

## THIRD DIVISION

[ G.R. Nos. 132848-49, June 26, 2001 ]

**PHILROCK, INC., PETITIONER, VS. CONSTRUCTION INDUSTRY  
ARBITRATION COMMISSION AND SPOUSES VICENTE AND NELIA  
CID, RESPONDENTS.**

### D E C I S I O N

**PANGANIBAN, J.:**

Courts encourage the use of alternative methods of dispute resolution. When parties agree to settle their disputes arising from or connected with construction contracts, the Construction Industry Arbitration Commission (CIAC) acquires primary jurisdiction. It may resolve not only the merits of such controversies; when appropriate, it may also award damages, interests, attorney's fees and expenses of litigation.

#### The Case

Before us is a Petition for Review under Rule 45 of the Rules of Court. The Petition seeks the reversal of the July 9, 1997 Decision<sup>[1]</sup> and the February 24, 1998 Resolution of the Court of Appeals (CA) in the consolidated cases docketed as CA-GR SP Nos. 39781 and 42443. The assailed Decision disposed as follows:

"WHEREFORE, judgment is hereby rendered DENYING the petitions and, accordingly, AFFIRMING in toto the CIAC's decision. Costs against petitioner."<sup>[2]</sup>

The assailed Resolution ruled in this wise:

"Considering that the matters raised and discussed in the motion for reconsideration filed by appellant's counsel are substantially the same arguments which the Court had passed upon and resolved in the decision sought to be reconsidered, and there being no new issue raised, the subject motion is hereby DENIED."<sup>[3]</sup>

#### The Facts

The undisputed facts of the consolidated cases are summarized by the CA as follows:

"On September 14, 1992, the Cid spouses, herein private respondents, filed a Complaint for damages against Philrock and seven of its officers and engineers with the Regional Trial Court of Quezon City, Branch 82.

"On December 7, 1993, the initial trial date, the trial court issued an Order dismissing the case and referring the same to the CIAC because the Cid spouses and Philrock had filed an Agreement to Arbitrate with the CIAC.

"Thereafter, preliminary conferences were held among the parties and their appointed arbitrators. At these conferences, disagreements arose as to whether moral and exemplary damages and tort should be included as an issue along with breach of contract, and whether the seven officers and engineers of Philrock who are not parties to the Agreement to Arbitrate should be included in the arbitration proceedings. No common ground could be reached by the parties, hence, on April 2, 1994, both the Cid spouses and Philrock requested that the case be remanded to the trial court. On April 13, 1994, the CIAC issued an Order stating, thus:

'x x x the Arbitral Tribunal hereby formally dismisses the above-captioned case for referral to Branch 82 of the Regional Trial Court, Quezon City where it first originated.

SO ORDERED.'

"The Cid spouses then filed with said Branch of the Regional Trial Court of Quezon City a Motion To Set Case for Hearing which motion was opposed by Philrock.

"On June 13, 1995, the trial court declared that it no longer had jurisdiction over the case and ordered the records of the case to be remanded anew to the CIAC for arbitral proceedings.

"Pursuant to the aforementioned Order of the Regional Trial Court of Quezon City, the CIAC resumed conducting preliminary conferences. On August 21, 1995, herein [P]etitioner Philrock requested to suspend the proceedings until the court clarified its ruling in the Order dated June 13, 1995. Philrock argued that said Order was based on a mistaken premise that 'the proceedings in the CIAC fell through because of the refusal of [Petitioner] Philrock to include the issue of damages therein,' whereas the true reason for the withdrawal of the case from the CIAC was due to Philrock's opposition to the inclusion of its seven officers and engineers, who did not give their consent to arbitration, as party defendants. On the other hand, private respondent Nelia Cid manifested that she was willing to exclude the seven officers and engineers of Philrock as parties to the case so as to facilitate or expedite the proceedings. With such manifestation from the Cid spouses, the Arbitral Tribunal denied Philrock's request for the suspension of the proceedings. Philrock's counsel agreed to the continuation of the proceedings but reserved the right to file a pleading elucidating the position he [had] raised regarding the Court's Order dated June 13, 1995. The parties then proceeded to finalize, approve and sign the Terms of Reference. Philrock's counsel and

representative, Atty. Pericles C. Consunji affixed his signature to said Terms of Reference which stated that 'the parties agree that their differences be settled by an Arbitral Tribunal x x x x' (p. 9, Terms of Reference, p. 200, Rollo).

"On September 12, 1995, [P]etitioner Philrock filed its Motion to Dismiss, alleging therein that the CIAC had lost jurisdiction to hear the arbitration case due to the parties' withdrawal of their consent to arbitrate. The motion was denied by x x x CIAC per Order dated September 22, 1995. On November 8, public respondent ordered the parties to appear before it on November 28, 1995 for the continuation of the arbitral proceedings, and on February 7, 1996, public respondent directed [P]etitioner Philrock to set two hearing dates in the month of February to present its evidence and to pay all fees assessed by it, otherwise x x x Philrock would be deemed to have waived its right to present evidence.

"Hence, petitioner instituted the petition for certiorari but while said petition was pending, the CIAC rendered its Decision dated September 24, 1996, the dispositive portion of which reads, as follows:

'WHEREFORE, judgment is hereby rendered in favor of the Claimant, directing Respondent to pay Claimant as follows:

1. P23,276.25 representing the excess cash payment for materials ordered by the Claimants, (No. 7 of admitted facts) plus interests thereon at the rate of 6% per annum from September 26, 1995 to the date payment is made.
2. P65,000.00 representing retrofitting costs.
3. P13,404.54 representing refund of the value of delivered but unworkable concrete mix that was laid to waste.
4. P50,000.00 representing moral damages.
5. P50,000.00 representing nominal damages.
6. P50,000.00 representing attorney's fees and expenses of litigation.
7. P144,756.80 representing arbitration fees, minus such amount that may already have been paid to CIAC by respondent.

"Let a copy of this Decision be furnished the Honorable Salvador C. Ceguera, presiding judge, Branch 82 of Regional Trial Court of Quezon City who referred this case to the Construction Industry Arbitration Commission for arbitration and proper disposition.' (pp. 44-45, Rollo, CA-G.R. SP No. 42443) "[4]

Before the CA, petitioner filed a Petition for Review, docketed as CA-GR SP No.

42443, contesting the jurisdiction of the CIAC and assailing the propriety of the monetary awards in favor of respondent spouses. This Petition was consolidated by the CA with CA-GR SP No. 39781, a Petition for Certiorari earlier elevated by petitioner questioning the jurisdiction of the CIAC.

### **Ruling of the Court of Appeals**

The CA upheld the jurisdiction of the CIAC<sup>[5]</sup> over the dispute between petitioner and private respondent. Under Executive Order No. 1008, the CIAC acquires jurisdiction when the parties agree to submit their dispute to voluntary arbitration. Thus, in the present case, its jurisdiction continued despite its April 13, 1994 Order referring the case back to the Regional Trial Court (RTC) of Quezon City, Branch 82, the court of origin. The CIAC's action was based on the principle that once acquired, jurisdiction remains "until the full termination of the case unless a law provides the contrary." No such "full termination" of the case was evident in the said Order; nor did the CIAC or private respondents intend to put an end to the case.

Besides, according to Section 3 of the Rules of Procedure Governing Construction Arbitration, technical rules of law or procedure are not applicable in a single arbitration or arbitral tribunal. Thus, the "dismissal" could not have divested the CIAC of jurisdiction to ascertain the facts of the case, arrive at a judicious resolution of the dispute and enforce its award or decision.

Since the issues concerning the monetary awards were questions of fact, the CA held that those awards were inappropriate in a petition for certiorari. Such questions are final and not appealable according to Section 19 of EO 1008, which provides that "arbitral awards shall be x x x final and [u]nappealable except on questions of law which shall be appealable to the Supreme Court x x x." Nevertheless, the CA reviewed the records and found that the awards were supported by substantial evidence. In matters falling under the field of expertise of quasi-judicial bodies, their findings of fact are accorded great respect when supported by substantial evidence.

Hence, this Petition.<sup>[6]</sup>

### **Issues**

The petitioner, in its Memorandum, raises the following issues:

"A.

Whether or not the CIAC could take jurisdiction over the case of Respondent Cid spouses against Petitioner Philrock after the case had been dismissed by both the RTC and the CIAC.

"B.

Whether or not Respondent Cid spouses have a cause of action against Petitioner Philrock.

"C.

Whether or not the awarding of the amount of P23,276.75 for materials ordered by Respondent Spouses Cid plus interest thereon at the rate of 6% from 26 September 1995 is proper.

"D.

Whether or not the awarding of the amount of P65,000.00 as retrofitting costs is proper.

"E.

Whether or not the awarding of the amount of P1,340,454 for the value of the delivered but the allegedly unworkable concrete which was wasted is proper.

"F.

Whether or not the awarding o[f] moral and nominal damages and attorney's fees and expenses of litigation in favor of respondents is proper.

"G.

Whether or not Petitioner Philrock should be held liable for the payment of arbitration fees."<sup>[7]</sup>

In sum, petitioner imputes reversible error to the CA (1) for upholding the jurisdiction of the CIAC after the latter had dismissed the case and referred it to the regular court, (2) for ruling that respondent spouses had a cause of action against petitioner, and (3) for sustaining the award of damages.

### **This Court's Ruling**

The Petition has no merit.

#### **First Issue:** **Jurisdiction**

Petitioner avers that the CIAC lost jurisdiction over the arbitration case after both parties had withdrawn their consent to arbitrate. The June 13, 1995 RTC Order remanding the case to the CIAC for arbitration was allegedly an invalid mode of referring a case for arbitration.

We disagree. Section 4 of Executive Order 1008 expressly vests in the CIAC original and exclusive jurisdiction over disputes arising from or connected with construction contracts entered into by parties that have agreed to submit their dispute to voluntary arbitration.<sup>[8]</sup>

It is undisputed that the parties submitted themselves to the jurisdiction of the