penalty imposed in relation thereto.

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94 1935 CONSTITUTION, as amended. Emphasis supplied.

> (c) All cases in which the jurisdiction of any inferior court is in issue.
>
> (d) All criminal cases in which the penalty imposed is death or life imprisonment.
>
> (e) All cases in which only an error or question of law is involved.
>
> (3) Assign temporarily judges of inferior courts to other stations as public interest may require. Such temporary assignment shall not last longer than six months without the consent of the judge concerned.
>
> (4) Order a change of venue or place of trial to avoid a miscarriage of justice.
>
> (5) Promulgate rules concerning pleading, practice, and procedure in all courts, the admission to the practice of law, and the integration of the Bar, which, however, may be repealed, altered or supplemented by the Batasang Pambansa. Such rules shall provide a simplified and inexpensive procedure for the speedy disposition of cases, shall be uniform for all courts of the same grade, and shall not diminish, increase, or modify substantive rights.
>
> (6) Appoint its officials and employees in accordance with the Civil Service Law.[95]

Demonstrably, the 1973 Constitution and its immediate predecessor allowed Congress to apportion the Court's jurisdiction, without any concomitant requirement of the Court's prior acceptance or subsequent concurrence. It stands to undeniable reason therefore that when E.O. 1008 vested this Court with the direct and exclusive jurisdiction over appeals from CIAC awards, the Court's jurisdiction was increased without any need for it to first accede to said increase.

With all the constitutional conditions met for enabling a direct appeal to the Court, the next question for the Court's determination is the proper remedial route through which the direct appeal of the CIAC awards to this Court may be submitted.

Based on the prior discussions, appeal from the CIAC awards may no longer be filed under Rule 43. This leaves only appeal by *certiorari* under Rule 45, which provides:

> **RULE 45**
>
> **Appeal by Certiorari to the Supreme Court**
>
> **SECTION 1.** *Filing of Petition with Supreme Court.* — A party desiring to appeal by *certiorari* from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial

[95] 1973 CONSTITUTION, as amended. Emphasis supplied.

> Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on *certiorari*. The petition shall raise only questions of law which must be distinctly set forth. (1a, 2a)

As it stands, Rule 45 contemplates only appeals from final judgments and orders of *lower courts*, and does not include quasi-judicial bodies or agencies. This differs from the former Rule 45 of the 1964 Rules of Court which made mention only of the CA, and had to be adopted in statutes creating and providing for appeals from certain administrative or quasi-judicial agencies whenever the purpose was to restrict the scope of the appeal to questions of law.

In furtherance of the animating basis for the direct appeal of the CIAC awards to this Court, CIAC awards may reasonably be considered as an exemption to Rule 45's exclusive contemplation of lower courts. An interpretation otherwise would create a scenario where a procedural limitation, which may be hurdled, *i.e.*, jurisdiction may be increased provided it complies with Section 30, Article VI, operatively prevails over a substantive intendment to the contrary provided by no less than the CIAC's very own charter. Given the unique import of the CIAC's design as a specialized and expedient mode of resolving construction disputes with persuasive finality, its substantive design must be granted primacy over procedural rules that, as will be discussed further, place no insurmountable obstacle before it.

Appellate Jurisdiction of the Court of Appeals as provided by Batas Pambansa Blg. 129

With the increase in the Court's appellate jurisdiction found valid, the next constitutional condition that confronts this issue is whether E.O. 1008, issued on February 4, 1985, violated Batas Pambansa Blg. (B.P) 129,[96] which was earlier passed on August 14, 1981 and amended by R.A. 7902,[97] on February 23, 1995,[98] when E.O. 1008 provided for the direct appeal of the CIAC awards to this Court, particularly, Section 9(3), Chapter I of B.P. 129, which provides:

> SEC. 9. *Jurisdiction.* – The Court of Appeals shall [e]xercise:
>
> (1) Original jurisdiction to issue writs of *mandamus,* prohibition, *certiorari, habeas corpus,* and *quo warranto,* and auxiliary writs or processes, whether or not in aid of its appellate jurisdiction;
>
> (2) Exclusive original jurisdiction over actions for annulment of judgments of Regional Trial Courts; and

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96 THE JUDICIARY REORGANIZATION ACT OF 1980, August 14, 1981.

97 AN ACT EXPANDING THE JURISDICTION OF THE COURT OF APPEALS, AMENDING FOR THE PURPOSE SECTION NINE OF BATAS PAMBANSA BLG. 129, AS AMENDED, KNOWN AS THE JUDICIARY REORGANIZATION ACT OF 1980, February 23, 1995.

98 R.A. 7902 conferred upon the CA appellate jurisdiction over awards of quasi-judicial bodies.

> (3) Exclusive appellate jurisdiction over all final judgements, resolutions, orders or awards of **Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commission**, including the Securities and Exchange Commission, the Social Security Commission, the Employees Compensation Commission and the Civil Service Commission, [e]xcept those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, as amended, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph 4 of the fourth paragraph of Section 17 of the Judiciary Act of 1948.
>
> The Court of Appeals shall have the power to try cases and conduct hearings, receive evidence and perform any and all acts necessary to resolve factual issues raised in cases falling within its original and appellate jurisdiction, including the power to grant and conduct new trials or further proceedings. Trial or hearings in the Court of Appeals must be continuous and must be completed within three (3) months, unless extended by the Chief Justice. *(As amended by R.A. No. 7902.)* (Emphasis supplied)

This appellate jurisdiction of the CA is likewise textually exclusive. Section 1, Rule 43 of the Rules echoes the grant of this appellate jurisdiction to the CA, *to wit*:

> **SECTION 1.** *Scope*. — This Rule shall apply to appeals from judgments or final orders of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any **quasi-judicial agency in the exercise of its quasi-judicial functions.** Among these agencies are the Civil Service Commission, Central Board of Assessment Appeals, Securities and Exchange Commission, Office of the President, Land Registration Authority, Social Security Commission, Civil Aeronautics Board, Bureau of Patents, Trademarks and Technology Transfer, National Electrification Administration, Energy Regulatory Board, National Telecommunications Commission, Department of Agrarian Reform under Republic Act No. 6657, Government Service Insurance System, Employees Compensation Commission, Agricultural Inventions Board, Insurance Commission, Philippine Atomic Energy Commission, Board of Investments, **Construction Industry Arbitration Commission**, and voluntary arbitrators authorized by law. (Emphasis supplied)

The language of the enumeration of quasi-judicial tribunals under Section 9(3) of B.P. 129, on the other hand, indicates that it is not an exclusive list, so that if the enabling statute of a tribunal, later found to be a quasi-judicial agency, does not categorically provide for an aggrieved party's judicial recourse, Section 9(3) of B.P. 129 seems to serve to fill the gap.[99]

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[99] In *United Coconut Planters Bank v. E. Ganzon, Inc.*, G.R. Nos. 168859 & 168897, June 30, 2009, 591 SCRA 321, the Court ruled that the proper recourse from decisions of the BSP Monetary Board, which carries out adjudicatory functions, is to the CA under Rule 43 of the Rules. The Court ruled in this wise even if there is nothing in the New Central Bank Act or the General Banking Law that explicitly provides for this remedy.

In a number of cases, this Court has relied on Section 9(3) of B.P. 129 to designate the CA, *via* Rule 43, as the proper court to which appeals from quasi-judicial agencies should be made, in spite of laws vesting jurisdiction directly to the Court. In *First Lepanto Ceramics, Inc. v. Court of Appeals*,[100] involving Article 82 of E.O. 226, which provided for a direct appeal from the decisions or final orders of the Board of Investments directly with the Court, this Court ruled that Circular 1-91, which implements B.P. 129 with respect to appeals to the CA from final orders or decisions of the quasi-judicial agencies, is controlling over said provision of E.O. 226.

In *Carpio v. Sulu Resources Development Corporation*,[101] which involved the application of Section 79 of R.A. 7942,[102] which states that decisions of the Mines Adjudication Board (MAB) may be reviewed by this Court through a petition for review by *certiorari*, the Court found that because said law increased its appellate jurisdiction without its concurrence, appeals from decisions of the MAB shall be taken to the CA through Rule 43 of the Rules, in accordance with B.P. 129, Circular No. 1-91, and its rule-making power under the Constitution.

Still particularly with respect to the CIAC awards, this Court categorized the CIAC in *Metro Construction, Inc. v. Chatham Properties, Inc.*[103] (*Chatham*) as a quasi-judicial agency. There it held that arbitral awards may be brought to the CA, pursuant to Circular No. 1-91, which provided a uniform procedure for appeals from quasi-judicial agencies. The Court also ruled that said circular, together with B.P. 129, as amended by R.A. 7902, Revised Administrative Circular No. 1-95, and Rule 43 of the Rules, effectively modified E.O. 1008.[104] Consequently, the appeals from arbitral awards of the CIAC were also deemed to cover questions of fact or mixed questions of fact and law.[105]

This apparent conflict between B.P. 129 and R.A. 9285, with respect to the mode of appeal of the CIAC awards, presents the Court with the overdue opportunity to crystallize with doctrinal precedent which between the two laws must prevail.

On this point and in accordance with the elementary statutory construction principles of precedence of specific laws over general laws, and later laws over earlier laws, this Court rules that R.A. 9285 prevails over B.P. 129, as the former enjoys preference over the latter with respect to both temporal precedence as well as that of greater degree of particularity.

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100 G.R. No. 110571, March 10, 1994, 231 SCRA 30.

101 G.R. No. 148267, August 8, 2002, 387 SCRA 128.

102 THE PHILIPPINE MINING ACT OF 1995, March 3, 1995.

103 G.R. No. 141897, September 24, 2001, 365 SCRA 697.

104 THE OMNIBUS INVESTMENTS CODE OF 1987, July 16, 1987.

105 *But see Metro Bottled Water Corporation v. Andrada Construction & Development Corporation, Inc.*, supra note 76, where the Court noted that this ruling in *Chatham* was modified in the subsequent case of *CE Construction Corp. v. Araneta Center, Inc.*, supra note 71, which confined appeals to the Court of Appeals from CIAC arbitral awards to questions of law only.

First, with respect to superiority in time, it is a canon of statutory construction that in case of conflict between two laws, one a later law and the other an earlier law, the later law prevails as the prevailing law, being the most current articulation of legislative intent. As applied to the case at bar, B.P. 129 is also an earlier law, 1980 vintage, whereas E.O. 1008 and R.A. 9285 are later laws, E.O. 1008 having been promulgated five years after B.P. 129, and R.A. 9285, which iterated E.O. 1008, being issued in 2004. Therefore, E.O. 1008 and R.A. 9285, as laws that were promulgated subsequent to B.P. 129 and are the later expressions of the legislative will[106] on the matter of CIAC's awards' mode of appeal, must prevail over B.P. 129, thereby carving out CIAC awards as an exception to the CA's appellate jurisdiction over appeals from quasi-judicial agencies.

Second, with respect to the level of specificity in its application, the statutory canon that also finds bearing in this case is the canon of *generalia specialibus non derogant*, or a general law does not nullify a specific or special law,[107] which provides that where two statutes are of equal theoretical application to a particular case, the one designed therefor should prevail.[108] It is a rule of statutory construction that a special law prevails over a general law — regardless of their dates of passage — and the special law is to be considered as an exception to the general law.[109] In the earlier case of *Valera v. Tuason, Jr.*,[110] the Court explained the rationale of the hierarchy of laws, to wit:

> x x x A special law is not regarded as having been amended or repealed by a general law unless the intent to repeal or alter is manifest. *Generalia specialibus non derogant.* And this is true although the terms of the general act are broad enough to include the matter in the special statute. ([*Manila Railroad Company v. Rafferty*], 40 Phil., 224.) **At any rate, in the event harmony between provisions of this type in the same law or in two laws is impossible, the specific provision controls unless the statute, considered in its entirely, indicates a contrary intention upon the part of the legislature.** Granting then that the two laws cannot be reconciled, in so far as they are inconsistent with each other, [S]ection 73 of the Code of Civil Procedure, being a specific law, should prevail over, or be considered as an exception to [S]ection 211 of the Administrative Code, which is a provision of general character. A general law is one which embraces a class of subjects or places and does not omit any subject or place naturally belonging to such class, while a special act is one which relates to particular persons or things of a class.[111]

A more acute case in point, involving a demonstration of a presidential decree carving out an exception in the jurisdictions conferred

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106 *See Development Bank of the Phils. v. Court of Appeals*, G.R. No. 86625, December 22, 1989, 180 SCRA 609.

107 *Laureano v. Court of Appeals*, G.R. No. 114776, February 2, 2000, 324 SCRA 414, 421.

108 Id.

109 *Lopez, Jr. v. Civil Service Commission*, G.R. No. 87119, April 16, 1991, 195 SCRA 777, 782. *See also Butuan Sawmill, Inc. v. City of Butuan*, No. L-21516, April 29, 1966, 16 SCRA 755.

110 80 Phil. 823 (1948).

111 Id. at 827-828. Emphasis supplied.

under B.P. 129, is the case of *Tomawis v. Balindong*.[112] Here, the Court settled the issue of jurisdiction over appeals from the Shari'a District Court, and ruled that B.P. 129 was enacted to reorganize only existing civil courts and is a law of general application to the judiciary, whereas P.D. 1083 is a special law that only applies to Shari'a courts, and therefore must prevail in application to Shari'a courts over the former, *viz.*:

> We have held that a general law and a special law on the same subject are statutes in *pari materia* and should be **read together and harmonized**, if possible, with a view to giving effect to both. In the instant case, we apply the principle *generalia specialibus non derogant*. **A general law does not nullify a special law. The general law will yield to the special law in the specific and particular subject embraced in the latter. We must read and construe [B.P.] 129 and [P.D.] 1083 together, then by taking [P.D.] 1083 as an exception to the general law to reconcile the two laws.** This is so since the legislature has not made any express repeal or modification of [P.D.] 1083, and it is well-settled that repeals of statutes by implication are not favored. Implied repeals will not be declared unless the intent of the legislators is manifest. Laws are assumed to be passed only after careful deliberation and with knowledge of all existing ones on the subject, and it follows that the legislature did not intend to interfere with or abrogate a former law relating to the same subject matter.[113]

A more recent application of this basic principle of statutory construction is in the case of *Philippine Amusement and Gaming Corporation (PAGCOR) v. Bureau of Internal Revenue*:[114]

> x x x The Legislature consider and make provision for all the circumstances of the particular case. ***The Legislature having specially considered all of the facts and circumstances in the particular case in granting a special charter, it will not be considered that the Legislature, by adopting a general law containing provisions repugnant to the provisions of the charter, and without making any mention of its intention to amend or modify the charter, intended to amend, repeal, or modify the special act.*** (*Lewis [v.] Cook County*, 74 Ill. App., 151; *Philippine Railway Co. [v.] Nolting*, 34 Phil., 401).[115]

Bringing the case at bar through this second frame of statutory construction, the Court finds that with respect to the level of generality or specialty, B.P. 129 is a general law of procedure and jurisdiction, and must therefore yield to the more specific laws of E.O. 1008 and its iteration in R.A. 9285, which distinctively pertain to the CIAC and other alternative modes of arbitration.

In other words, this reconciliation of laws and rules stands on the uncontroverted premise that when E.O. 1008 conferred on this Court the

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[112] G.R. No. 182434, March 5, 2010, 614 SCRA 354.

[113] Id. at 365-366, citing *Vinzons-Chato v. Fortune Tobacco Corporation*, G.R. No. 141309, June 19, 2007, 525 SCRA 11 and *Social Justice Society v. Atienza, Jr.*, G.R. No. 156052, February 13, 2008, 545 SCRA 92. Emphasis supplied.

[114] G.R. No. 215427, December 10, 2014, 744 SCRA 712.

[115] Id. at 727. Emphasis and italics in the original.

jurisdiction over appeals from CIAC awards, said conferment survived the subsequent **procedural** digressions, so that R.A. 9285 and the Special ADR Rules needed no Court concurrence, for they could no more restore to this Court a jurisdiction that it never validly lost. **Stated differently, when R.A. 9285 reiterated the direct recourse of appeals from CIAC awards to this Court, it did not endow the Court with any new jurisdiction that it did not already have as validly apportioned to it as early as 1980.** There is therefore no need for the Court's concurrence as required under the 1987 Constitution, as there was, in fact, no *increase* to concur with.

Pursuant to these two canons of reconciling apparent conflicts in application of laws, it inevitably appears that with respect to the conferment of jurisdiction to the CA of appellate jurisdiction over CIAC awards, both E.O. 1008 and R.A. 9285 have sufficiently carved CIAC awards as an exception therefrom.

Exclusive Rule-Making Power of the Court

The third and final circumscription that CIAC's awards' mode of appeal to the Court must consider is the relation of the power of Congress under Section 2, Article VIII *vis-à-vis* Section 5(5), Article VIII of the Constitution, with regard to the rule-making power of the Court. Section 5(5), Article VIII provides:

> *Section 5.* The Supreme Court shall have the following powers:
>
> x x x x
>
> (5) Promulgate rules concerning the protection and enforcement of constitutional rights, pleading, practice, and procedure in all courts, the admission to the practice of law, the Integrated Bar, and legal assistance to the underprivileged. Such rules shall provide a simplified and inexpensive procedure for the speedy disposition of cases, shall be uniform for all courts of the same grade, and shall not diminish, increase, or modify substantive rights. Rules of procedure of special courts and quasi-judicial bodies shall remain effective unless disapproved by the Supreme Court.
>
> x x x x.

Presently, Congress does not have the power to repeal, alter, or supplement the rules of the Court concerning pleading, practice, and procedure. In *Echegaray v. Secretary of Justice*[116] the evolution of the rule-making power of the Court was laid down, and its discussion was later iterated in *Estipona, Jr. v. Lobrigo*[117] where it was held that:

> While the power to define, prescribe, and apportion the jurisdiction of the various courts is, by constitutional design, vested unto Congress, the

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[116] G.R. No. 132601, January 19, 1999, 297 SCRA 754.
[117] G.R. No. 226679, August 15, 2017, 837 SCRA 160.

> power to promulgate rules concerning the protection and enforcement of constitutional rights, pleading, practice, and procedure in all courts belongs exclusively to this Court under Section 5(5), Article VIII of the Constitution x x x.
>
> x x x x
>
> The separation of powers among the three co[-]equal branches of our government has erected an impregnable wall that keeps the power to promulgate rules of pleading, practice and procedure within the sole province of this Court. The other branches trespass upon this prerogative if they enact laws or issue orders that effectively repeal, alter or modify any of the procedural rules promulgated by the Court. **Viewed from this perspective, We have rejected previous attempts on the part of the Congress, in the exercise of its legislative power, to amend the Rules of Court [x x x], to wit:**
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> **1. *Fabian v. Desierto* — Appeal from the decision of the Office of the Ombudsman in an administrative disciplinary case should be taken to the Court of Appeals under the provisions of Rule 43 of the *Rules* instead of appeal by *certiorari* under Rule 45 as provided in Section 27 of R.A. No. 6770.**
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> 2. *Cathay Metal Corporation v. Laguna West Multi-Purpose Cooperative, Inc.* — The Cooperative Code provisions on notices cannot replace the rules on summons under Rule 14 of the *Rules.*
>
> 3. *RE: Petition for Recognition of the Exemption of the GSIS from Payment of Legal Fees*; *Baguio Market Vendors Multi-Purpose Cooperative (BAMARVEMPCO) v. Hon. Judge Cabato-Cortes*; *In Re: Exemption of the National Power Corporation from Payment of Filing/Docket Fees*; and *Rep. of the Phils. v. Hon. Mangotara, et al.* — Despite statutory provisions, the GSIS, BAMARVEMPCO, and NPC are not exempt from the payment of legal fees imposed by Rule 141 of the *Rules.*
>
> 4. *Carpio-Morales v. Court of Appeals (Sixth Division)* — The first paragraph of Section 14 of R.A. No. 6770, which prohibits courts except the Supreme Court from issuing temporary restraining order and/or writ of preliminary injunction to enjoin an investigation conducted by the Ombudsman, is unconstitutional as it contravenes Rule 58 of the *Rules.*
>
> Considering that the aforesaid laws effectively modified the *Rules*, this Court asserted its discretion to amend, repeal or even establish new rules of procedure, to the exclusion of the legislative and executive branches of government. To reiterate, the Court's authority to promulgate rules on pleading, practice, and procedure is exclusive and one of the safeguards of Our institutional independence.[118]

Balanced against the authority of Congress to grant or define the jurisdiction of courts, the rule-making power of the Court is proscribed against promulgating rules that diminish, increase, or modify substantive rights.

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[118] Id. at 178-181.Emphasis supplied.

In *Fabian*, the question was raised as to whether the Court, in holding that the CA is the proper court to review the final judgements of quasi-judicial agencies even in light of a law vesting the Court with the power to do so, would be disregarding a substantive right. The Court ruled in the negative, explaining in this wise:

> x x x This brings to fore the question of whether Section 27 of [R.A.] 6770 is substantive or procedural.
>
> It will be noted that no definitive line can be drawn between those rules or statutes which are procedural, hence within the scope of this Court's rule-making power, and those which are substantive. **In fact, a particular rule may be procedural in one context and substantive in another.** It is admitted that what is procedural and what is substantive is frequently a question of great difficulty. It is not, however, an insurmountable problem if a rational and pragmatic approach is taken within the context of our own procedural and jurisdictional system.
>
> In determining whether a rule prescribed by the Supreme Court, for the practice and procedure of the lower courts, abridges, enlarges, or modifies any substantive right, the test is **whether the rule really regulates procedure, that is, the judicial process for enforcing rights and duties recognized by substantive law and for justly administering remedy and redress for a disregard or infraction of them. If the rule takes away a vested right, it is not procedural. If the rule creates a right such as the right to appeal, it may be classified as a substantive matter; but if it operates as a means of implementing an existing right then the rule deals merely with procedure.**
>
> In the situation under consideration, a transfer by the Supreme Court, in the exercise of its rule-making power, of pending cases involving a review of decisions of the Office of the Ombudsman in administrative disciplinary actions to the Court of Appeals which shall now be vested with exclusive appellate jurisdiction thereover, relates to procedure only. This is so because it is not the right to appeal of an aggrieved party which is affected by the law. That *right* has been preserved. Only the *procedure* by which the appeal is to be made or decided has been changed. The rationale for this is that no litigant has a vested right in a particular remedy, which may be changed by substitution without impairing vested rights, hence he can have none in rules of procedure which relate to the remedy.
>
> Furthermore, it cannot be said that the transfer of appellate jurisdiction to the Court of Appeals in this case is an act of creating a new right of appeal because such power of the Supreme Court to transfer appeals to subordinate appellate courts is purely a procedural and not a substantive power. Neither can we consider such transfer as impairing a vested right because the parties have still a remedy and still a competent tribunal to administer that remedy.[119]

In *Fabian*, the Court went on to elucidate that the transfer by this Court, in the exercise of its rule-making power, of pending cases involving a review of decisions of the Ombudsman (OMB) in administrative disciplinary

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[119] *Fabian v. Desierto*, supra note 88, at 491-493. Emphasis and underscoring supplied.

actions to the CA which shall now be vested with exclusive appellate jurisdiction over these, relates to *procedure only*. This is so because it is not the right to appeal of an aggrieved party which is affected by the law, as that *right* has been preserved, with only the *procedure* by which the appeal is to be made or decided changed.

A sharp distinction on the matter of the effect of the rule pulls the case of CIAC awards far from that of *Fabian*, as in the latter, the Court's act of transferring appellate jurisdiction over the OMB decisions to the CA did not undermine or significantly alter the party's right to appeal.

In clear contrast, the Court's act of including CIAC awards among those situations the appeal from which must be brought before the CA *via* Rule 43, instead of on a direct recourse to it as specified under E.O. 1008, did not provide a *mere* procedure of appeal of CIAC awards, **but correspondingly *diminished the substantive rights* of parties who, pre-conflict, had elected arbitration as their speedier recourse in case of dispute**.

The compelling weight of the preservation of the speed, autonomy and finality of CIAC awards is best validated by the kind of tailor-made fit with which the design of arbitration serves the unique demands of the construction industry. **Parties in construction disputes have also been known to predictably choose arbitration over litigation due to the limitation of the right to appeal thereto, particularly in that laws of many jurisdictions permit appeals of arbitral awards only on limited grounds.**

Demonstrably, construction is a specialized industry with projects that are prone to disputes owing to multiple parties, performance standards, as well as financing and profit considerations.[120] The construction businesses' resort to alternative modes of resolution that seek to settle controversies as opposed to pursuit of lawsuits was even called a paradigm shift, which resulted from the wave of increasing need for dispute resolutions, and the inversely proportional decrease of incentives for litigation.[121] Parties in construction disputes were afforded, by legislation, with the alternative route to an expedited and authoritative resolution of their disputes. The availability of this conclusive alternative mode, which had been hailed as the preferred method of resolving high-value disputes, is vital to the growth of the construction industry, and diluting the same undoubtedly amounts to the diminishing of the parties' substantive right.

Once more, the substantive right is contained in the parties' preference to avail of speed, flexibility, cost efficiency and industry knowledge to obtain the most autonomous arbitration result possible.

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[120] Darrick M. Mix, *ADR in the Construction Industry: Continuing the Development of a More efficient Dispute Resolution Mechanism*, 12 OHIO STATE J.D.R. 463, 463-484 (1997), available at <https://kb.osu.edu/bitstream/handle/1811/87700/1/OSJDR_V12N2_463.pdf.>

[121] Id. at 464.

Autonomous arbitration is one which is initiated, conducted and concluded without any need or desire for judicial intervention,[122] with the United States Supreme Court even affirming early on that the unmistakable purpose of Congress in affording parties with the arbitration procedure was so that the resolution of the dispute between parties who opt for arbitration be "speedy and not subject to delay and obstruction of the courts".[123] The paradigm of autonomy likewise gives the parties the confidence to invite specialists to resolve complex issues which are beyond the proficiency of court judges.

This substantive right to access this arbitration autonomy is unambiguously subverted by the Court's overreaching exercise of its rule-making power, in its act of delegating to the CA what the legislative wisdom otherwise categorically conferred directly and exclusively upon this Court. The defeat of this right is evident in the frustration of the reasons that prompted the parties to choose arbitration over litigation in the first place. More particularly, the inclusion of the CIAC under Rule 43 weakened if not altogether destroyed the authoritative autonomy of the CIAC, as well as eroded if not totally obliterated its very nature as the expedited, economical, independent alternative dispute resolution to the otherwise protracted and costly court litigation.

To be sure, the inclusion of the CIAC under Rule 43 is a clear **impairment** of the central substantive right which animates the overall design of the CIAC, and is therefore invalid for overstepping the positive limitation of the rule-making power of this Court under Section 5(5), Article VIII of the Constitution on non-modification of substantive rights. Thus, nothing prevents this Court from correcting this over-inclusion, as it now does in the case at bar.

In all, the nexus between the judiciary and the arbitral tribunal is nothing short of paradoxical, in that on the one hand, the courts often ensure the integrity of the arbitration, but on the other, the apprehensions regarding court involvement have precisely led parties to opt for arbitration, in the first instance.[124] As the case at bar exhibits, perhaps the point has always been not complete severance between the two, but only a guarantee that judicial involvement is limited to a minimum to promote the rationale of arbitration, so that it is not so much judicial control, as it is judicial encouragement through restraint.

All told and reconciled, the Court sitting *en banc* takes this overdue opportunity to straighten out the route that an appeal from a CIAC arbitral award may take, and inevitably carve its remedial recourse out of

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122 Liaquat Ali Khan, *Arbitral Autonomy*, 74 LA. L. REV. 1, 3 (2013) citing *Developments in the Law — The Paths of Civil Litigation*, 113 HARV. L. REV. 1851, 1862-63 (2000), stating that courts and commentators are conflicted over the efficiency benefits and fairness concerns of arbitration. Also available at <https://digitalcommons.law.lsu.edu/lalrev/vol74/iss1/5>.

123 Id., citing *Prima Paint Corp. v. Flood & Conklin Mfg. Co.*, 388 U.S. 395, 404 (1967).

124 Robert E. Lutz, *International Arbitration and Judicial Intervention*, 10 LOY. L.A. INT'L& COMP. L. REV. 621, 621 (1988), available at <http://digitalcommons.lmu.edu/ilr/vol10/iss3/6>.

procedural tiers that are wholly inconsistent with the very *animus* of this arbitral tribunal.

A harmonization of these conflicting rules leaves the Court with the conclusion that the inclusion of the CIAC under Rule 43 appeals is without footing in the legal history of the CIAC, and therefore must be unequivocally reversed.

More specifically, the Court holds that the direct recourse of an appeal of a CIAC award on questions of law directly to this Court is the rule, pursuant to E.O. 1008 and R.A. 9285, notwithstanding Rule 43 on the CA's jurisdiction over quasi-judicial agencies, and Rule 45 in its exclusive application to lower courts. Thus, an appeal from an arbitral award of the CIAC may take either of two tracks, as determined by the subject matter of the challenge.

On the one hand, if the parties seek to challenge a finding of law of the tribunal, then the same may be appealed only to this Court under Rule 45. To determine whether a question is one of law which *may* be brought before the Court under Rule 45, it is useful to recall that a question of law involves a doubt or controversy as to what the law is on a certain state of facts, as opposed to a question of fact which involves a doubt or difference that arises as to the truth or falsehood of facts, or when the query necessarily calls for a review and reevaluation of the whole evidence, including the credibility of witnesses, existence of specific surrounding circumstances, and the decided probabilities of the situation.[125] The test here is not the party's characterization of the question before the Court, but whether the Court may resolve the issue brought to it by solely inquiring as to whether the law was properly applied and without going into a review of the evidence.

On the other hand, if the parties seek to challenge the CIAC's finding of fact, the same may only be allowed under either of two premises, namely assailing the very integrity of the composition of the tribunal, or alleging the arbitral tribunal's violation of the Constitution or positive law, in which cases the appeal may be filed before the CA on these limited grounds through the special civil action of a petition for *certiorari* under Rule 65, in accordance with Section 4 in relation to Section 1, Rule 65 of the Rules:

> **SECTION 1.** *Petition for certiorari.* — When any tribunal, board or officer exercising judicial or quasi-judicial functions has acted without or in excess its or his jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction, and there is no appeal, or any plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered annulling or modifying the proceedings of such

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[125] *Mandaue Realty & Resources Corporation v. Court of Appeals*, G.R. No. 185082, November 28, 2016, 810 SCRA 447, 456 citing *China Road and Bridge Corporation v. Court of Appeals*, G.R. No. 137898, December 15, 2000, 348 SCRA 401.

> tribunal, board or officer, and granting such incidental reliefs as law and justice may require.
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> The petition shall be accompanied by a certified true copy of the judgment, order or resolution subject thereof, copies of all pleadings and documents relevant and pertinent thereto, and a sworn certification of non-forum shopping as provided in the third paragraph of section 3, Rule 46. (1a)
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> **SEC. 4.** *When and where petition filed.* — The petition shall be filed not later than sixty (60) days from notice of the judgment, order or resolution. In case a motion for reconsideration or new trial is timely filed, whether such motion is required or not, the sixty (60) day period shall be counted from notice of the denial of said motion.
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> The petition shall be filed in the Supreme Court or, if it relates to the acts or omissions of a lower court or of a corporation, board, officer or person, in the Regional Trial Court exercising jurisdiction over the territorial area as defined by the Supreme Court. It may also be filed in the Court of Appeals whether or not the same is in aid of its appellate jurisdiction, or in the Sandiganbayan if it is in aid of its appellate jurisdiction. If it involves the acts or omissions of a quasi-judicial agency, unless otherwise provided by law or these Rules, the petition shall be filed in and cognizable only by the Court of Appeals.
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> In election cases involving an act or omission of a municipal or a regional trial court, the petition shall be filed exclusively with the Commission on Elections in aid of its appellate jurisdiction. *(As amended by A.M. No. 07-7-12-SC, December 12, 2007.)*

As observed by Chief Justice Alexander Gesmundo (Chief Justice Gesmundo) during the deliberations, it would be entirely unsupported for appeal under Rule 43 to remain available for CIAC awards after a clear demonstration to the contrary.

Furthermore, Justice Leonen, in his *Concurring Opinion*, sharply summarizes the utter lack of basis in this erroneous inclusion of the CIAC under Rule 43 appeals, which he calls out to be an "unfortunate mistake":

> Since the Construction Industry Arbitration Law's adoption in 1985, procedural law and related jurisprudence have made it appear that appeals may also be taken to the Court of Appeals. There, the factual findings of CIAC arbitral tribunals may supposedly be assailed. This has been an unfortunate mistake. **The Court of Appeal's supposed appellate jurisdiction to freely review factual issues finds no basis in substantive law.**
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> It is opportune to repudiate the mistaken notion that appeals on questions of fact of CIAC awards may be coursed through the Court of Appeals. No statute actually vests jurisdiction on the Court of Appeals to entertain petitions for review emanating from the CIAC. *Metro Construction*'s reference to a "procedural mutation" effected by Circular No. 1-91, 1095 and Rule 43 of the 1997 Rules of Civil Procedure do not

> broaden the jurisdiction of the Court of Appeals. Neither do the amendments introduced to Batas Pambansa Blg. 129 by Republic Act No. 7902 effect a broadening of the Court of Appeals' appellate jurisdiction thereby extending it to a factual review of CIAC arbitral awards.[126]

The resort to Rule 65, instead of Rule 43, further finds support in the very nature of the factual circumstances which trigger said exceptional factual review—those that center not on the actual findings of fact but on the integrity of the tribunal that makes these findings, or their compliance with the Constitution or positive law, *i.e.*, any of the following factual allegations: (1) the award was procured by corruption, fraud or other undue means; (2) there was evident partiality or corruption of the arbitrators or of any of them; (3) the arbitrators were guilty of misconduct in refusing to hear evidence pertinent and material to the controversy; (4) one or more of the arbitrators were disqualified to act as such under Section 9 of R.A. 876, and willfully refrained from disclosing such disqualifications or of any other misbehavior by which the rights of any party have been materially prejudiced; or (5) the arbitrators exceeded their powers, or so imperfectly executed them, that a mutual, final and definite award upon the subject matter submitted to them was not made.[127]

These are the scenarios that Chief Justice Gesmundo, keenly referred to as "tribunal-centered" and not "fact-centered" which must necessarily reframe whether the CA may or may not review the decisions of the CIAC, to wit:

> If a legal remedy exists for the review of factual findings of the arbitral tribunal in the context of assailing the integrity of its composition, the question that should be asked is, should the subject matter of the appeal pertain to the alleged errors in the factual findings of the arbitral tribunal, or should the appeal center on the lack of integrity of the composition of the arbitral tribunal? Definitely, if there is no question on the integrity of the composition of the arbital tribunal, its award may not be subject to appeal on factual considerations. Consequently, the remedy contemplated is tribunal-centered and not fact-centered. This issue is important because it will determine whether the CA has jurisdiction over the subject matter of the appeal in the first place.[128]

Proceeding from this framing of factual issues which fall within the narrow window of the Court's factual review of CIAC awards, the Court holds that these challenges to the CIAC tribunal's integrity or allegations of constitutional or statutory violations on the part of the arbitral tribunal, as further enumerated under Section 24[129] of R.A. 876, partake of the nature of

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126 Concurring Opinion of *J.* Leonen, pp. 9-13. Emphasis supplied.

127 *Tondo Medical Center v. Rante*, supra note 77.

128 As aptly explained by Chief Justice Gesmundo during the deliberations.

129 Section 24 thereof provides:

Section 24. Grounds for vacating award. - In any one of the following cases, the court must make an order vacating the award upon the petition of any party to the controversy when such party proves affirmatively that in the arbitration proceedings:

(a) The award was procured by corruption, fraud, or other undue means; or

imputations of grave abuse which more accurately belong within the purview of a special civil action of a petition for *certiorari* under Rule 65. Stated differently, the Court recognizes, as earlier distilled in jurisprudence, that although the challenges to the integrity of the CIAC arbitral tribunal are first enumerated in Section 24 of R.A. 876, the same grounds are also descriptive of the narrow set of situations that may warrant the Court's review of the same, as an exception to the more general rule that factual findings of the CIAC arbitral tribunal are beyond review. Once more, as correctly noted by Chief Justice Gesmundo, this appears to be the Court's understanding in its discussion of the said grounds in the case of *Hi-Precision Steel Center, Inc. v. Lim Kim Steel Builders, Inc.*[130] (*Hi-Precision*), when it reiterated that it will not relitigate issues of fact previously resolved by an arbitral tribunal, save for the instance of a clear showing of grave abuse of discretion, citing as examples thereof those very instances referred to under Section 24 of R.A. 876, *viz.*:

> Aware of the objective of voluntary arbitration in the labor field, in the construction industry, and in any other area for that matter, the Court will not assist one or the other or even both parties in any effort to subvert or defeat that objective for their private purposes. The Court will not review the factual findings of an arbitral tribunal upon the artful allegation that such body had "misapprehended the facts" and will not pass upon issues which are, at bottom, issues of fact, no matter how cleverly disguised they might be as "legal questions." The parties here had recourse to arbitration and chose the arbitrators themselves; they must have had confidence in such arbitrators. The Court will not, therefore, permit the parties to relitigate before it the issues of facts previously presented and argued before the Arbitral Tribunal, save only where **a very clear showing is made that, in reaching its factual conclusions, the Arbitral Tribunal committed an error so egregious and hurtful to one party as to constitute a grave abuse of discretion resulting in lack or loss of jurisdiction.** Prototypical examples would be factual conclusions of the Tribunal which resulted in deprivation of one or the other party of a fair opportunity to present its position before the Arbitral Tribunal, and an award obtained through fraud or the corruption of arbitrators. Any other, more relaxed, rule would result in setting at naught the basic objective of a

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(b) That there was evident partiality or corruption in the arbitrators or any of them; or

(c) That the arbitrators were guilty of misconduct in refusing to postpone the hearing upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; that one or more of the arbitrators was disqualified to act as such under section nine hereof, and wilfully refrained from disclosing such disqualifications or of any other misbehavior by which the rights of any party have been materially prejudiced; or

(d) That the arbitrators exceeded their powers, or so imperfectly executed them, that a mutual, final and definite award upon the subject matter submitted to them was not made.

Where an award is vacated, the court, in its discretion, may direct a new hearing either before the same arbitrators or before a new arbitrator or arbitrators to be chosen in the manner provided in the submission or contract for the selection of the original arbitrator or arbitrators, and any provision limiting the time in which the arbitrators may make a decision shall be deemed applicable to the new arbitration and to commence from the date of the court's order.

Where the court vacates an award, costs, not exceeding fifty pesos and disbursements may be awarded to the prevailing party and the payment thereof may be enforced in like manner as the payment of costs upon the motion in an action.

[130] G.R. No. 110434, December 13, 1993, 228 SCRA 397.

> voluntary arbitration and would reduce arbitration to a largely inutile institution.[131]

Collectively, these factual scenarios, when alleged, essentially challenge the integrity of the arbitral tribunal or the constitutionality or legality of the conduct of the arbitral process, and therefore warrant an entertainment of doubt with respect to the factual findings of said tribunal. These factual allegations, which replicate the grounds for vacating an arbitral award as provided in Section 24 of R.A. 876, have been found by the Court to be the same factual allegations that will trigger an exceptional factual review of CIAC arbitral awards, as this Court has laid down in *Spouses David v. Construction Industry and Arbitration Commission*,[132] *CE Construction Corp. v. Araneta Center, Inc.*,[133] and *Tondo Medical Center v. Rante*.[134] The Court, in these cases, saw it fit to exemplify the breadth of what may constitute grave abuse of discretion with the enumeration of scenarios carried over from Section 24 of R.A. 876, in order to fine-tune the operative examples of grave abuse in the context of the CIAC arbitral tribunals. This is further consistent with the caution of the Court in *Hi-Precision* when it warned that "x x x [a]ny other, more relaxed, rule would result in setting at naught the basic objective of a voluntary arbitration x x x."[135] The Court's consistent pronouncement in the above cases only reinforce its attitude towards CIAC arbitral awards, *i.e.*, that factual findings of the CIAC arbitral tribunal are final unless the integrity of said tribunal or the constitutionality or legality of its actions are put in question.

Told differently, the limited instances which parties may cite as impetus for a judicial factual review of a CIAC award pertain to integrity-centered or Constitution or law-anchored flaws which, in turn, translate to grave abuses of discretion that are within the ambit of a petition for *certiorari* under Rule 65. The correspondence is made clear given the very nature of a Rule 65 petition, and the metes and bounds of the issues it is designed to resolve. Demonstrably, in the case of *Tagle v. Equitable PCI Bank*,[136] the Court spoke plainly:

> A special civil action for *Certiorari*, or simply a Petition for *Certiorari*, under Rule 65 of the Revised Rules of Court is intended for the correction of errors of jurisdiction only or grave abuse of discretion amounting to lack or excess of jurisdiction. Its principal office is only to keep the inferior court within the parameters of its jurisdiction or to prevent it from committing such a grave abuse of discretion amounting to lack or excess of jurisdiction.
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> A writ of *certiorari* may be issued only for the correction of errors of jurisdiction or grave abuse of discretion amounting to lack or excess of

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131 Id.at 405-407. Emphasis supplied; citations omitted.
132 Supra note 78.
133 Supra note 71.
134 Supra note 77.
135 *Hi-Precision Steel Center, Inc. v. Lim Kim Steel Builders, Inc.*, supra note 130, at 406-407.
136 G.R. No. 172299, April 22, 2008, 552 SCRA 424.

> jurisdiction. Such cannot be used for any other purpose, as its function is limited to keeping the inferior court within the bounds of its jurisdiction.
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> For a petition for *certiorari* to prosper, the essential requisites that have to concur are: (1) the writ is directed against a tribunal, a board or any officer exercising judicial or quasi-judicial functions; (2) such tribunal, board or officer has acted without or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction; and (3) there is no appeal or any plain, speedy and adequate remedy in the ordinary course of law.
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> The phrase "*without jurisdiction*" means that the court acted with absolute lack of authority or want of legal power, right or authority to hear and determine a cause or causes, considered either in general or with reference to a particular matter. It means lack of power to exercise authority. "*Excess of jurisdiction*" occurs when the court transcends its power or acts without any statutory authority; or results when an act, though within the general power of a tribunal, board or officer (to do) is not authorized, and invalid with respect to the particular proceeding, because the conditions which alone authorize the exercise of the general power in respect of it are wanting. While that of "*grave abuse of discretion*" implies such capricious and whimsical exercise of judgment as to be equivalent to lack or excess of jurisdiction; simply put, power is exercised in an arbitrary or despotic manner by reason of passion, prejudice, or personal hostility; and such exercise is so patent or so gross as to amount to an evasion of a positive duty or to a virtual refusal either to perform the duty enjoined or to act at all in contemplation of law.[137]

Further, the resort to a petition for *certiorari* under Rule 65 is confined to assailing the integrity of the arbitral tribunal based on any of the aforementioned factual scenarios (*e.g.*, corruption, fraud, evident partiality of the tribunal), or the constitutionality or legality of the conduct of the arbitration process, and may not remain unqualified as to embrace other badges of grave abuse. The design and intent of the relevant laws on judicial review of CIAC arbitral awards do not empower the CA to look into the factual findings of the CIAC apart from the foregoing circumscribed grounds, lest the authoritative and conclusive factual findings of the CIAC be nevertheless defeated, albeit *via* a petition other than Rule 43.

This operative limiting of the grounds under Rule 65 with respect to judicial review of CIAC arbitral awards remains consistent with the Court's constitutionally granted authority, owing chiefly to the conceptually dynamic nature of grave abuse of discretion. To be sure, the Constitution provided the Court's power to take cognizance of petitions alleging grave abuse of discretion, with the second paragraph of Section 1, Article VIII of the Constitution particularly stating:

> *Section 1.* The judicial power shall be vested in one Supreme Court and in such lower courts as may be established by law.

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[137] Id. at 436-437. Citations omitted.

> **Judicial power includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government.** (Emphasis supplied)

However, far from being static, the very contours of what constitutes grave abuse of discretion have always been traced by the Court in a judicious but fragmentary manner, as called for by each case in jurisprudence. Distinctively, therefore, although the remedy of petition for *certiorari*, as the procedural vehicle, is purposefully rigid and unyielding in order to avoid overextension of the same over situations that do not raise an error of jurisdiction, the concept of grave abuse of discretion which must be alleged to avail of the *certiorari* remedy is, in the same degree, deliberately flexible, in order to enable it to capture a whole spectrum of permutations of grave abuse. If the case were otherwise, *i.e.*, if the concept of grave abuse were rigid, and the *certiorari* remedy loose, the same would be exposed to the possibility of having a clear act of whim and caprice placed beyond the ambit of the court's *certiorari* power because of a definitional discomfiture in the legal procedure.

On point is the case of *Oposa v. Factoran, Jr.*,[138] where the Court, citing Justice Isagani A. Cruz, described the dynamic property of the concept of grave abuse in the context of the expanded judicial review power, and succinctly described it thus:

> As worded, the new provision vests in the judiciary, and particularly the Supreme Court, the power to rule upon even the wisdom of the decisions of the executive and the legislature and to declare their acts invalid for lack or excess of jurisdiction because tainted with grave abuse of discretion. **The catch, of course, is the meaning of 'grave abuse of discretion,' which is a very elastic phrase that can expand or contract according to the disposition of the judiciary.**[139]

The elasticity of the Court's use of its power of judicial review under the 'grave abuse of discretion' standard has also been suggested as that which significantly depends on a variety of considerations, even including the "rationality, predispositions, and value judgments"[140] of the Court's members. This conceptual malleability of 'grave abuse of discretion' allows it to stretch as it needs to cover vast permutations of grave abuse, but also contracts, as the Court here deems it fit, so as not to negate categorical legislative intent as provided for by E.O. 1008.

In point of fact, grave abuse as a ground for judicial review covers a multitude of scenarios, with each operative definition colored with caprice or

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[138] G.R. No. 101083, July 30, 1993, 224 SCRA 792.

[139] Id. at 810.

[140] DESIERTO, DIANE A, A UNIVERSALIST HISTORY OF THE 1987 PHILIPPINE CONSTITUTION (II), UNIVERSIDAD DE OVIEDO 433 (2010).

whim, but fleshed out in a variety of commissions, and embraces not only those which betray a possible challenge on the integrity of an arbitral tribunal.

Early jurisprudence has laid down a broad construction of what constitutes grave abuse of discretion. In the 1939 case of *Santos v. Province of Tarlac*,[141] the concept of abuse of discretion was construed as that which contemplates such a capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction. This was later echoed in the 1941 case of *Alafriz v. Nable*,[142] where the Court defined grave abuse as that where the court has acted "x x x with absolute want of jurisdiction x x x"[143] or where the court has transcended its jurisdiction or "x x x acted without any statutory authority x x x".[144]

In the 1960 case of *Hamoy v. Hon. Sec. of Agriculture and Natural Resources, et al.*,[145] the Court added that the abuse of discretion must be shown to be attended by "x x x passion, prejudice, or personal hostility amounting to an evasion of positive duty x x x."[146] Still, in 1966, in the case of *Palma and Ignacio v. Q. & S. Inc., et al.*,[147] the Court further qualified abuse of discretion and added that an error of judgment is not abuse of discretion, as the same must be colored with despotism or whim, *viz.*:

> x x x [A]n abuse of discretion is not sufficient by itself to justify the issuance of a writ of [*certiorari*]. x x x [T]he abuse must be grave and patent, and it must be shown that the discretion was exercised arbitrarily or despotically x x x.[148]

In 1979, in *Dimayacyac v. Court of Appeals*,[149] the trial court therein was found to have committed grave abuse of discretion for declaring a party before in default and rendering judgment against them hurriedly, for mere failure of the party in default to file a pre-trial brief. In the case of *Producers Bank of the Phils. v. NLRC*,[150] grave abuse of discretion was construed as such capricious and whimsical exercise of judgment that is equivalent to lack of jurisdiction and involves power that is exercised in an arbitrary or despotic manner by reason of passion or personal hostility. Grave abuse of discretion must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined or to act at all in contemplation of law.

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141 67 Phil. 480 (1939).
142 72 Phil. 278 (1941).
143 Id. at 280 citing *Leung Ben v. O'Brien*, 38 Phil.182 (1918); *Salvador Campos y Cia. v. Del Rosario*, 41 Phil. 45 (1920).
144 Id.
145 106 Phil. 1046 (1960).
146 Id. at 1054.
147 G.R. No. L-20366, May 19, 1966, 17 SCRA 97.
148 Id. at 100.
149 G.R. No. L-50907, September 27, 1979, 93 SCRA 265.
150 G.R. No. 76001, September 5, 1988, 165 SCRA 281.

To note, in the 1999 case of *Nepomuceno v. Court of Appeals*,[151] the Court ruled that "grave abuse of discretion is indeed a relative term"[152] and admits of exceptions in the interest of substantial justice.

Recent jurisprudential iterations have further maintained this construction of grave abuse of discretion. In the case of *Dueñas, Jr. v. House of Representatives Electoral Tribunal*,[153] grave abuse of discretion was defined as the capricious and whimsical exercise of judgment, or the exercise of power in an arbitrary manner, where the abuse is so patent and gross as to amount to an evasion of positive duty.[154] In *Cruz v. People*,[155] manifest disregard of basic rules and procedures constituted grave abuse of discretion. In *Comilang v. Belen*,[156] a showing of manifest bias and partiality likewise amounted to grave abuse. *Neri v. Yu*,[157] also defined grave abuse as that which includes not only palpable errors of jurisdiction or violations of the Constitution, the law, and jurisprudence, but also includes gross misapprehension of facts.

Indicatively, going by the jurisprudential construction of grave abuse of discretion as contemplated by Rule 65, the same decidedly casts a wider net than that which is consistent with the narrower confines of factual review of CIAC arbitral awards, and covers numerous other scenarios apart from that which may amount to a challenge of the integrity of a tribunal. The above cases demonstrate badges of grave abuse that could not have been contemplated as far as factual review of CIAC awards is concerned. To leave this Rule 65 resort unqualified is, therefore, to leave it overinclusive, at the expense of the weight and conclusiveness of findings of fact of the CIAC. Stated differently, precisely because challenging the integrity, constitutionality or legality of the tribunal or its actions in the arbitral process are only some of the many permutations of grave abuse within the construction of Rule 65, the delimitation is crucial for purposes of factual review of CIAC arbitral awards, if a resort to a petition for *certiorari* under Rule 65 is to be made consistent with E.O. 1008.

By extension, if the petition for *certiorari* under Rule 65 route for review of CIAC arbitral awards remains as indiscriminate as the scope of Rule 65 as it is more generally applied, it would entertain grounds for factual review that E.O. 1008 and other relevant rules intended to keep out.

The Court herein emphasizes that the qualification and contraction of the concept of grave abuse of discretion under Rule 65 with respect to a CIAC arbitral award calibrates, instead of confuses, the grounds for a Rule 65 petition. It is a contraction that is imperative if remedial law is to

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151 G.R. No. 126405, February 25, 1999, 303 SCRA 679.
152 Id. at 682.
153 G.R. No. 191550, May 4, 2010, 620 SCRA 78.
154 Id. at 80.
155 G.R. No. 224974, July 3, 2017, 828 SCRA 685.
156 A.M. No. RTJ-10-2216, June 26, 2012, 674 SCRA 477.
157 G.R. No. 230831, September 5, 2018, 879 SCRA 611.

promote, and not frustrate, the unique configuration of the CIAC, and enable it to unfold as designed within the structure of the present remedial rules. It does not proceed from the presumption that said contraction is being made in order to address what may experientially be seen as a loose treatment of the *certiorari* action in practice. On the contrary, the contraction is being made not because the *certiorari* power is being indiscriminately employed, but because in itself, even with its rigid application, said *certiorari* power is still not narrow enough given the framework that the persuasive authority of CIAC awards must be ascribed primacy.

The Court also holds with particular import that there is nothing procedurally problematic or constitutionally abhorrent in distilling the prototypical grounds under Section 24 of R.A. 876 as reflective of the very grounds which show a grave abuse of discretion in relation to CIAC arbitral awards. There is nothing precarious in the Court's acknowledgment that the concept of grave abuse is elastic enough to lend itself to the Court's calibration depending on the context within which it is to be appreciated.

Contrary to the caution offered that the concept of grave abuse of discretion is tantamount to judicial legislation, the Court here discerns that its appropriation of the prototypical grounds as provided under Section 24 of R.A. 876 into the judicial review of CIAC arbitral awards, as well as its appreciation of the nuanced expressions of grave abuse of discretion in this specific context squarely fall within the rule-making power of the Court. The authority is rooted in Section 5(5), Article VIII of the Constitution, and the impetus therefor described as thus:

> x x x This deliberate expansion of both judicial review and rule-making powers of the Philippine Supreme Court typifies the active re-direction of the Court's role, away from the passivity under the standard political question doctrine that had predominated earlier constitutional eras under the 1973 and 1935 Constitutions.
>
> x x x x
>
> When the 1986 EDSA "People Power" Revolution successfully ousted Marcos, one of the first acts of the new government under Corazon Aquino (and facilitated by now Constitutional Commissioner Roberto Concepcion) was to strengthen the independence and judicial review powers of the Philippine Supreme Court. Under the 1987 Constitution, the Philippine Supreme Court was intentionally entrusted with broader judicial review and rule-making powers. The framers of the 1987 Constitution envisioned that the Court as the institution most critical to safeguarding democracy in the Philippines' post-dictatorship constitutional order. Wary of the Court's reputational decline in *Javellana*, the Philippine Supreme Court under the 1987 Constitutional reiterated fidelity to the Constitution as the foremost mandate of judicial conduct: "Justices and judges must ever realize that they have no constituency, serve no majority nor minority but serve only the public interest as they see it in accordance with their

> oath of office, guided only by the Constituton and their own conscience and honour."[158]

Markedly, as the Court has held in *Echegaray v. Secretary of Justice*[159] and *Estipona, Jr. v. Lobrigo*,[160] the independent rule-making power of the Court is a reaction to the prevenient disposition of the Court that consigns it to sidestep matters of inequity or injustice in the court proceedings because of its lack of power to procedurally address them. The Court therefore holds that this is not a dangerous precedent but a mere exercise of extant rule-making and *certiorari* powers of the Court. This authority also since pivoted the Court away from the previous institutional attitude of avoidance.

More, the exercise of contracting grave abuse of discretion in order to correct what has been shown to be a procedural confoundment in the instant case is not new either in the Court's jurisprudential history or its immediate horizon. Perhaps, there will be future inadequacies in procedure that the Court will be moved to remedy, and that the same will require its reconciliation or harmonization with substantive laws. The reinforced rule-making power of the Court straightforwardly allows it to undertake the same, as it now does.

As is apparent in the two grounds that trigger the exceptional factual review of CIAC arbitral awards, *i.e.*, those that pertain to either the lack of integrity or the imputed unconstitutionality or illegality of the arbitrators or the arbitral process, the contracted grounds are tight enough, but nevertheless embrace and preserve the courts' power to re-examine factual findings of a CIAC arbitral tribunal, precisely when the latter's lack of integrity, or its unconstitutional or illegal actions taint the same. Most assuredly, the power of the courts to uphold the Constitution and preserve observance of positive law are woven into the very fabric of the judicial system, and remain undiminished in the Court's present interpretation of the available remedial routes from CIAC arbitral awards.

Therefore, in the instant case and for purposes of judicial review of the CIAC arbitral awards, this Court now divines Rule 65, being confined to challenges only to the arbitral tribunal's integrity or allegations of its actions' unconstitutionality or illegality, to be a warranted contraction of the breadth of the concept of 'grave abuse of discretion', in order to harmonize a Rule 65 resort with the unequivocal intent of E.O. 1008, and other relevant laws, including R.A. 876 and R.A. 9285, which apply supplementarily. To be sure, although E.O. 1008 applies specifically to the CIAC as a specialized arbitral institution for the construction industry, nothing precludes the Court

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158 Diane A Desierto, *Justiciability of Socio-Economic Rights: Comparative Powers, Roles and Practices in the Philippines and South Africa*, 11 APLPJ, Vol. 114, at 115-119 (2009). Also accessible at https://blog.hawaii.edu/aplpj/files/2011/11/APLPJ_11.1_desierto.pdf.

159 Supra note 116.

160 Supra note 117.

from applying the umbrella legislation of R.A. 876 and its significant amendment, R.A. 9285.

Undoubtedly, R.A. 876, R.A. 9285 and E.O. 1008, while distinct, are conceptually and operatively related in the sphere of arbitration law. For one, R.A. 9285 expressly references E.O. 1008 as the rules of procedure that apply to construction disputes. The whole of its Chapter 6 pertains to arbitration of construction disputes where, substantively: (1) Section 17(d)[161] thereof provides its application to mediated construction disputes, (2) Sections 28[162] and 29[163] thereof outline the availability of interim measures

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[161] R.A. 9285, Sec. 17 provides:
SEC. 17. Enforcement of Mediated Settlement Agreements. – The mediation shall be guided by the following operative principles:
(a) A settlement agreement following successful mediation shall be prepared by the parties with the assistance of their respective counsel, if any, and by the mediator.
The parties and their respective counsels shall endeavor to make the terms and condition thereof complete and make adequate provisions for the contingency of breach to avoid conflicting interpretations of the agreement.
(b) The parties and their respective counsels, if any, shall sign the settlement agreement. The mediator shall certify that he/she explained the contents of the settlement agreement to the parties in a language known to them.
(c) If the parties so desire, they may deposit such settlement agreement with the appropriate Clerk of a Regional Trial Court of the place where one of the parties resides. Where there is a need to enforce the settlement agreement, a petition may be filed by any of the parties with the same court, in which case, the court shall proceed summarily to hear the petition, in accordance with such rules of procedure as may be promulgated by the Supreme Court.
(d) The parties may agree in the settlement agreement that the mediator shall become a sole arbitrator for the dispute and shall treat the settlement agreement as an arbitral award which shall be subject to enforcement under Republic Act. No. 876, otherwise known as the Arbitration Law, notwithstanding the provisions of Executive Order No. 1008 for mediated disputes outside of the CIAC. (Emphasis supplied)

[162] Id., Sec. 28 provides:
SEC. 28. Grant of Interim Measure of Protection. – (a) It is not incompatible with an arbitration agreement for a party to request, before constitution of the tribunal, from a Court an interim measure of protection and for the Court to grant such measure. After constitution of the arbitral tribunal and during arbitral proceedings, a request for an interim measure of protection, or modification thereof, may be made with the arbitral tribunal or to the extent that the arbitral tribunal has no power to act or is unable to act effectively, the request may be made with the Court. The arbitral tribunal is deemed constituted when the sole arbitrator or the third arbitrator, who has been nominated, has accepted the nomination and written communication of said nomination and acceptance has been received by the party making the request.
The following rules on interim or provisional relief shall be observed:
(1) Any party may request that provisional relief be granted against the adverse party.
(2) Such relief may be granted:
(i) to prevent irreparable loss or injury;
(ii) to provide security for the performance of any obligation;
(iii) to produce or preserve any evidence; or
(iv) to compel any other appropriate act or omission.
(3) The order granting provisional relief may be conditioned upon the provision of security or any act or omission specified in the order.
(4) Interim or provisional relief is requested by written application transmitted by reasonable means to the Court or arbitral tribunal as the case may be and the party against whom the relief is sought, describing in appropriate detail the precise relief, the party against whom the relief is requested, the grounds for the relief, and the evidence supporting the request.
(5) The order shall be binding upon the parties.
(6) Either party may apply with the Court for assistance in implementing or enforcing an interim measure ordered by an arbitral tribunal.
(7) A party who does not comply with the order shall be liable for all damages resulting from noncompliance, including all expenses, and reasonable attorney's fees, paid in obtaining the order's judicial enforcement.

[163] Id., Sec. 29 states:

of protection in construction arbitration, (3) Section 35[164] thereof enumerates the kinds of disputes that fall within the purview of the CIAC's jurisdiction, and (4) Section 39[165] thereof relatedly authorizes the regional trial courts to dismiss a construction dispute before it, if the same involves an arbitration clause that was not previously resorted to.

As well, the Special ADR Rules further categorically refer to R.A. 876 when it laid down the grounds for which, as a general rule, the court may vacate or set aside the decision of an arbitral tribunal. Specifically, Rule 19.10 of the same provides:

> **RULE 19.10.** ***Rule on judicial review on arbitration in the Philippines.*** - As a general rule, **the court can only vacate or set aside the decision of an arbitral tribunal upon a clear showing that the award suffers from any of the infirmities or grounds for vacating an arbitral award under Section 24 of Republic Act No. 876 or under Rule 34 of the Model Law** in a domestic arbitration, or for setting aside an award in an international arbitration under Article 34 of the Model Law, or for such other grounds provided under these Special Rules.
>
> If the Regional Trial Court is asked to set aside an arbitral award in a domestic or international arbitration on any ground other than those provided in the Special ADR Rules, the court shall entertain such ground for the setting aside or non-recognition of the arbitral award only if the same amounts to a violation of public policy.
>
> The court shall not set aside or vacate the award of the arbitral tribunal merely on the ground that the arbitral tribunal committed errors of fact, or of law, or of fact and law, as the court cannot substitute its judgment for that of the arbitral tribunal. (Emphasis supplied)

SEC. 29. Further Authority for Arbitrator to Grant Interim Measure of Protection. – Unless otherwise agreed by the parties, the arbitral tribunal may, at the request of a party, order any party to take such interim measures of protection as the arbitral tribunal may consider necessary in respect of the subject-matter of the dispute following the rules in Section 28, paragraph 2. Such interim measures may include but shall not be limited to preliminary injunction directed against a party, appointment of receivers or detention, preservation, inspection of property that is the subject of the dispute in arbitration. Either party may apply with the Court for assistance in implementing or enforcing an interim measure ordered by an arbitral tribunal.

[164] Id., Sec. 35 provides:
SEC. 35. Coverage of the Law. – Construction disputes which fall within the original and exclusive jurisdiction of the Construction Industry Arbitration Commission (the "Commission") shall include those between or among parties to, or who are otherwise bound by, an arbitration agreement, directly or by reference whether such parties are project owner, contractor, subcontractor, fabricator, project manager, design professional, consultant, quantity surveyor, bondsman or issuer of an insurance policy in a construction project.
The Commission shall continue to exercise original and exclusive jurisdiction over construction disputes although the arbitration is "commercial" pursuant to Section 21 of this Act.

[165] Id., Sec. 39 provides:
SEC. 39. Court to Dismiss Case Involving a Construction Dispute. – A Regional Trial Court before which a construction dispute is filed shall, upon becoming aware, not later than the pre-trial conference, that the parties had entered into an arbitration agreement, dismiss the case and refer the parties to arbitration to be conducted by the CIAC, unless both parties, assisted by their respective counsel, shall submit to the Regional Trial Court a written agreement exclusively for the Court, rather than the CIAC, to resolve the dispute.

Still, illustratively, in the case of *LM Power Engineering Corporation v. Capitol Industrial Construction Groups Inc.*,[166] the Court found no impediment in applying R.A. 876 in a suppletory nature to an otherwise purely CIAC-governed dispute, in order to stay the court proceedings where the dispute was found to be arbitrable before the CIAC:

> The arbitral clause in the Agreement is a commitment on the part of the parties to submit to arbitration the disputes covered therein. Because that clause is binding, they are expected to abide by it in good faith. And because it covers the dispute between the parties in the present case, either of them may compel the other to arbitrate.
>
> Since petitioner has already filed a Complaint with the RTC without prior recourse to arbitration, the proper procedure to enable the CIAC to decide on the dispute is to request the stay or suspension of such action, as provided under [R.A.] 876 [the Arbitration Law].[167]

To note, although Section 24 of R.A. 876 has not been transplanted verbatim into the CIAC Rules, the logic behind its adaption into the judicial review of the arbitral awards remains unrefuted. It likewise remains to be negated the fact that the Court has already jurisprudentially appropriated Section 24 of R.A. 876 as the very same situations that may justify the Court's examination of CIAC arbitral award's findings of fact.

Furthermore, and assuredly, the resort to the courts was legislatively designed to succeed other remedies that disputants before the CIAC may avail themselves of in case of errors in an arbitral tribunal's award that merit its modification. The current CIAC Rules provide a remedy that allows the parties to winnow through their arbitral award and effect the correction of gross errors such as mathematical miscalculations and the like. The more general R.A. 876, particularly, Section 25 thereof provides:

> **Section 25.** Grounds for modifying or correcting award. - In any one of the following cases, the court must make an order modifying or correcting the award, upon the application of any party to the controversy which was arbitrated:
>
> (a) Where there was an **evident miscalculation of figures, or an evident mistake in the description of any person, thing or property referred to** in the award; or
>
> (b) Where the arbitrators have **awarded upon a matter not submitted to them, *not affecting the merits of the decision upon the matter submitted***; or
>
> (c) Where the **award is imperfect in a matter of form *not affecting the merits of the controversy***, and if it had been a commissioner's report, the defect could have been amended or disregarded by the court.

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[166] G.R. No. 141833, March 26, 2003, 399 SCRA 562.
[167] Id. at 571-572.

> The order may modify and correct the award so as to effect the intent thereof and promote justice between the parties. (Emphasis and underscoring supplied)

This enumeration of grounds for correction of errors in arbitral awards was adopted and echoed in the CIAC Rules,[168] specifically Section 17 thereof:

> ***SECTION 17.1 Motion for correction of final award*** - Any of the parties may file a motion for correction of the Final award within fifteen (15) days from receipt thereof upon any of the following grounds:
>
> a. an evident miscalculation of figures, a typographical or arithmetical error;
> b. an evident mistake in the description of any party, person, date, amount, thing or property referred to in the award.
> c. where the arbitrators have awarded upon a matter not submitted to them, **not affecting the merits of the decision upon the matter submitted**;
> d. where the arbitrators have failed or omitted to resolve certain issue/s formulated by the parties in the Terms of Reference (TOR) and submitted to them for resolution; and
> e. where the award is **imperfect in a matter of form not affecting the merits of the controversy**.
>
> The motion shall be acted upon by the Arbitral Tribunal or the surviving/remaining members.
>
> **17.1.1** The filing of the motion for correction shall interrupt the running of the period for appeal.
>
> **17.1.2** A motion for correction upon grounds other than those mentioned in this section shall not interrupt the running of the period for appeal. (Emphasis and underscoring supplied)

Crucially, however, the above grounds that merit a modification or correction of an arbitral award, whether in the earlier provisions under R.A. 876 or in the recent iterations under the CIAC Rules, importantly: (1) do not pertain to any allegation of fraud, corruption, or grave abuse; and (2) pertain only to honest mistakes, miscalculations of figures, and do not affect the arbitral tribunal's findings with respect to the very merit of the dispute.

Evidently therefore, the intent of the relevant laws with respect to the treatment of arbitral awards is two-tiered: first, that they are final as far as their appreciation of the facts that go into the merit of the dispute is concerned; and second, in case of obvious errors of facts (*e.g.*, miscalculations), they are modifiable or correctible only insofar as they do not affect the merits of the controversy. Such is the restrained attitude that courts were intended to maintain with respect to arbitral awards. Such

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[168] As amended by CIAC Resolutions Nos. 15-2006, 16-2006, 18-2006, 19-2006, 02-2007,07-2007, 13-2007, 02-2008, 03-2008, 11-2008, 01-2010, 04-2010, 07-2010, 08-2014, and 07-2016.

purposively narrow windows for changing the arbitral tribunal's award are most in consonance with the confined posture towards appeals as unambiguously provided for by E.O. 1008, and as fleshed out by R.A. 9285 and the Special ADR Rules.

For more than preserving expediency and convenience, this restrained attitude against challenging arbitral awards on their merits most importantly respects party-autonomy, which is the essence of arbitration[169] and the pro-arbitration State policy of the country. So that when the courts deem a CIAC arbitral award as final, barring exceptions, the courts are really upholding the substantive rights of the disputing parties and their exercise of autonomy in deciding in what manner, for how long, and before which forum their dispute is to be resolved. This is but the Court's recognition that party-autonomy underpins the very option of disputing parties to refer their construction dispute before the CIAC, and that the same has been central in the legislative intendment of a more limited and restricted mode of judicial review of CIAC arbitral awards.

For the avoidance of doubt, the Court now holds that the judicial review of CIAC arbitral awards takes either of two remedial routes, depending on the issue being raised. *First*, if the issue raised is a pure question of law, the petition should be filed directly and exclusively with the Court, notwithstanding Rule 43. *Second*, in cases where the petition takes issue on the integrity of the arbitral tribunal and its decision, (*i.e.*, allegations of corruption, fraud, misconduct, evident partiality, incapacity or excess of powers within the tribunal), or the unconstitutionality or invalidity of its actions in the arbitral process[170] then the parties can and should appeal the CIAC award before the CA under Rule 65, on grounds of grave abuse of discretion amounting to lack or excess in jurisdiction, where a factual review may then be had by the CA.

Concomitantly, the availability of a resort to the CA *via* a Rule 65 petition under these circumstances must also necessarily amend Rule 19.7 of the Special ADR Rules which proscribes any filing of a special civil action of a petition for *certiorari*. This necessary amendment will allow for the narrowest of grounds for a factual review of a CIAC arbitral award to be brought before the proper court through the correct action. This amendment is also merited so that the Special ADR Rules may not, without their intention, frustrate instead of facilitate the modes of appeal from CIAC arbitral awards.

This harmonization is most consistent with the spirit of the law which created the CIAC, as was reaffirmed by R.A. 9285 and the Special ADR Rules. Accordingly, all rules and regulations that allow the contrary, including the pertinent provisions in the Revised Administrative Circular

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169 *Mabuhay Holdings Corp. v. Sembcorp Logistics Limited*, G.R. No. 212734, December 5, 2018, 888 SCRA 364.

170 *Spouses David v. Construction Industry and Arbitration Commission*, supra note 78, at 583.

No. 1-95, Rule 43 of the Rules and the CIAC Rules, should be deemed amended to conform to the rule on direct resort to this Court on pure questions of law. As well, all the previous cases of *Uniwide Sales Realty and Resources Corporation v. Titan-Ikeda Construction and Development Corporation*[171] and the more recent case of *Shangri-La Properties, Inc. v. B.F. Corporation*[172] are now deemed abandoned.

Be that as it may, the Court nevertheless clarifies that this instant carving out of the CIAC from the enumeration under Rule 43, along with the effective reversal of jurisprudence that provide otherwise, is **prospective** in application, as judicial decisions applying or interpreting laws form part of the legal system of the Philippines until they are reversed, and remain good law until abandoned.[173] The prospective application of the present ruling on the proper modes of appeal from a CIAC arbitral award applies in favor of parties who have relied on the old doctrine and have acted in good faith.[174] As the Court elaborated in *Benzonan v. Court of Appeals*:[175]

> x x x [P]ursuant to Article 8 of the Civil Code "judicial decisions applying or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines." But while our decisions form part of the law of the land, they are also subject to Article 4 of the Civil Code which provides that "laws shall have no retroactive effect unless the contrary is provided." This is expressed in the familiar legal maxim *lex prospicit, non respicit*, the law looks forward not backward. The rationale against retroactivity is easy to perceive. The retroactive application of a law usually divests rights that have already become vested or impairs the obligations of contract and hence, is unconstitutional.[176]

The Court hereby sets the following guidelines with respect to the application of the present ruling on modes of judicial review *vis-à-vis* CIAC arbitral awards:

1. For appeals from CIAC arbitral awards that have already been filed and are currently pending before the CA under Rule 43, the prior availability of the appeal on matters of fact and law thereon applies. This is only proper since the parties resorted to this mode of review as it was the existing procedural rules at the time of filing, prior to the instant amendment.

2. For future appeals from CIAC arbitral awards that will be filed after the promulgation of this Decision:

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171 Supra note 80.
172 Supra note 81.
173 *See Office of the Ombudsman v. Vergara*, G.R. No. 216871, December 6, 2017, 848 SCRA 151.
174 *People v. Jabinal*, G.R. No. L-30061, February 27, 1974, 55 SCRA 607.
175 G.R. No. 97973, January 27, 1992, 205 SCRA 515.
176 Id. at 527.

a. If the issue to be raised by the parties is a pure question of law, the appeal should be filed directly and exclusively with the Court through a petition for review under Rule 45.

b. If the parties will appeal factual issues, the appeal may be filed with the CA, but only on the limited grounds that pertain to either a challenge on the integrity of the CIAC arbitral tribunal (*i.e.*, allegations of corruption, fraud, misconduct, evident partiality, incapacity or excess of powers within the tribunal) or an allegation that the arbitral tribunal violated the Constitution or positive law in the conduct of the arbitral process, through the special civil action of a petition for *certiorari* under Rule 65, on grounds of grave abuse of discretion amounting to lack or excess in jurisdiction. The CA may conduct a factual review only upon sufficient and demonstrable showing that the integrity of the CIAC arbitral tribunal had indeed been compromised, or that it committed unconstitutional or illegal acts in the conduct of the arbitration.

3. Under no other circumstances other than the limited grounds provided above may parties appeal to the CA a CIAC arbitral award.

III- Judicial Review of the CIAC award in the case at bar

With the terrain on the mode of appeal from CIAC awards defined for bright-line prospective application, this Court finally proceeds to the merit of the parties, as seen from the lens of this limited scope of judicial review.

The narrow exception to the general deference to the expert findings and conclusions of the CIAC attends the present consolidated petitions, as the petition presents a pure question of law on which the construction dispute turns, *i.e.*, the nature and legal effect of a withholding agent's belated withholding and remitting of the 2% CWT.

Further, even without applying to the instant case the foregoing considerations on the history of judicial review *vis-à-vis* CIAC awards, the Court nevertheless chiefly observes that the CA misapplied its appellate function when it delved into settling the factual matters and modified the mathematical computation of the CIAC with respect to the presence or absence of an outstanding balance payable to RSII. This mathematical re-computation is an error not because the new ruling on judicial review of CIAC awards is applicable to this case (as it applies prospectively) but because the amounts reimbursable to RSII were not specifically raised by the RSII as an issue in its Rule 43 petition before the CA, since the issues raised before it were confined to the release of the amount deducted by GMCLI

from its Progress Billing No. 15 to cover the CWT of 2% on payments for the first 14 Progress Billings.[177]

In addition, that the CA made a precipitate factual conclusion of the correctness of RSII's mathematical computation over that of GMCLI after citing gossamer-thin basis perhaps betrays the general impropriety of an appellate court's review of factual findings of more specialized tribunals and quasi-judicial agencies, which were legally ascribed primacy.

As has been said, the referral of construction disputes to the CIAC is grounded on the need for construction efforts to, as far as possible, remain unfettered by lengthy and belabored court cases, and for parties in the construction industry to be given enough breathing room to maneuver the same for the farsighted benefit of national development.

Disputes such as the one presented by the petitions at bar, which to date already ran a lifespan of over four years, illustrate the need for CIAC arbitral awards to henceforth be given the authoritative sway and deference that they merit, as well as demonstrates the call for courts to stay their hands until a pure question of law can be distilled from the dispute and brought before it.

The CWT Issue

Secondly, with regard to the tax issue, and without leaving RSII deprived of any remedy under the law, the Court finds that the CIAC, as affirmed by the CA, correctly found GMCLI to be without the authority to belatedly withhold the 2% withholding tax, but that despite the lack of authority of GMCLI to belatedly withhold and remit the 2% CWT, RSII is nevertheless still not entitled to the release of the amount equivalent to that withheld in the cumulative.

The axis of the present dispute, as well as the remaining remedy herein, lies in the definition and design of the CWT. The Expanded CWT, as defined under Section 2.57(B) of Revenue Regulation (RR) No. 2-98[178] reads:

> (B) *Creditable Withholding Tax.* — Under the CWT system, taxes withheld on certain income payments are intended to equal or at least approximate the tax due of the payee on said income. The income recipient is still required to file an income tax return, as prescribed in Sec. 51 and Sec. 52 of the NIRC, as amended, to report the income and/or pay the difference between the tax withheld and the tax due on the income.

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[177] *Rollo* (G.R. No. 230119), p. 54.

[178] IMPLEMENTING REPUBLIC ACT NO. 8424, "AN ACT AMENDING THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED" RELATIVE TO THE WITHHOLDING ON INCOME SUBJECT TO THE EXPANDED WITHHOLDING TAX AND FINAL WITHHOLDING TAX, WITHHOLDING OF INCOME TAX ON COMPENSATION, WITHHOLDING OF CREDITABLE VALUE-ADDED TAX AND OTHER PERCENTAGE TAXES, April 17, 1998.

> Taxes withheld on income payments covered by the expanded withholding tax (referred to in Sec. 2.57.2 of these regulations) and compensation income (referred to in Sec. 2.78 also of these regulations) are creditable in nature.

Among the classifications of withholding taxes, the CWT is a tax imposed on certain income payments and is creditable against the income tax due of the payee for the taxable quarter/year in which the particular income was earned.[179] Essentially, the CWT is an advance income tax on the payee. Prior to the actual filing of income tax return, the taxpayer already pays a portion of its foreseeable income tax liability in the form of the creditable income tax, withheld and remitted for him on his behalf by the withholding agent.

Upon the filing of the payee's income tax return, the income of the payee which was subject to the CWT is still reported in the income tax return, for the computation of the income tax due on it. In the event that the income tax computed is more than the CWT paid earlier, the difference shall be paid by the payee in order for his income tax to be paid in full. Conversely, in case the income tax calculated is less than the CWT paid, the overpayment of CWT shall either be carried over to the next taxable period for the payee, or refunded in his favor.

RR No. 2-98, Section 2.57.3, further recites the persons required to be withholding agents, under which GMCLI falls, to wit:

> SECTION 2.57.3. *Persons Required to Deduct and Withhold* – The following persons are hereby constituted as withholding agents for purposes of the creditable tax required to be withheld on income payments enumerated in Section 2.57.2:
>
> (A) In general, any judicial person, whether or not engaged in trade or business:
>
> x x xx
>
> **Agents, employees or any person purchasing goods or services, paying for and in behalf of the aforesaid withholding agents shall likewise withhold in their behalf,** provided that the official receipts of payments/sales invoice shall be issued in the name of the person whom the former represents and the **corresponding certificates of taxes withheld (BIR Form No. 2307) shall immediately be issued upon withholding of the tax.**
>
> x x x x.[180] (Emphasis supplied; underscoring omitted)

Finally, the same RR likewise appoints the time when the 2% CWT should be withheld, under Section 2.57.4 thereof:

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[179] *See* <https://www.bir.gov.ph/index.php/tax-information/withholding-tax/10-tax-information.html>.

[180] As amended by Sec. 5 of RR No. 30-03.

> SECTION 2.57.4. *Time of Withholding* – The obligation of the payor to deduct and withhold the tax under Section 2.57 of the Regulations arises at the time an income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever is applicable, in the payor's books, whichever comes first. The terms [sic] "payable" refers to the date the obligation becomes due, demandable or legally enforceable.

The CWT's design, therefore, for tax creditability, stands on the twin conditions of the withholding agent's withholding the CWT, on the one hand, and the payee's crediting of said amount in its income tax return, on the other.

The black letter of the law is demonstrably clear and, as applied to the present case, prescribes that GMCLI should have remitted the 2% CWT as soon as each Progress Billing was paid and accordingly should have also issued the corresponding BIR Form 2307 to RSII in order for the latter to have had a tax credit claim on the same. GMCLI should therefore issue to RSII the pertinent BIR Form 2307 for all its belated withholding of CWT, so that RSII may exhaust the remedies available to it in the law.

It also warrants mentioning that withholding agents who delay the withholding and remittance of the CWT, are liable to pay the 25% surcharge in accordance with Section 248[181] of the National Revenue Code of 1997 (NIRC), 12% interest rate in accordance with R.A. 10963[182] or the TRAIN Law, and the compromise penalty of not less than ₱40,000.00, in compliance with Section 255[183] of the NIRC, and more specifically Annex A[184] of the

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[181] NATIONAL INTERNAL REVENUE CODE OF 1997, Sec. 248 provides:

> **SEC. 248.** ***Civil Penalties*** **–**
>
> (A) There shall be imposed, in addition to the tax required to be paid, a penalty equivalent to twenty-five percent (25%) of the amount due, in the following cases:
>
> (1) Failure to file any return and pay the tax due thereon as required under the provisions of this Code or rules and regulations on the date prescribed; or
> (2) Unless otherwise authorized by the Commissioner, filing a return with an internal revenue officer other than those with whom the return is required to be filed; or
> (3) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment; or
> (4) Failure to pay the full or part of the amount of tax shown on any return required to be filed under the provisions of this Code or rules and regulations, or the full amount of tax due for which no return is required to be filed, on or before the date prescribed for its payment.

[182] OTHERWISE KNOWN AS THE TAX REFORM FOR ACCELERATION AND INCLUSION "TRAIN", December 19, 2017, as implemented by RR No. 21-2018.

[183] NATIONAL INTERNAL REVENUE CODE OF 1997, Sec. 225 provides:

> **SEC. 255.** ***Failure to File Return, Supply Correct and Accurate Information, Pay Tax Withhold and Remit Tax and Refund Excess Taxes Withheld on Compensation.*** – Any person required under this Code or by rules and regulations promulgated thereunder to pay any tax make a return, keep any record, or supply correct the accurate information, who willfully fails to pay such tax, make such return, keep such record, or supply correct and accurate information, or withhold or remit taxes withheld, or refund excess taxes withheld on compensation, at the time or times required by law or rules and regulations shall, in addition to other penalties provided by law, upon conviction thereof, be punished by a fine of not less than Ten Thousand Pesos

Revenue Memorandum Order (RMO) No. 7-2015.

Finally, this dispute over the construction of a hospital has already been pending for over four years, which in the construction industry exponentially translates to increasingly damaging delay, all the more necessitating resolution at the soonest possible time.

Conclusion

It has been said that earlier forms of arbitration predated laws and organized courts,[185] and that contrary to the notion that arbitration modes are novel and untested, they are actually the courts' "next-of-kin",[186] perhaps even their progenitors. Along the same vein, the ability of a society to empower alternative modes of dispute resolution is a hallmark of a democracy,[187] with courts exercising their ability to stay their own hands, thereby allowing space for the parties to a dispute to exercise their voluntary autonomy in the name and under the principle of expedited conflict resolutions. This need to enable the quickest and most conclusive conflict resolution possible finds exacting relevance in the case of the construction industry, with its inherently complex dynamics, and with the stakes that involve national interests, not in the least of which are public infrastructure and safety.

The attributes and functions of the CIAC also operatively place it in a hybrid classification, in that it is categorized as a quasi-judicial agency, but its very nature as an arbitral tribunal effectively places it at par with other commercial arbitral tribunals, with their characteristic speed, subject matter authoritativeness and overall autonomy. This amalgamation of its design and utilities created a whole new legal animal, which, like all things novel, poses for the Court a challenge of ascertaining its parameters and remedial routes set by law. Perhaps, unless the legislature deems it fit to create a new and independent set of rules that apply to the CIAC more responsively, the Court must continue to contend with harmonizing varying material rules, all in a manner that is as just as it is tenable under existing laws.

([₱]10,000) and suffer imprisonment of not less than one (1) year but not more than ten (10) years.

Any person who attempts to make it appear for any reason that he or another has in fact filed a return or statement, or actually files a return or statement and subsequently withdraws the same return or statement after securing the official receiving seal or stamp of receipt of internal revenue office wherein the same was actually filed shall, upon conviction therefor, be punished by a fine of not less than Ten Thousand Pesos ([₱]10,000) but not more than Twenty Thousand Pesos ([₱]20,000) and suffer imprisonment of not less than one (1) year but not more than three (3) years.

184 Page 5 of Annex A of RMO No. 7-2015 provides that in case of failure to file and/or pay any internal revenue tax at the time or times required by law or regulation, to compromise the criminal penalty of the fine of not less than ₱10,000 and imprisonment of not less than one (1) year but not more than 10 years, the delinquent taxpayer or withholding agent, as the case may be shall pay ₱40,000.00 if the tax unpaid exceeds ₱1,000,000.00 but does not exceed ₱5,000,000.00.

185 Frank D. Emerson, *History of Arbitration Practice and Law*, 19 Clev. St. L. Rev. 155 (1970), available at <http://engagedscholarship.csuohio.edu/clevstlrev/vol19/iss1/19>.

186 Id. at 157.

187 Id.

It is central, therefore, that the CIAC be empowered and enabled to fulfill its function as the professionally authoritative venue for settlement of construction disputes, and not straitjacketed to fit into the mold of the court system which it was meant to be an alternative of. To this end, and perhaps somewhat ironically, the courts can contribute best through non-participation, save on the narrowest of grounds. The courts are, after all, ultimately dealers of justice, more so in industries that are of greater consequence, and must remain true to this highest mandate, even if it means relinquishing review powers that, in the sum of things, it was demonstrably not meant to bear.

Further, the Court in this wise irretrievably unravels the previous hesitation to completely remove CIAC awards from the purview of Rule 43 appeals. A clear historical affirmation of their exclusion begs no other consequence, and the Court would be remiss if it insists on maintaining the existing procedural route after the same has been shown to be not only substantively counterintuitive but more so unfounded.

As has been fleshed out by the present controversy, this overarching attempt towards less court litigation and more of alternative conflict resolution in the construction industry must only get support from the Court through its own restraint, lest it be accused of being eager towards copious and lengthy litigations, or worse, indifferent to their costs.

WHEREFORE, the Petition is hereby **PARTIALLY GRANTED**. Accordingly, the Decision dated October 28, 2016 of the Court of Appeals, Sixth Division, in CA-G.R. SP No. 145753 is **PARTIALLY REVERSED** with respect to Ross Systems International, Inc.'s entitlement to the amount of ₱1,088,214.83. The Construction Industry Arbitration Commission's Final Award dated May 10, 2016 is hereby **REINSTATED** with **MODIFICATION**, in that Global Medical Center of Laguna, Inc. is further **ORDERED** to furnish Ross Systems International, Inc. with the pertinent BIR Form 2307, in compliance with Section 2.57.3, Revenue Regulation No. 2-98.

Furthermore, the new ruling of the Court with respect to the modes of judicial review of the Construction Industry Arbitration Commission arbitral awards is accorded **PROSPECTIVE** application and does not apply to appeals therefrom that are currently pending before the Court of Appeals.

SO ORDERED.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

Please see Separate Concurring and Dissenting Opinion

ESTELA M. PERLAS-BERNABE
Associate Justice

See separate concurring opinion

MARVIC M. V. F. LEONEN
Associate Justice

I join Separate Concurring and Dissenting Opinion of SAJ Bernabe.

RAMON PAUL L. HERNANDO
Associate Justice

I join the concurring & dissenting opinion J. Bernabe

ROSMARI D. CARANDANG
Associate Justice

Pls. see my Concurring & Dissenting Opinion

AMY C. LAZARO-JAVIER
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

MARIO V. LOPEZ
Associate Justice

EDGARDO L. DELOS SANTOS
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

RICARDO R. ROSARIO
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

I I Join the separate concurring and dissenting opinion of SAJ Bernabe. II

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court.

ALEXANDER G. GESMUNDO
Chief Justice