EN BANC

G.R. Nos. 187552–53 – SHANGRI-LA PROPERTIES, INC. (now known as SHANG PROPERTIES, INC.), *Petitioner,* **v. BF CORPORATION,** *Respondent*;

G.R. Nos. 187608-09 – BF CORPORATION, *Petitioner,* **v. SHANGRI-LA PROPERTIES, INC. (SLPI), now known AS EDSA PROPERTIES HOLDINGS, INC., THE PANEL OF VOLUNTARY ARBITRATORS (ENGR. ELISEO I. EVANGELISTA, MS. ALICIA TIONGSON, and ATTY. MARIO EUGENIO V. LIM), et al.,** *Respondents.*

Promulgated:
October 15, 2019

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SEPARATE CONCURRING OPINION

LEONEN, *J.*:

I concur in the result.

Nonetheless, I maintain that arbitral awards issued by the Construction Industry Arbitration Commission are final and inappealable, except on questions of law.[1] As a general rule, they cannot be appealed on questions of fact.

This Court should be restrained in its review and prescribe more restraint on the Court of Appeals in reviewing appeals from such awards. These appeals should be reviewed with the purpose of the Construction Industry Arbitration Commission and the law creating it, Executive Order No. 1008 or the Construction Industry Arbitration Law, in mind.

In *Department of Public Works and Highways v. CMC/Monark/Pacific/Hi-Tri Joint Venture*,[2] this Court laid out the legal framework within which the Construction Industry Arbitration Commission operates:

> CIAC was created under Executive Order No. 1008, or the "Construction Industry Arbitration Law." It was originally under the administrative supervision of the Philippine Domestic Construction Board

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1 Executive Order No. 1008 (1985), sec. 19, Construction Industry Arbitration Law.
2 818 Phil. 27 (2017) [Per J. Leonen, Third Division].

which, in turn, was an implementing agency of the Construction Industry Authority of the Philippines. The Construction Industry Authority of the Philippines is presently a part of the Department of Trade and Industry as an attached agency.

CIAC's specific purpose is the "early and expeditious settlement of disputes" in the construction industry as a recognition of the industry's role in "the furtherance of national development goals."

Section 4 of the Construction Industry Arbitration Law lays out CIAC's jurisdiction:

> Section 4. Jurisdiction. — The CIAC shall have original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. For the Board to acquire jurisdiction, the parties to a dispute must agree to submit the same to voluntary arbitration.
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> The jurisdiction of the CIAC may include but is not limited to violation of specifications for materials and workmanship; violation of the terms of agreement; interpretation and/or application of contractual time and delays; maintenance and defects; payment, default of employer or contractor and changes in contract cost.
>
> Excluded from the coverage of this law are disputes arising from employer-employee relationships which shall continue to be covered by the Labor Code of the Philippines.

Republic Act No. 9184 or the "Government Procurement Reform Act," recognized CIAC's competence in arbitrating over contractual disputes within the construction industry:

> Section 59. Arbitration. — Any and all disputes arising from the implementation of a contract covered by this Act shall be submitted to arbitration in the Philippines according to the provisions of Republic Act No. 876, otherwise known as the "Arbitration Law". *Provided, however, That, disputes that are within the competence of the Construction Industry Arbitration Commission to resolve shall be referred thereto.* The process of arbitration shall be incorporated as a provision in the contract that will be executed pursuant to the provisions of this Act: Provided, That by mutual agreement, the parties may agree in writing to resort to alternative modes of dispute resolution. . . .

CIAC's authority to arbitrate construction disputes was then incorporated into the general statutory framework on alternative dispute resolution through Republic Act No. 9285, the "Alternative Dispute Resolution Act of 2004." Section 34 of Republic Act No. 9285 specifically

referred to the Construction Industry Arbitration Law, while Section 35 confirmed CIAC's jurisdiction:

> CHAPTER 6 — ARBITRATION OF CONSTRUCTION DISPUTES
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> Section 34. Arbitration of Construction Disputes: Governing Law. — The arbitration of construction disputes shall be governed by Executive Order No. 1008, otherwise known as the Constitution Industry Arbitration Law.
>
> Section 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, quantity surveyor, bondsman or issuer of an insurance policy in a construction project.
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> 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.[3] (Citations omitted)

Executive Order No. 1008 is clear that arbitral awards are final and inappealable, except on questions of law.[4]

Nonetheless, this Court has held that the Court of Appeals may review questions of fact in appeals from the Construction Industry Arbitration Commission's arbitral awards.

Explaining this reasoning in *Metro Construction, Inc. v. Chatham Properties, Inc.*,[5] this Court invoked Supreme Court Circular No. 1-91 in relation to Republic Act No.7902, amending Batas Pambansa Blg. 129:

> On 27 February 1991, this Court issued Circular No. 1-91, which prescribes the Rules Governing Appeals to the Court of Appeals from Final Orders or Decisions of the Court of Tax Appeals and Quasi-Judicial Agencies. Pertinent portions thereof read as follows:
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> 1. *Scope[.]* — These rules shall apply to appeals from final orders or decisions of the Court of Tax Appeals. They shall also apply to appeals from final orders or decisions of any quasi-judicial agency from which an appeal is now allowed by statute to the Court of Appeals or the Supreme Court. Among these agencies are the

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3 Id. at 51–53.
4 Executive Order No. 1008 (1985), sec. 19.
5 418 Phil. 176 (2001) [Per C.J. Davide, Jr., First Division].

> Securities and Exchange Commission, 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, Secretary of Agrarian Reform and Special Agrarian Courts under R.A. No. 6657, Government Service Insurance System, Employees Compensation Commission, Agricultural Inventions Board, Insurance Commission and Philippine Atomic Energy Commission.
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> 2. *Cases not Covered.* — These rules shall not apply to decisions and interlocutory orders of the National Labor Relations Commission or the Secretary of Labor and Employment under the Labor Code of the Philippines, the Central Board of Assessment Appeals, and other quasi-judicial agencies from which no appeal to the courts is prescribed or allowed by statute.
>
> 3. *Who may appeal and where to appeal.* — The appeal of a party affected by a final order, decision, or judgment of the Court of Tax Appeals or a quasi-judicial agency shall be taken to the Court of Appeals within the period and in the manner herein provided, whether the appeal involves questions of fact or of law or mixed questions of fact and law. From final judgments or decisions of the Court of Appeals, the aggrieved party may appeal by *certiorari* to the Supreme Court as provided in Rule 45 of the Rules of Court.

Subsequently, on 23 February 1995, R.A. No. 7902 was enacted. It expanded the jurisdiction of the Court of Appeals and amended for that purpose Section 9 of B.P. Blg. 129, otherwise known as the Judiciary Reorganization Act of 1980.

Section 9(3) thereof reads:

> SECTION 9. *Jurisdiction.* — The Court of Appeals shall exercise:
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> . . . .
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> (3) Exclusive appellate jurisdiction over all final judgments, decisions, resolutions, orders or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commissions, including the Securities and Exchange Commission, the Social Security Commission, the Employees Compensation Commission and the Civil Service Commission, except 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. . . .

Then this Court issued Administrative Circular No. 1-95, which revised Circular No. 1-91. Relevant portions of the former reads as follows:

> 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 any quasi-judicial agency from which an appeal is authorized to be taken to the Court of Appeals or the Supreme Court. Among these agencies are the Securities and Exchange Commission, Land Registration Authority, Social Security Commission, Civil Aeronautics Board, Bureau of Patents, Trademarks and Technology Transfer, National Electrification Administration, Energy Regulatory Board, National Telecommunication 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.
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> SECTION 2. *Cases Not Covered.* — These rules shall not apply to judgments or final orders issued under the Labor Code of the Philippines, Central Board of Assessment Appeals, and by other quasi-judicial agencies from which no appeal to the court is prescribed or allowed.
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> SECTION 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.

Thereafter, this Court promulgated the 1997 Rules on Civil Procedure. Sections 1, 2 and 3 of Rule 43 thereof provides:

> 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.
>
> SECTION 2. *Cases Not Covered.* — This Rule shall not apply to judgments or final orders issued under the Labor Code of the Philippines.
>
> SECTION 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 question of fact, of law, or mixed questions of fact and law.

Through Circular No. 1-91, the Supreme Court intended to establish a uniform procedure for the review of the final orders or decisions of the Court of Tax Appeals and other quasi-judicial agencies provided that an appeal therefrom is then allowed under existing statutes to either the Court of Appeals or the Supreme Court. The Circular designated the Court of Appeals as the reviewing body to resolve questions of fact or of law or mixed questions of fact and law.

It is clear that Circular No. 1-91 covers the CIAC. In the first place, it is a quasi-judicial agency. A quasi-judicial agency or body has been defined as an organ of government other than a court and other than a legislature, which affects the rights of private parties through either adjudication or rule-making. The very definition of an administrative agency includes its being vested with quasi-judicial powers. The ever increasing variety of powers and functions given to administrative agencies recognizes the need for the active intervention of administrative agencies in matters calling for technical knowledge and speed in countless controversies which cannot possibly be handled by regular courts. The CIAC's primary function is that of a quasi-judicial agency, which is to adjudicate claims and/or determine rights in accordance with procedures set forth in E.O. No. 1008.

In the second place, the language of Section 1 of Circular No. 1-91 emphasizes the obvious inclusion of the CIAC even if it is not named in the enumeration of quasi-judicial agencies. The introductory words "[a]mong these agencies are" preceding the enumeration of specific quasi-judicial agencies only highlight the fact that the list is not exclusive or conclusive. Further, the overture stresses and acknowledges the existence of other quasi-judicial agencies not included in the enumeration but should be deemed included. In addition, the CIAC is obviously excluded in the catalogue of cases not covered by the Circular and mentioned in Section 2 thereof for the reason that at the time the Circular took effect, E.O. No. 1008 allows appeals to the Supreme Court on questions of law.

In sum, under Circular No. 1-91, appeals from the arbitral awards of the CIAC may be brought to the Court of Appeals, and not to the Supreme Court alone. The grounds for the appeal are likewise broadened to include appeals on questions of facts and appeals involving mixed

questions of fact and law.

> The jurisdiction of the Court of Appeals over appeals from final orders or decisions of the CIAC is further fortified by the amendments to B.P. Blg. 129, as introduced by R.A. No. 7902. With the amendments, the Court of Appeals is vested with appellate jurisdiction over all final judgments, decisions, resolutions, orders or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commissions, except "those 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."
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> While, again, the CIAC was not specifically named in said provision, its inclusion therein is irrefutable. The CIAC was not expressly covered in the exclusion. Further, it is a quasi-judicial agency or instrumentality.[6] (Citations omitted)

This Court reasoned that although the Construction Industry Arbitration Commission was not specifically named among the quasi-judicial agencies covered by Section 9 of Batas Pambansa Blg. 129, as amended by Republic Act No. 7902, it was also not specifically excluded from its coverage. Thus, when Republic Act No. 7902 amended Batas Pambansa Blg. 129 so that appeals from "awards, judgments, final orders or resolutions of any quasi-judicial agency from which an appeal is authorized" could be filed before the Court of Appeals, this meant that the Construction Industry Arbitration Commission's arbitral awards could be appealed before the Court of Appeals on questions of fact.

The ruling in *Metro Construction* was reiterated in *Summa Kumagai, Inc.-Kumagai Gumi Company, Ltd. Joint Venture v. Romago, Inc.*,[7] where this Court stated:

> As to the judgment of the Court of Appeals increasing the award in favor of Romago, the Court affirms the same. SK-KG questions the power and authority of the Court of Appeals to reverse the ruling of CIAC, on the ground that CIAC is specialized body with the special knowledge, experience and capability to hear and determine promptly disputes on technical matters or essentially factual matters. However, although CIAC findings are entitled to respect, the Court of Appeals is not always bound thereby. The Court of Appeals necessarily has the power to affirm, modify or reverse the findings of fact of the CIAC if the evidence so warrants; otherwise, appeals would be inutile. In *Metro Construction, Inc. v. Chatham Properties, Inc.*, we held that review of the CIAC award may involve either questions of fact or of law, or of both fact and law.[8] (Citation omitted)

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6 Id. at 199–204.
7 602 Phil. 945 (2009) [Per J. Chico-Nazario, Third Division].
8 Id. at 960.

This reasoning has often been cited to support the position that the Court of Appeals may review questions of fact in appeals from the Construction Industry Arbitration Commission's arbitral awards.

I disagree with the correctness of the reasoning repeatedly used to arrive at this conclusion. This Court should return to a more restrictive review of these arbitral awards, as is what the law provides. To reiterate, Section 19 of Executive Order No. 1008 provides:

> SECTION 19. Finality of Awards. — The arbitral award shall be binding upon the parties. It shall be final and inappealable except on questions of law which shall be appealable to the Supreme Court.

The Construction Industry Arbitration Law has not been amended to expand the grounds for appealing the Construction Industry Arbitration Commission's arbitral awards.

In *Metro Construction*, however, this Court effectively held that Section 19 of Executive Order No. 1008, which states that the Construction Industry Arbitration Commission's arbitral awards are "inappealable except on questions of law"[9] has been amended by law to expand the range of questions that may be raised on appeal. This was based, in part, on the reasoning that exclusive appellate jurisdiction over all final judgments, decisions, resolutions, orders, or awards of quasi-judicial agencies was conferred on the Court of Appeals, which has been vested with the power to perform acts necessary to resolve factual issues raised on appeal.

In support of this interpretation of Batas Pambansa Blg. 129, this Court reasoned that the proscription against fact-based appeals makes sense only if the law proscribes direct appeals to this Court, and that there is no basis to maintain the same limitation when the awards are appealable to the Court of Appeals.

I agree that Republic Act No. 7902 has the effect of amending Section 19 of Executive Order No. 1008, placing appeals from the Construction Industry Arbitration Commission under the jurisdiction of the Court of Appeals. However, I disagree with the extent of how such amendment and legislative intent have been interpreted.

Republic Act No. 7902 amends Section 19 of the Construction Industry Arbitration Law only by making arbitral awards appealable to the Court of Appeals instead of this Court. In other words, I submit that, as

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9 Executive Order No. 1008 (1985), sec. 19.

amended by Batas Pambansa Blg. 129, Section 19 effectively reads:

> SECTION 19. Finality of Awards. — The arbitral award shall be binding upon the parties. It shall be final and inappealable except on questions of law which shall be appealable to the ***Court of Appeals.*** (Emphasis supplied)

The law did not expand the grounds for appealing the Construction Industry Arbitration Commission's arbitral awards to include questions of fact. It did not amend the provision that these arbitral awards are, as a general rule, final, inappealable, and binding upon the parties. It only vested the Court of Appeals, instead of this Court, with the jurisdiction to review questions of law on appeal.

Thus, although the Rules of Court includes decisions of the Construction Industry Arbitration Commission among those that may be appealed via petitions for review under Rule 43, this inclusion should pertain to a standardization of procedure and not an expansion of the grounds available for appealing arbitral awards. As pointed out in *CE Construction Corporation v. Araneta Center, Inc*:[10]

> Rule 43 of the 1997 Rules of Civil Procedure a standardizes appeals from quasi-judicial agencies. Rule 43, Section 1 explicitly lists CIAC as among the quasi judicial agencies covered by Rule 43. Section 3 indicates that appeals through Petitions for Review under Rule 43 are to "be taken to the Court of Appeals . . . whether the appeal involves questions of fact, of law, or mixed questions of fact and law."
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> 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 the Construction Industry Arbitration Law, any appeal from CIAC arbitral tribunals must remain limited to questions of law.[11] (Citations omitted)

Absent a statutory provision expanding the grounds for appealing the Construction Industry Arbitration Commission's arbitral awards, this Court is duty bound to follow the clear text of the Construction Industry Arbitration Law: such arbitral awards are final and inappealable, except on questions of law.

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10 816 Phil. 221 (2017) [Per J. Leonen, Second Division].
11 Id. at 258–259.

This deference to the Construction Industry Arbitration Commission's factual determinations is grounded on several reasons.

First, this deference is aligned with the State's policy of ensuring expeditious resolution of disputes in the construction industry.

The Construction Industry Arbitration Law was passed in recognition of the vital role that the construction industry plays in the nation's growth and achievement of its goals. Its whereas clause notes, among others, that the construction industry employs a large segment of the country's labor force, and is a top contributor to its gross national product. Because of this special role, Executive Order No. 1008 recognizes that problems connected with the construction industry may hinder the nation's growth. Thus, it declared that the State's policy is "to encourage the early and expeditious settlement of disputes in the Philippine construction industry."[12]

Despite best efforts to reduce the time needed to resolve cases, the court system generally does not promote the early and expeditious settlement of disputes. Having a decision reviewed first by the Court of Appeals, and then by this Court, can already add more than a year to the settlement of any dispute. This process takes even longer when the issues to be resolved on review include questions of fact.

The compelling reasons for encouraging the referral of disputes to arbitration and other forms of alternative dispute resolution was restated in Republic Act No. 9285, or the Alternative Dispute Resolution Act of 2004. Its Section 2 provides:

> SECTION 2. *Declaration of Policy.* — It is hereby declared the policy of the State to actively promote party autonomy in the resolution of disputes or the freedom of the parties to make their own arrangements to resolve their disputes. Towards this end, the State shall encourage and actively promote the use of Alternative Dispute Resolution (ADR) as an important means to achieve speedy and impartial justice and declog court dockets. As such, the State shall provide means for the use of ADR as an efficient tool and an alternative procedure for the resolution of appropriate cases. Likewise, the State shall enlist active private sector participation in the settlement of disputes through ADR. This Act shall be without prejudice to the adoption by the Supreme Court of any ADR system, such as mediation, conciliation, arbitration, or any combination thereof as a means of achieving speedy and efficient means of resolving cases pending before all courts in the Philippines which shall be governed by such rules as the Supreme Court may approve from the time to time.

As recognized in Republic Act No. 9285, referring disputes to

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[12] Executive Order No. 1008 (1985), sec. 2.

alternative modes of dispute resolution such as arbitration is a means of achieving speedy and impartial justice and unclogging court dockets. Moreover, it is in recognition of the policy of promoting party autonomy in making appropriate arrangements to resolve disputes, where letting them do so is not contrary to public policy.

Second, the Construction Industry Arbitration Commission was specifically created and designed to resolve these disputes. In *CE Construction Corporation*, this Court stressed that the majority of the arbitrators accredited by the Construction Industry Arbitration Commission are experts from construction-related professions or engaged in related fields. Apart from them, there are also technical experts who aid in dispute resolution. This Court stated:

> Consistent with CIAC's technical expertise is the primacy and deference accorded to its decisions. There is only a very narrow room for assailing its rulings.
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> Section 19 of the Construction Industry Arbitration Law establishes that CIAC arbitral awards may not be assailed, except on pure questions of law:
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> > Section 19. Finality of Awards. — The arbitral award shall be binding upon the parties. It shall be final and inappealable except on questions of law which shall be appealable to the Supreme Court.
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> > . . . .
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> *Hi-Precision Steel Center, Inc. v. Lim Kim Steel Builders, Inc.* explained the wisdom underlying the limitation of appeals to pure questions of law:
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> > Section 19 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 unappealable.
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> > Voluntary arbitration involves the reference of a dispute to an impartial body, the members of which are chosen by the parties themselves, which parties freely consent in advance to abide by the arbitral award issued after proceedings where both parties had the opportunity to be heard. The basic objective is to provide a speedy and inexpensive method of settling disputes by allowing the parties to avoid the formalities, delay, expense and aggravation which commonly accompany ordinary

> litigation, especially litigation which goes through the entire hierarchy of courts. [The Construction Industry Arbitration Law] created an arbitration facility to which the construction industry in the Philippines can have recourse. The [Construction Industry Arbitration Law] was enacted to encourage the early and expeditious settlement of disputes in the construction industry, a public policy the implementation of which is necessary and important for the realization of national development goals.

Consistent with this restrictive approach, this Court is duty-bound to be extremely watchful and to ensure that an appeal does not become an ingenious means for undermining the integrity of arbitration or for conveniently setting aside the conclusions arbitral processes make. An appeal is not an artifice for the parties to undermine the process they voluntarily elected to engage in. To prevent this Court from being a party to such perversion, this Court's primordial inclination must be to uphold the factual findings of arbitral tribunals:

> 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.*[13] (Emphasis in the original, citations omitted)

Emphasizing the restrictive nature of any review of the Construction Industry Arbitration Commission's decisions, this Court stated that even the exceptional grounds available for revisiting the factual findings of lower courts or tribunals in petitions for review are not available on appeal from

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13 *CE Construction Corporation v. Araneta Center, Inc.*, 816 Phil. 221, 257–260 (2017) [Per J. Leonen, Second Division].

the such decisions:

> Thus, even as exceptions to the highly restrictive nature of appeals may be contemplated, these exceptions are only on the narrowest of grounds. Factual findings of CIAC arbitral tribunals may be revisited not merely because arbitral tribunals may have erred, not even on the already exceptional grounds traditionally available in Rule 45 Petitions. Rather, factual findings may be reviewed only in cases where the CIAC arbitral tribunals conducted their affairs in a haphazard, immodest manner that the most basic integrity of the arbitral process was imperiled. In *Spouses David v. Construction Industry and Arbitration Commission*:
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> > 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.[14] (Citations omitted)

In modifying the arbitral award in this case, however, the Court of Appeals engaged in a comprehensive review without duly considering the context of the Construction Industry Arbitration Law.

All of the Court of Appeals' modifications entailed an evaluation of the evidence presented by the parties, based on questions of fact.

As a general rule, if the issues raised are purely factual, the courts should defer to the Construction Industry Arbitration's findings. In *CE Construction Corporation*:

> In appraising the CIAC Arbitral Tribunal's awards, it is not the province of the present Rule 45 Petition to supplant this Court's wisdom for the inherent technical competence of and the insights drawn by the CIAC Arbitral Tribunal throughout the protracted proceedings before it. The CIAC Arbitral Tribunal perused each of the parties' voluminous pieces of evidence. Its members personally heard, observed, tested, and propounded questions to each of the witnesses. Having been constituted

[14] Id. at 260–262.

solely and precisely for the purpose of resolving the dispute between ACI and CECON for 19 months, the CIAC Arbitral Tribunal devoted itself to no other task than resolving that controversy. This Court has the benefit neither of the CIAC Arbitral Tribunal's technical competence nor of its irreplaceable experience of hearing the case, scrutinizing every piece of evidence, and probing the witnesses.

True, the inhibition that impels this Court admits of exceptions enabling it to embark on its own factual inquiry. Yet, none of these exceptions, which are all anchored on considerations of the CIAC Arbitral Tribunal's integrity and not merely on mistake, doubt, or conflict, is availing.

This Court finds no basis for casting aspersions on the integrity of the CIAC Arbitral Tribunal. There does not appear to have been an undisclosed disqualification for any of its three (3) members or proof of any prejudicial misdemeanor. There is nothing to sustain an allegation that the parties' voluntarily selected arbitrators were corrupt, fraudulent, manifestly partial, or otherwise abusive. From all indications, it appears that the CIAC Arbitral Tribunal extended every possible opportunity for each of the parties to not only plead their case but also to arrive at a mutually beneficial settlement. This Court has ruled, precisely, that the arbitrators acted in keeping with their lawful competencies. This enabled them to come up with an otherwise definite and reliable award on the controversy before it.

Inventive, hair-splitting recitals of the supposed imperfections in the CIAC Arbitral Tribunal's execution of its tasks will not compel this Court to supplant itself as a fact-finding, technical expert.

ACI's refutations on each of the specific items claimed by CECON and its counterclaims of sums call for the point by point appraisal of work, progress, defects and rectifications, and delays and their causes. They are, in truth, invitations for this Court to engage in its own audit of works and corresponding financial consequences. In the alternative, its refutations insist on the application of rates, schedules, and other stipulations in the same tender documents, copies of which ACI never adduced and the efficacy of which this Court has previously discussed to be, at best, doubtful.

This Court now rectifies the error made by the Court of Appeals. By this rectification, this Court does not open the doors to an inordinate and overzealous display of this Court's authority as a final arbiter.

Without a showing of any of the exceptional circumstances justifying factual review, it is neither this Court's business nor in this Court's competence to pontificate on technical matters. These include things such as fluctuations in prices of materials from 2002 to 2004, the architectural and engineering consequences — with their ensuing financial effects — of shifting from reinforced concrete to structural steel, the feasibility of rectification works for defective installations and fixtures, the viability of a given schedule of rates as against another, the audit of changes for every schematic drawing as revised by construction drawings, the proper mechanism for examining discolored and mismatched tiles, the minutiae of installing G.I. sheets and sealing cracks with epoxy sealants, or even unpaid sums for garbage collection.

> The CIAC Arbitral Tribunal acted in keeping with the law, its competence, and the adduced evidence; thus, this Court upholds and reinstates the CIAC Arbitral Tribunal's monetary awards.[15] (Citation omitted)

In this case, the Court of Appeals' modification of the Construction Industry Arbitration Commission's arbitral award was based on neither a legal question nor any exceptional ground requiring it to look into factual issues.

Nonetheless, since both parties, Shangri-La Properties, Inc. and BF Corporation, raised factual issues in their respective appeals, I concur with this Court that they are estopped from questioning the Court of Appeals' authority to review factual issues in this case.

ACCORDINGLY, I concur with the *ponencia*.

MARVIC M.V.F. LEONEN
Associate Justice

CERTIFIED TRUE COPY

EDGAR O. ARICHETA
Clerk of Court En Banc
Supreme Court

[15] Id. at 283–284.