Republic of the Philippines
Supreme Court
Baguio City

THIRD DIVISION

ASEC DEVELOPMENT AND CONSTRUCTION CORPORATION, Petitioner,	**G.R. Nos. 243477–78**
	Present:
-versus-	LEONEN, *J., Chairperson*, LAZARO-JAVIER*, LOPEZ, M., LOPEZ, J., and KHO, JR., *JJ.*
TOYOTA ALABANG, INC., Respondent.	**Promulgated:** April 27, 2022

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DECISION

LEONEN, *J.*:

Arbitral awards are final and binding. When reviewing arbitral awards, courts should refrain from making their own findings of fact, and instead preserve and protect the process and structure of arbitration. Only on limited grounds are courts allowed to vacate arbitral awards.

This Court resolves a Petition for Review on Certiorari[1] assailing the Decision[2] and Resolution[3] of the Court of Appeals, which modified the factual findings of the two arbitral tribunals of the Construction Industry Arbitration Commission, and set aside the First Arbitral Award while affirming the

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* On official business leave.

1 *Rollo*, pp. 54–171. Filed under Rule 45 of the Rules of Court.

2 Id. at 10–46. The October 10, 2018 Decision was penned by Associate Justice Nina G. Antonio-Valenzuela and concurred in by Associate Justices Marlene B. Gonzales-Sison and Ma. Luisa C. Quijano-Padilla of the Special Thirteenth Division of the Court of Appeals, Manila.

3 Id. at 48–49. The December 10, 2018 Resolution was penned by Associate Justice Nina G. Antonio-Valenzuela and concurred in by Associate Justices Marlene B. Gonzales-Sison and Ma. Luisa C. Quijano-Padilla of the Former Special Thirteenth Division of the Court of Appeals, Manila.

Second Arbitral Award.

In 2013, ME Paragua Construction Consultancy (ME Paragua) conducted the bidding for the construction of the Toyota Alabang Showroom Project (project), a seven-story structure with a floor area of around 22,000 square meters located at the corner of Filinvest Avenue and Alabang-Zapote Road.[4]

ASEC Development and Construction Corporation (ASEC Development) submitted a bid of ₱399,000,000.00, which was accepted on June 26, 2013. ASEC Development and Toyota Alabang (Toyota) executed a contract for the construction project on September 19, 2013.[5]

ASEC Development clarified with ME Paragua that in its bid, it quoted tempered glass for the project's doors and windows, as reiterated in the bid clarification form it submitted to ME Paragua. ME Paragua, citing the June 10, 2013 minutes of the meeting and the contract drawing, informed Toyota that ASEC Development's bid was for Low-E glass for the doors and windows as well as the exterior doors and windows of the penthouse.[6] ASEC Development, however, insisted that its bid was only for tempered glass, and did not include the penthouse.[7]

RMDA Architects, Toyota's architect, directed ASEC Development to submit a final costing on Low-E glass. Accordingly, ASEC Development submitted its Financial Bid Evaluation of ₱60,000,000.00 for the tempered glass and red flash.[8]

Toyota later informed ASEC Development that it would be removing glass and aluminum works from the project contract and would be awarding this to another contractor. ASEC Development agreed to this modification, provided that only ₱25,451,311.98—the amount in its Bill of Quantities for glass and aluminum works—would be deducted from the contract. However, Toyota informed ASEC Development that it would be deducting ₱58,868,716.00 from the contract price, representing the ₱60,000,000.00 ASEC Development had initially quoted for tempered glass minus ₱1,131,284.00 for the cost of red flash.[9]

ASEC Development countered that only ₱32,504,329.98—₱25,451,311.98 for the total cost of glass and aluminum works plus ₱7,053,018.00 for the cost for sun baffle and glass canopy—and not

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4 Id. at 11.
5 Id. at 11–12.
6 Id. at 12.
7 Id.
8 Id. at 13.
9 Id.

₱58,868,716.00 should be deducted from the contract price.[10] Toyota disagreed. This prompted ASEC Development to file a request for arbitration before the Construction Industry Arbitration Commission,[11] which was docketed as CIAC Case Number 07-2014.

In its Answer, Toyota emphasized that from the beginning of the bidding process, it had already expressed intention to secure an energy and environmental design certification for its Alabang showroom, hence the specification for Low-E glass windows for an energy-efficient building.[12]

The Terms of Reference in CIAC Case Number 07-2014 stated the following issues:

1. Does the CIAC have jurisdiction over the case considering the non-fulfillment of the preconditions to arbitration?
2. Are the following part of the architectural scope of work of the Claimant?
   - 2.1 Low-E glass?
   - 2.2 Red flash?
   - 2.3 Penthouse doors and windows in the hatched areas?
3. Does the Respondent have the right to deduct from the Claimant the amount of Php 52,000,0000.00 [sic] which Respondent awarded to Wall Vision instead of Php 32,504,329.98 as contended by the Claimant?
4. Which of the parties are entitled to attorney's fees[?]
5. Who should bear the cost of arbitration?[13]

After conducting hearings and receiving evidence from both ASEC Development and Toyota, the arbitral tribunal rendered a Final Award on June 30, 2014 (First Arbitral Award) granting ASEC Development's claims.[14] It held that only ₱32,504,329.98 should have been deducted from the scope of works. Said the arbitral tribunal:

> This Bid Bulletin has a more probative value at third priority level over the Final Bid Proposal at 7th priority level. The reason for this is that the Bid Bulletin and its Bill of Quantities constitute the framework under which all bidders must calculate their bid. Claimant submitted its bid for the glass component at P32,540,329.98, consisting of P25,451,311.98 for the tempered glass and P7,053,018.00 representing the value of the sun baffle and canopy.
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> It is accordingly the holding of this Tribunal that the correct amount that may be deducted from the Claimant's scope of works is P32,540,329.98, consisting of P25,451,311.98 for tempered glass and

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10 Id. at 63.
11 Id. at 13.
12 Id. at 12–13.
13 Id. at 67–68.
14 Id. at 11.

> P7,053,018.00 representing the value of the sun baffle and canopy. Since respondent had deducted P52 million from Claimant's scope of work, the consequence of this holding is that the P32,540,329.98 must be deducted from the P52 million and the differential amount of P19m must be returned to the Claimant.[15] (Citation omitted)

The dispositive portion of the First Arbitral Award reads:

> WHEREFORE, AWARD is hereby made as follows:
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> ON THE THRESHOLD ISSUE
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> The Tribunal holds that CIAC has jurisdiction over the dispute and that the precondition of prior direct negotiation that is imposed has been substantially complied with. Further, the remedy of suspension of arbitration is much too late to be imposed and after submission of the dispute would only delay the speedy resolution of this dispute.
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> FOR THE CLAIMANT
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> PhP19,459,670.02 – as the differential amount between Php52 million that was deducted by Respondent and the correct amount of Php32,540,329.98 that was held to be deductible (PhP52,000,000.00 – Php32,540,329.98)
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> PhP977,760.00 as the cost of Red Flash
>
> PhP567,502.39 as the amount paid by Claimant as its proportionate share of the arbitration costs.
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> Interest on the foregoing total awarded net amount of PhP20,437,430.00 shall be paid at the rate of 6% per annum from the date of this Award.
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> SO ORDERED.[16]

Toyota filed a Petition for Review before the Court of Appeals, docketed as CA-G.R. SP. No. 136270, to assail the First Arbitral Award.[17] Around the same time, Toyota sent a Notice of Termination to ASEC Development for its failure to complete the scope of works.[18] ASEC Development replied that the Notice of Termination had no basis and any delay in the completion of its Scope of Works was not due to its fault.[19] Toyota then informed ASEC Development that it would acquire the services of Langdon & Seah Philippines, Inc. (Langdon & Seah) to "act as a quantity surveyor to assess the completion of the Project."[20] Langdon & Seah later on rendered an audit report stating that ASEC Development "completed only

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15 Id. at 72–73.
16 Id. at 18–19.
17 Id. at 19–21.
18 Id. at 73–74.
19 Id. at 73.
20 Id. at 75.

91.54% of the Project."[21]

While that case before the Court of Appeals was still pending, ASEC Development filed before the Construction Industry Arbitration Commission a second request for arbitration against Toyota, this time to determine the final payment for several progress billings and variation works worth ₱78,968,626.83.[22] The case was docketed as CIAC Case No. 03-2015.[23]

In its Answer, Toyota alleged that it validly terminated its construction contract with ASEC Development, which had failed to complete the project within the period prescribed by the contract.[24]

The issues raised by the parties in the Terms of Reference for CIAC Case No. 03-2015 were, among others, whether ASEC Development was entitled to the unpaid works and billings, whether there was delay on its part, and whether it was entitled to liquidated damages:

1. Is Claimant entitled to the following, and if so, how much?
   a. Payment for P78,968,626.83 covering Billing Nos. 9, 10, 11, 12 and 13;
   b. Unpaid Variation Orders;
      b.1 EFCO Formworks Rental Extension at the Penthouse in the amount of P1,340,691.45
      b.2 EFCO Formworks Rental Extension at 3rd Floor in the amount of P1,909,163.26;
      b.3 CHB Laying at 2 residential units and badminton court amounting to P949,655.31;
      b.4 Additive cost for refrigerant, piping for VRF System amounting to P2,692,424.23;

2. Was Respondent's termination of the Contract valid?
   2.1.1 Did Claimant fail to complete its Works within the extended completion date?
   2.1.2 Did claimant fail to achieve substantial and/or practical completion of the Project at the time the Contract was terminated?
      2.1.2.1 What was ASEC Development's percentage of completion as of 04 August 2014[?]

3. Is Respondent entitled to the following:
   a. Liquidated damages, and if so, how much;
   b. Cost of securing the Occupancy Permit in the amount of P264,500.00
   c. Fines and penalties imposed by Filinvest Alabang, Inc. in the amount of P21,000[,]000;
   d. Additional cost incurred by Respondent in paying other contractors to complete the unfinished portion of, and to rectify, Claimant's

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21 Id.
22 Id. at 24–26.
23 Id. at 11.
24 Id. at 26–27.

scope of works, in the amount of at most P12,000,000.00;
e. Cost of food and beverages consumed by Claimant's workers and representatives during coordination meetings in the amount of P28,230.00;
f. Moral damages in the amount of P15,000,000.00
g. Exemplary damages in the amount of P15,000,000.00;
h. Attorney's fees in the amount of P2,000,000.00; and
i. Submission by Claimant of the following documents; xxx

4. Which party is liable for the cost of arbitration or in what proportion should it be shared by the parties?[25] (Citation omitted)

After conducting hearings and receiving evidence from both parties, the arbitral tribunal rendered a Final Award on October 5, 2015[26] (Second Arbitral Award). Unlike the first arbitral tribunal, which ruled that only ₱32,504,329.98 were to be deducted for glass and aluminum works, the second arbitral tribunal held that ₱51,022,240.00 should be deducted. Thus, from the original contract price of ₱399,000,000.00, the adjusted contract price became ₱307,545,710.45, which also included deductions from other change orders. The dispositive portion of the Second Arbitral Award reads:

WHEREFORE, in view of all the foregoing considerations, the Tribunal hereby decided and awards in full and final disposition of this arbitration, as follows:

A. In respect of Claimant's claims, the Tribunal declares, directs and orders, as follows:

(1) Claimant incurred in delay from 1 June 2014 to 3 August 2015;
(2) Claimant failed to accomplish Practical Completion of the Scope of Works under the Contract on the Extended Date of Completion (31 May 2014);
(3) Claimant's accomplishment as of 11 August 2014 was 91.54% of the Scope of Works;
(4) Respondent validly terminated the Contract effective 4 August 2015;
(5) From the original Contract Price of PhP399,000,000.00 should be deducted the approved Deductive Change Orders pertaining to Glass and Aluminum Works amounting to PhP51,022,240.00 and Air-conditioning Units amounting to Php12,009,101.00, or a total of PhP63,031,341.00 resulting in an Adjusted Contract Price of PhP335,968,569.00;
(6) Claimant is entitled only to 91.54% of the Adjusted Contract Price or to PhP307,545,710.45;
(7) Claimant is entitled to Additive Change Orders in the total amount of PhP1,217,330.89;
(8) In view of sub-paragraphs (6) and (7) above, there is due Claimant the amount of PhP308,763,041.34;
(9) From the amount of PhP308,763,041.34 should be deducted the following amounts:

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25 Id. at 80–81.
26 Id. at 11.

Payment of Billing 1 to 8	PhP195,893,530.43
Recoupment of downpayment	79,800,000.00
Withholding Tax	3,561,700.56

or the [sic] total deductions in the amount of PhP279,255,230.99, from which amount should further be deducted additional withholding tax of PhP2,582,213.65, leaving a balance of PhP26,918,596.375 before release of Retention;

(10) Claimant is entitled to a release Retention in the amount of PhP28,459,862.02 [sic];
(11) The balance in the amount of PhP55,378,458.77, inclusive of Retention, is due claimant;

B. On the Counterclaim, the Tribunal directs and orders, as follows:

(1) Claimant is ordered to pay Respondent the following counterclaims:

(a) Exemplary or corrective damages in the amount of PhP19,551,000.00;
(b) The cost for securing the Occupancy Permit in the amount of PhP264,500.00 [sic];
(c) The fines and penalties which Respondent had paid Filinvest Alabang for the Claimant's violation of the Rules and Regulations of Filinvest Alabang in the total amount of PhP21,000.00;
(d) The additional cost that Respondent incurred in paying other contractors to finish and/or repair works included in Claimant's Scope of Works in the total amount of PhP7,539,024.25;

(2) The following counterclaims are denied: (i) cost of food and beverages consumed by Claimant's representatives during coordination meetings; (ii) moral damages; (iii) exemplary damages[;] and (iv) attorney's fees;
(3) The parties shall bear their respective attorney's fees;
(4) The cost of arbitration shall be borne by the parties in proportion to their respective claims and counterclaims (Claimant's total claims, PhP94,630,807.24 and Respondent's total permissive counterclaims, PhP39,849,730.00), as summarized in the Terms of Reference dated 23 July 2015;
(5) All other claims and counterclaims not specifically disposed of in this Final Award, including Respondent's prayer to "defer resolution of these arbitration proceedings pending the resolution of CA-G.R. No. 136270," are deemed denied for lack of merit.

C. On the matter of set-off of awarded claims against awarded counterclaims, the Tribunal directs, as follows:

(1) Setting-off the total awarded claims of Claimant in the amount of PhP55,378,458.77 inclusive of Retention Amount

of PhP28,459,862.02, against the total awarded counterclaims of Respondent in the amount of PhP27,375,524.25, there is due Respondent the amount of PhP28,002,934.52, which what is left of the Retention Amount after the set-off;

(2) The Respondent is ordered to release the said Retention Amount of PhP28,002,934.52 to Claimant only upon submission by Claimant to Respondent of the following requirements, to wit:

(a) A surety bond in the amount of PhP28,002,934.52 issued by a duly accredited bonding company to guarantee the rectification of defects in the Works and/or non-compliance of Claimant with any of its obligations and/or warranties; and

(b) Documents required to be submitted under Section 2.5 of the Contract and Clauses 7(a)(iv) and 7(a)(viii) of the General Conditions of Contract before final payment can be made, to wit:

(i) One (1) set of electronic file in AUTOCAD format and three (3) sets of prints of As-Built Drawings (signed and sealed);
(ii) Materials and equipment testing and commissioning certificates, including warranty certificates;
(iii) Equipment information, operation and preventive maintenance manuals;
(iv) List of installed machinery, equipment and devices supplied and installed by Claimant, Nominated Sub-contractors and Nominated Suppliers;
(v) List of Claimant's Sub-contractors, Suppliers, Vendors and their corresponding contact details; and
(vi) A Sworn Affidavit that all wages and salaries of Claimant's staff and employees and all indebtedness in connection with the Works, including but not limited to claims from or credits to suppliers, sub-contractors and other creditors of the Contractor, have been fully paid and settled; provided that in case of any unpaid claim or credit, the quitclaim or release of waiver has been duly executed by the concerned suppliers, sub-contractors or creditors in favor of Claimant.

SUMMARY OF FINAL AWARD ON MONETARY CLAIMS

Claimant's claims	Amount Pleaded	Amount Awarded
Unpaid Progress Billing Numbers 9, 10, 11, 12, and 13	PhP78,968,626.83	PhP26,918,596.75
Release of Retention Amount	35[,]822[,]385.79	28,459[,]862.02
Unpaid Variation Orders	7[,]013[,]925.21	1,217,330.89
Attorney's Fees	8[,]648[,]255.2	NIL
Total		PhP55,378,458.77

Respondent's Counterclaims	Amount Pleaded	Amount Awarded
Liquidated Damages	PhP25,536,000.00	PhP19,551,000.00
Cost of securing the Occupancy Permit	264,500	264[,]500
Fines and penalties incurred by Respondent in paying other contractors to complete the unfinished portion of, and to rectify, Claimant's scope of works	12[,]000[,]000	7[,]539 [,]024.25
Food and beverage consumed by Claimant's Workers and representatives during coordination meetings	28[,]230	NIL
Attorney's fees	2[,]000[,]000	NIL
Moral damages	15[,]000[,]000	NIL
Exemplary damages	15[,]000 [,]000	NIL
Total		PhP27,375,524.25[27]

ASEC Development filed a Petition for Review before the Court of Appeals, docketed as CA-G.R. SP No. 142699, assailing the Second Arbitral Award.[28]

On August 15, 2016, Toyota's and ASEC Development's Petitions for Review were consolidated.[29]

On October 10, 2018, the Court of Appeals issued its October 10, 2018 Decision[30] setting aside the First Arbitral Award and affirming the Second Arbitral Award.

The Court of Appeals, upon examining and reconciling the contract and other documents, held that "clear tempered glass and Low-E tempered glass are not inconsistent with each other,"[31] and thus, "ASEC [Development] was deemed to have properly included the cost of the Low-E glass in its bid."[32] Thus, it ruled that ASEC Development was liable to indemnify Toyota for its failure to meet its contractual obligation to supply and install the required Low-E tempered glass, and for Toyota having to find another supplier of glass

27 Id. at 30–34.
28 Id. at 34.
29 Id. at 11.
30 Id. at 10–46.
31 Id. at 40.
32 Id.

and aluminum works. For this, the Court of Appeals ruled Toyota could deduct ₱51,022,240.00 from the contract price.[33]

The Court of Appeals also held that the second arbitral tribunal correctly denied ASEC Development's claims for unpaid billings, variation orders, and attorney's fees. It likewise upheld the award of liquidated damages in Toyota's favor, It cited Langdon & Seah's construction audit report that ASEC Development finished only 91.54% of the project, amounting to delay.[34]

The dispositive portion of the October 10, 2018 Decision reads:

> We rule as follows: 1) SET ASIDE the Final Award dated 30 June 2014, issued by the Arbitral Tribunal of the Construction Industry Arbitration Commission in CIAC Case Number 07-2014; and 2) AFFIRM the Final Award dated 05 October 2015, issued by the Arbitral Tribunal of the Construction Industry Arbitration Commission in CIAC Case Number 03-2015.
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> IT IS SO ORDERED.[35]

ASEC Development moved for reconsideration, but its Motion was denied in the Court of Appeals' December 10, 2018 Resolution.[36]

Hence, ASEC Development filed the Petition for Review on Certiorari[37] against Toyota. It asserts that the Court of Appeals erred in setting aside the First Arbitral Award and supplanting its own factual findings. Petitioner argues that an arbitral award is binding on the parties and may only be appealed on questions of law.[38]

It adds that the Second Arbitral Award is void for resolving an issue not submitted for resolution, and which had already been decided in the First Arbitral Award.[39] It asserts that the second arbitral tribunal's lack of respect of a coequal arbitral tribunal's decision violated the doctrine of noninterference or judicial stability.[40]

Petitioner says that when the cases were consolidated before the Court of Appeals, respondent was not allowed to question the First Arbitral Award's ruling on the matter of glass and aluminum works, it being a question of fact.[41]

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33 Id. at 40–41.
34 Id. at 41–43.
35 Id. at 45.
36 Id. at 48-49.
37 Id. at 54–171.
38 Id. at 94–96.
39 Id. at 112–115.
40 Id. at 116.
41 Id. at 98.

As for petitioner, it points out that the Petition it filed before the Court of Appeals raised pure questions of law.[42]

Petitioner says that even if the Court of Appeals could properly rule on the issue of glass and aluminum works, it erred in ruling that all documents related to the contract are equal, despite the order of priority of documents listed in the General Conditions of Contract.[43]

Petitioner also faults the Court of Appeals' finding and insists that "clear tempered glass and Low-E glass are different materials and not interchangeable."[44] It then argues that the Court of Appeals erred in ruling that the deductible amount from the contract price was ₱51,022,240.00, as it should have just been ₱32,540,329.98.[45]

Petitioner further argues that the Court of Appeals erred in affirming the Second Arbitral Award on respondent's entitlement to liquidated damages.[46] It claims that since it has substantially completed the work, having accomplished over 95% of its scope of works, respondent invalidly terminated the contract.[47] It disclaimed responsibility for any delay in the project's completion, saying that the circumstances that caused delay were beyond its control.[48] It insists that the Court of Appeals erred in relying on Langdon & Seah's construction audit report, it being unreliable for being crafted by those who were not established experts in the subject, and who even used the wrong values in computing for the completion percentage.[49]

Petitioner insists that it is entitled to claim payment for the unpaid variation orders because it was able to present sufficient evidence. In any case, it says it should be paid based on *quantum meruit*.[50]

As to the retention amount of ₱28,459,862.02, petitioner says that its release is justified by respondent invalidly terminating the contract.[51]

In its Comment,[52] respondent argues that a Rule 43 petition can be used to raise both questions of law and of fact.[53] Assuming that only questions of law could be raised, respondent asserts that there are instances when the Court of Appeals may still entertain questions of fact on appeal.[54] It notes that

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42 Id. at 98–99.
43 Id. at 99–100.
44 Id. at 102.
45 Id. at 110–112.
46 Id. at 117–118.
47 Id. at 123–124.
48 Id. at 124–125.
49 Id. at 132–150.
50 Id. at 150–159.
51 Id. at 106–109.
52 Id. at 11909–12809.
53 Id. at 11951–11952.
54 Id. at 11955.

petitioner also effectively raised questions of fact when it appealed the Second Arbitral Award, since the conclusions made in it were premised on factual findings.[55]

Respondent claims that the first arbitral tribunal gravely erred by ordering it to pay petitioner the costs for glass and aluminum works despite petitioner's admission that it had not supplied them. In addition, respondent has not deducted any such costs from petitioner.[56]

Respondent alleges that petitioner knew that Low-E glass was required, but remained silent about it.[57] In any case, glass can be both tempered and Low-E at the same time.[58] When respondent awarded the contract to petitioner, it was expressly agreed that the contract required the installation of Low-e glass. Thus, respondent is not in estoppel *in pais*.[59]

Respondent argues that the Court of Appeals correctly ruled that respondent could deduct the amount of ₱51,022,240.00 as the contract "included the supply, installation, and delivery of Low-E glass."[60]

Respondent maintains that petitioner was in unjustified delay.[61] It cites an instance when petitioner's subcontractor applied for water supply connection merely two days before the extended completion date,[62] which made respondent unable to enjoy beneficial occupancy by the time the contract period ended.[63]

Respondent also argues that the Court of Appeals correctly relied on Langdon & Seah's construction audit report.[64] On petitioner's argument that the construction audit report "used wrong numerical values,"[65] respondent counters that the scope of the report is percentage of completion and "not the value of the variation order at the time of termination[.]"[66]

Adds respondent, the Court of Appeals correctly ruled that it properly declined to pay the variation orders, these not being approved by its project manager.[67] Some of the variation works are part of the original Scope of Works and thus, already included in the contract price.[68] Other claims by

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55 Id. at 11961–11962.
56 Id. at 11958.
57 Id. at 11964.
58 Id. at 11966–11968.
59 Id. at 11970.
60 Id. at 11951.
61 Id. at 11977–11984.
62 Id. at 11984–11985.
63 Id. at 11986.
64 Id. at 11994–11998.
65 Id. at 11999.
66 Id. at 11999–12001.
67 Id. at 12002–12003.
68 Id. at 12004–12007.

petitioner are allegedly deductive costs, and not additive costs.[69]

Even based on *quantum meruit*, respondent says that petitioner is not entitled to be paid for the variation orders because it failed to present sufficient evidence to support its claim.[70]

Furthermore, respondent says that it has not released the retention amount because petitioner has yet to comply with the conditions for release.[71] Assuming that petitioner is entitled to the retention amount, the correct amount payable, based on the 91.54% completion rate by Langdon & Seah, would be ₱2,029,299.89,[72] and not ₱28,002,934.52.[73]

In its Motion to Expunge with Reply *Ad Cautelam*,[74] petitioner reiterates that the second arbitral tribunal gravely abused its discretion in ruling that price of glass and aluminum works should be deducted from the contract price, a matter not included in the Terms of Reference.[75]

As for the alleged delays, petitioner argues that it was caused by several acts made by respondent, such as only releasing the project manager's instructions after the cutoff period[76] and "late delivery of the owner supplied materials."[77] Delays caused by the owner, says petitioner, entitles it to an automatic extension of the period to complete the project.[78]

Petitioner reiterates the other arguments it raised in its Petition, such as the unreliability of Langdon & Seah's construction audit report,[79] its claim for payment of variation orders,[80] and its claim for the release of the retention amount.[81]

The issues for this Court's resolution are:

First, whether or not the Court of Appeals erred in modifying the factual findings of the Construction Industry Arbitration Commission's arbitral tribunals; and

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69 Id. at 12008.
70 Id. at 12015.
71 Id. at 12015–12016.
72 Id. at 12033–12034. The Comment contained two paragraphs numbered 237, stating different retention amounts. The first version states ₱1,134,258.38 as the retention amount; the second states ₱2,029,299.89. It appears that the latter amount is the correct one since this is stated in paragraph 238 on *rollo*, p. 12035.
73 Id. at 12034–12035.
74 Id. at 12100–12155.
75 Id. at 12108–12111.
76 Id. at 12134.
77 Id.
78 Id. at 12134–12135.
79 Id. at 12138–12139.
80 Id. at 12141–12147.
81 Id. at 12148–12149.

Second, whether or not the Second Arbitral Award should be set aside for reversing the factual findings of a coequal arbitral tribunal.

The Petition is partially granted.

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The settlement of disputes falling within the jurisdiction of the Construction Industry Arbitration Commission is primarily governed by Executive Order No. 1008, or the Construction Industry Arbitration Law. Under the law, arbitral awards are deemed final and binding. Section 19 succinctly states:

> 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.

However, Rule 43 of the Rules of Civil Procedure provides that an award rendered by the Construction Industry Arbitration Commission may be appealed before the Court of Appeals on "questions of fact, of law, or mixed questions of fact and law."[82]

In May 2021, *Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.*[83] finally addressed the conflict between the two:

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

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82 RULES OF COURT, Rule 43, sec. 3.

83 G.R. Nos. 230112 & 230119, May 11, 2021, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67423> [Per J. Caguioa, En Banc].

> 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.[84]

This Court, however, made it clear that the guidelines in *Global Medical Center of Laguna* would prospectively apply, so as to not prejudice parties with pending appeals who relied on the rule in good faith. Thus, it will not apply here.[85]

Nevertheless, several earlier cases[86] have explained that appeals of arbitral awards rendered by the Construction Industry Arbitration Commission shall be limited to questions of law. In *CE Construction Corporation v. Araneta*,[87] this Court highlighted:

> [A]rbitral tribunals of the Construction Industry Arbitration Commission (CIAC) enjoy a wide latitude consistent with their technical expertise and the arbitral process' inherent inclination to afford the most exhaustive means for dispute resolution. 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.[88]

In the same case, this Court recognized the Construction Industry Arbitration Commission's expertise and competence in settling disputes within the construction industry:

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84 Id.

85 Id.

86 *Wyeth Philippines, Inc. v. Construction Industry Arbitration* Commission, G.R. Nos. 220045–48, June 22, 2020, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66421> [Per J. Leonen, Third Division]; *Metro Bottled Water Corporation v. Andrada Construction and Development Corporation,* G.R. No. 202439, March 6, 2019, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65151> [Per J. Leonen, Third Division]; *Metro Rail Transit v. Gammon Philippines, Inc.*, 823 Phil. 917 (2018) [Per J. Leonen, Third Division]; *CE Construction Corporation v. Araneta Center, Inc.*, 816 Phil. 221 (2017) [Per J. Leonen, Second Division].

87 816 Phil. 221 (2017) [Per J. Leonen, Second Division].

88 Id. at 229.

> 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."[89] (Citation omitted)

Indeed, arbitral awards are treated as final and binding, such that even Executive Order No. 1008 does not provide grounds to vacate an award.[90] Owing to the Construction Industry Arbitration Commission's technical expertise, "primacy and deference [are] accorded to its decisions."[91] This Court leaves only "a very narrow room for assailing its rulings"[92] for ingenious parties who must not be allowed to use the appeal process to undermine the integrity of the arbitration process, to which the parties voluntarily subjected themselves.[93]

The earlier case of *Spouses David v. Construction Industry and Arbitration Commission*[94] addressed the lack of grounds to vacate an award rendered by the Construction Industry Arbitration Commission by citing Section 24 of Republic Act No. 876 or the Domestic Arbitration Law:

> 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.[95] (Citation omitted)

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89 Id. at 253.

90 *Metro Bottled Water Corporation v. Andrada Construction & Development Corporation*, G.R. No. 202430, March 6, 2019, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65151> [Per J. Leonen, Third Division].

91 *CE Construction Corporation v. Araneta*, 816 Phil. 221, 257 (2017) [Per J. Leonen, Second Division].

92 Id.

93 Id. at 260.

94 479 Phil. 578 (2004) [Per J. Puno, Second Division].

95 Id. at 590–591.

Wyeth Philippines v. Construction Industry Arbitration Commission[96] further refined the limited grounds when courts may review arbitral awards:

> Exceptions allowed in the review of Rule 45 petitions, such as the lower court's misapprehension of facts or a conflict in factual findings, do not apply to reviews of the Arbitral Tribunal's decisions. In reviewing factual findings of the Arbitral Tribunal, exceptions must pertain to its conduct and the qualifications of the arbitrator, and not to its errors of fact and law, misappreciation of evidence, or conflicting findings of fact. It is only when "the most basic integrity of the arbitral process was imperiled" that a factual review of the findings of the arbitral tribunal may be reviewed.[97] (Citations omitted)

Given the deference bestowed on the Construction Industry Arbitration Commission's factual findings, the Court of Appeals here erred in setting aside the First Arbitral Award and supplanting the arbitral tribunal's factual findings with its own interpretation of the contract stipulation as regards tempered glass and Low-E glass.

In a separate opinion in *Global Medical Center of Laguna*:

> It would be regressive, both for contracting parties in arbitration and to society in general, for this Court to insist on expansive judicial review of arbitral awards. Unduly expansive judicial review undermines an otherwise effective, self-contained mechanism for dispute resolution. Any form of conflict resolution will see the losing party dissatisfied. Yet it must, at some point, have a definite ending. *Interest rei publicae ut sit finis litium*. The further continuation of otherwise settled conflicts, particularly for those which are distinctly private in character, must be pursued only when there are compelling, ineluctable grounds.
>
> When a private conflict may otherwise be put to rest by the mechanism specifically devised by the parties for it, it is a disservice to the larger community to compel a court to have that conflict be an exclusionary object of its attention. This is what it means to not disturb arbitral awards, lest the integrity of the arbitral tribunal itself be compromised. As, when an arbitral tribunal is wanting in integrity, what are committed are not mere mistakes by erstwhile experts, but a definite offense against fairness and truth; there is then a miscarriage of justice.[98] (Citation omitted)

II

The Second Arbitral Award should be vacated in part because it reversed the First Arbitral Award. The two arbitral tribunals are coequal

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96 G.R. Nos. 220045–48, June 22, 2020, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66421> [Per J. Leonen, Third Division].

97 Id.

98 J. Leonen, Separate Opinion in *Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.*, G.R. Nos. 230112 & 230119, May 11, 2021, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67423> [Per J. Caguioa, En Banc].

bodies and cannot reverse or render another award on the same issue previously resolved by another tribunal.

Here, petitioner filed two consecutive requests for arbitration. When respondent appealed the First Arbitral Award before the Court of Appeals, petitioner filed the second request for arbitration. Two conflicting arbitral awards were rendered by two different arbitral tribunals. Yet, the parties and the contract involved are the same.

The first arbitral tribunal ruled that the proper amount deductible from petitioner's scope of work, pertaining to the glass and aluminum works, is ₱32,540,329.98. It thus held that since respondent deducted ₱52,000,000.00, it must return the differential amount of ₱19,000,000.00. In contrast, the second arbitral tribunal ruled that respondent could properly deduct ₱51,022,240.00 for the glass and aluminum works.

The problem created by the contrasting findings of the two arbitral tribunals is best summarized by the first arbitral tribunal when it stated in one of its Orders:

> Indeed, a grave problem has been encountered when a new Arbitral Tribunal was constituted for the second case between the same parties as the first case. Although the second case was principally for the collection of the unpaid balance of the construction contract, the issue of what is properly deducted from Claimant's scope of work was again taken up despite the fact that this deductible issue was already resolved in the first case. The unfortunate result is that the second tribunal effectively REVERSED the final resolution of the first tribunal on the issue of how much is properly deductible from Claimant's scope of work (P32,540,329.98). This reinstated the amount of P52,000,000.00.
>
> The issue that is squarely raised by [these] contradictory holdings is: **Does a second tribunal have the power to reverse a final holding of the first tribunal, both tribunals being of equal rank?**[99] (Emphasis in the original)

In vacating or setting aside an award, courts should only look at whether the grounds for vacating or setting aside an award exist.

The finding in the First Arbitral Award that only ₱32,540,329.98 was deductible from petitioner's scope of works is a finding of fact which this Court will not disturb. The first arbitral tribunal explained how it came up with the final amount deductible:

> Going back to the issue of what is the correct amount that should be deducted from Claimant's scope of works, the question is now asked: Is the

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[99] *Rollo*, p. 11205, November 23, 2015 Order penned by Arbitral Tribunal Chair Alfredo F. Tadiar.

issue on low-glass that has just been resolved above, really that crucial in the determination of the amount of deductible?

Hypothetically assuming that the issue on the glass specification as low-e was not raised and the Claimant indicated a lower unit cost than that contracted by the Respondent for low-e, may the Claimant be held liable for the higher low-e cost that Respondent had contracted with Wall Vision?

The parties to a construction contract are bound by the unit prices in the Contractor's bid, otherwise the Owner can always circumvent the contract by taking over any part of the contractor's scope of work and choosing a more expensive brand. In other words, even assuming that what Claimant quoted was for low-e glass, Respondent could only deduct the unit rate specified by the Claimant in the amount of P 25,451,311.98.

This Tribunal is convinced that both parties are in good faith in maintaining its respective positions on the issue of the low-e glass. Otherwise, they could have simply applied the following provisions in the Instruction to Bidders.

11.20 Subsequent to the opening of the bids, the Owner shall determine if the bids conform to all the conditions and requirements of the Bid Documents, and if any are found not conforming in a substantive manner, they shall be rejected stating the reasons therefore.

11.30 Accepted bids shall be checked arithmetically and any error(s) found shall be corrected, and an adjustment shall be made either deductive or additive, and the bidder has the option to abide by his original bid price or revise the bid price accordingly.

11.40 Any item(s) found to be over or under-priced shall be adjusted to a fair rate, with the agreement of the bidder(s), and the new rate(s) shall be used for purposes of evaluating accomplishments and variations from Contract and for no other purpose. Such rates are to be agreed prior to the signing of the Contract with the Owner.

Pursuant to the foregoing provisions, if Respondent knew that what Claimant quoted did not conform to its specifications then the latter's bid could have been rejected. Respondent did not do so. Moreover, if Claimant indeed quoted was for low-e glass but was under-priced such could have been adjusted to a fair rate. Again, Respondent did not do so. The fact that the Respondent did not take either action only means that it thought that the bid was for low-e glass and the item was not under-priced. Of course, as subsequent events would unfold, the supply and installation of low-e glass cost P 52 Million instead of P 25, 451,311.98 as quoted by Claimant.

In sum, in either of the following situations, Claimant would only be held liable for its quotation of P 25,451,311.98:

a. The bid of Claimant was for low-e glass;
b. The bid of Claimant was only for clear, tempered glass and not the required low-e glass.

It is accordingly the holding of this Tribunal that the correct amount that may be deducted from Claimant's scope of works is P 32,540,329[.]98, consisting of P 25,451,311.98 for the tempered glass and P 7,053,018.00

> representing the value of the sun baffle and canopy. Since Respondent had deducted P52 Million from Claimant's scope of work, the consequence of this holding is that the P32,540,329.98 must be deducted from the P52 million and the differential amount of P19[M] must be returned to the Claimant[.][100]

The second arbitral tribunal was aware of the First Arbitral Award when it was rendered. It, along with the parties, was also aware that the issues in the second arbitration case were related to the issues in the first arbitration case such that any ruling in the second arbitration would affect the First Arbitral Award. This is telling from the Transcript of Stenographic Notes[101] of the August 3, 2015 hearing in CIAC Case No. 03-2015:

> ATTY. CENIZA (Chairman):
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> Who will you be going to cross examine?
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> ATTY. MARCOS (Counsel-Claimant):
>
> Your Honor can we just make two manifestations Your Honor before we start Your Honor?
>
> ATTY. CENIZA (Chairman):
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> Yes.
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> ATTY. MARCOS (Counsel-Claimant):
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> Our first manifestation Your Honor is we coordinated with Ms. Jo Carrasco last hearing about the additional filing fee of ASEC Development and she explained to us that the adjustment in the Amended Terms of Reference is because of the deletion of the moral damages and exemplary damages from the terms of reference. So considering that we are clear on that; may we move that the allegations of Jhoanna See in her Witness Statement pertaining to those two items only, moral and exemplary damages, be deleted also Your Honor or stricken off the record Your Honor.
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> . . . .
>
> ATTY. MARCOS (Counsel-Claimant):
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> Okay. Our second manifestation Your Honor is that since we coordinated with ASEC Development management, on the moving forward of the issue of the aluminum and glass, considering that the main issue is the 19 million and the possibility or fear of Toyota that ASEC Development will execute this, we coordinated with Management of ASEC Development, Atty. Pitero can attest to this, they are willing Your honor. Considering that these items are actually deductive, the 19 million something, so ASEC Development will actually not gain anything because that was merely a deduction. We are willing to make an undertaking or ASEC Development is willing to make an undertaking that they will not move for the execution of that 19.5 million.

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100 *Rollo*, pp. 6334–6336.

101 Id. at 8392–8612.

ATTY. CENIZA (Chairman):

In that event that you prevailed in the Court of Appeals case?

ATTY. PITERO (Counsel-Claimant):

Yes Your Honor.

ATTY. MARCOS (Counsel-Claimant):

Yes Your Honor.

ATTY. PITERO (Counsel-Claimant):

That's your suggestion right?

ATTY. CENIZA (Chairman):

Because the issue is whether or it is 50 something million or 32?

ATTY. CLEMENTE (Counsel-Respondent):

Yes.

ATTY. CENIZA (Chairman):

So we are now agreed to limit to 32?

ATTY. PITERO (Counsel-Claimant):

In the meantime.

ATTY. CLEMENTE (Counsel-Respondent):

My problem Your Honor is I went back to my client and their position is that insofar as the issue of glass and aluminum works is concerned, they prefer to just await the resolution of the Court of Appeals.

ATTY. CENIZA (Chairman):

But for the purposes of this case, how do we deal on that?

ATTY. CLEMENTE (Counsel-Respondent):

Our earlier position has been that after the presentation of evidence, the resolution should actually be suspended pending the resolution from the Court of Appeals?

MR. JOAQUIN (Arbitrator):

We cannot do that. We cannot suspend the proceedings. They are willing to.

ATTY. CENIZA (Chairman):

Why is it to be litigated here? E di doble?

ATTY. MARCOS (Counsel-Claimant):

But it is actually only a deductive Your Honor and in this claim of 85 million by ASEC Development. What is in issue is actually, what is in issue is only 19.5. Because the parties had already recognized the 32. It is only the additional 19.5, out of that 85 million and that is only a part of the entirety of the deductives at issue in this case.

ATTY. CLEMENTE (Counsel-Respondent):

But it will always affect final payment whether.

ATTY. MARCOS (Counsel-Claimant):

That is the olive branch being offered by ASEC Development that we are willing to offer.

ATTY. CENIZA (Chairman):

Have you made clear in your pleadings that it should be your position that your claim should not be litigated here?

ATTY. CLEMENTE (Counsel-Respondent):

Yes Your Honor. Even in the affidavit, we already emphasized that.

ATTY. CENIZA (Chairman):

Because it has already been the subject of the settled case?

ATTY. CLEMENTE (Counsel-Respondent):

Yes Your Honor. Actually, we were anticipating it during the preliminary conference when we raised it but it became more evident upon the submission of the affidavits that it would really affect the claim of ASEC Development.

ATTY. CENIZA (Chairman):

My thought is when you file your Memorandum, you raise that as a separate issue. You can address that also as a separate issue.

ATTY. PITERO (Counsel-Claimant):

Our position actually Your honor is that whatever the decision would be of that case in Court of Appeals can be subject for execution, so it should not affect the case right now?

ATTY. CENIZA (Chairman):

No how is this Tribunal going to resolve that issue? You are saying 32. They are saying 52 something. So pano yun?

ATTY. PITERO (Counsel-Claimant):

By that Your Honor, we can recognize the 32 and whatever the resolution of the Court of Appeals in that case, the difference can be the subject of

execution?

ATTY. DE GUIA (Counsel-Respondent):

Our concern Your Honor is that if we peg it at 32 here, it is as if the Tribunal has actually ruled on the issue of 52 versus 32 which issue is before the Court of Appeals?

ATTY. CENIZA (Chairman):

Yeah.

ATTY. DE GUIA (Counsel-Respondent):

The issue is still pending before the Court of Appeals.

ATTY. CENIZA (Chairman):

I am a bit lost why we are addressing that issue here is they is already, that claim has been the subject of the proceedings of CIAC and still pending in the Court of Appeals. Dapat nahiwalay siguro yun. Palagay ko ha, dapat nahiwalay.

ATTY. CLEMENTE (Counsel-Respondent):

The problem Your Honor is that the claim is for final payment. So before you can arrive at the final amount due to ASEC Development, you will have to consider the 52 versus 32 as a deductive because that would mean, if you removed the 52, that means to say, our client will have to pay more.

ATTY. CENIZA (Chairman):

Okay. You have to discuss that in your memorandum. Okay. Please proceed with the cross examination. Who is your witness?[102]

The First Arbitral Award contained findings of fact that involved the same parties and contract as the one that would be subject of the Second Arbitral Award. Thus, even if it was pending appeal, the First Arbitral Award has become binding on the second arbitral tribunal.

One of the issues for resolution in the second arbitration case was the final payment due petitioner. To compute for the final payment, the deductive change orders and additive change orders must be determined. The issue in the first arbitration case involved a deductive change order regarding glass and aluminum works. Yet, when the second arbitration case commenced, the First Arbitral Award was still pending review before the Court of Appeals.

At first glance, it does appear that glass and aluminum works were not part of the Terms of Reference in the second arbitration case. However, the second case involved computing the final payment of all claims due petitioner. It would have been impossible to determine the final amount payable without

[102] *Rollo*, pp. 8415-8421.

the final deductive cost of the glass and aluminum works.

Courts should preserve and protect the process and structure of construction arbitration. The two arbitral tribunals are coequal bodies. Neither of them can overturn the other. Otherwise, parties may be encouraged to incessantly file requests for arbitration until they are able to get an award in their favor.

For these reasons, the First Arbitral Award's finding should be reinstated. Only ₱32,540,329.98 should have been deducted for glass and aluminum works. Respondent should still pay the differential amount of ₱19,000,000.00.

III

These other issues petitioner raises—whether the contract was validly terminated, whether the variation orders were proven, were respondent was in estoppel *in pais*, whether petitioner complied with its scope of works, and whether the retention amount should be released—were only addressed in the Second Arbitral Award, which we uphold. As held in *Fruehauf Electronics v. Technology Electronics*:[103]

> 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 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.
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> . . . .
>
> Whether or not the arbitral tribunal correctly passed upon the issues is irrelevant. Regardless of the amount of the sum involved in a case, a simple error of law remains a simple error of law. Courts are precluded from revising the award in a particular way, revisiting the tribunal's findings of fact or conclusions of law, or otherwise encroaching upon the independence of an arbitral tribunal. At the risk of redundancy, we emphasize Rule 19.10 of the Special ADR Rules promulgated by this Court *en banc*:
>
> > **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**

[103] 800 Phil. 721 (2016) [Per J. Brion, Second Division].

> **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**.
>
> In other words, simple errors of fact, of law, or of fact and law committed by the arbitral tribunal are not justiciable errors in this jurisdiction.[104] (Emphasis in the original)

Our ruling here will affect the computation of the adjusted contract price in the Second Arbitral Award, insofar as the deductible amount for the glass and aluminum works, as stated in the First Arbitral Award, is ₱32,540,329.98. Thus, this Court remands this case to the Construction Industry Arbitration Commission to recompute the parties' final claims.

WHEREFORE, the Petition is **PARTIALLY GRANTED**. The October 10, 2018 Decision and December 10, 2018 Resolution of the Court of Appeals in CA-G.R. SP Nos. 136270 and 142699 are **REVERSED and SET ASIDE.** The June 30, 2014 Arbitral Award in CIAC Case No. 07-2014 is **REINSTATED.** The October 5, 2015 Arbitral Award in CIAC Case No. 03-2015 is **PARTLY VACATED** insofar as it ruled on the amount of glass and aluminum works.

This case is **REMANDED** to the Construction Industry Arbitration Commission for a re-computation of the final award due to the parties.

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

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[104] Id. at 758–760.

WE CONCUR:

On official business
AMY C. LAZARO-JAVIER
Associate Justice

MARIO V. LOPEZ
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARVIC M.V.F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice