



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

**KAREN BALDOVINO CHUA,**  
Petitioner,

**G.R. No. 235894**

Present:

- versus -

**CAGUIOA, J., Chairperson,**  
**INTING,**  
**GAERLAN,**  
**DIMAAMPAO, and**  
**SINGH,\* JJ.**

**JOSE NOEL B. DE CASTRO,**  
Respondent.

Promulgated:

**February 5, 2024**

DECISION

**DIMAAMPAO, J.:**

This Petition for Review on *Certiorari*<sup>1</sup> impugns the Orders dated August 11, 2017<sup>2</sup> and November 17, 2017<sup>3</sup> of Branch 27 of the Regional Trial Court (RTC) of Bayombong, Nueva Vizcaya, which dismissed the civil case filed by Karen Baldovino Chua (petitioner) before it, and denied her Motion for Reconsideration<sup>4</sup> thereof, respectively, in Civil Case No. 7389.

In a Complaint<sup>5</sup> lodged before the RTC against Jose Noel B. De Castro (respondent) for rescission, breach of contract, and damages, petitioner averred that she and her husband engaged his services for the construction of a two-storey residential building. Owing to respondent's years of experience and the fact of him being the first cousin of petitioner's mother, no written

\* On official business.

<sup>1</sup> *Rollo*, pp. 3-16.

<sup>2</sup> *Id.* at 17-18. Signed by Judge Rogelio P. Corpuz.

<sup>3</sup> *Id.* at 19-21.

<sup>4</sup> *Id.* at 127-135.

<sup>5</sup> *Id.* at 22-36.

contract was executed between the parties.<sup>6</sup> Respondent prepared and proposed the building plans, designs, and material specifications, which petitioner and her husband acceded to.<sup>7</sup> They likewise provided all the funding respondent requested from them, which amounted to PHP 2,241,600.00 as of the institution of the complaint.<sup>8</sup> However, a month after petitioner and her family moved to the newly-constructed house, they noticed several structural and architectural defects such as leaking ceilings, flooding on the ground floor, cracks on the doors, and plumbing issues. The services of another foreman had to be engaged when respondent failed to resolve such defects.<sup>9</sup> The repairs done by the foreman to address the defects as well as the subsequent inspections conducted by a new engineer all revealed that respondent compromised on the work done and the materials he used.<sup>10</sup> It was also discovered that he deviated from the structural plan agreed upon.<sup>11</sup> The dispute was then referred to the Lupong Tagapamayapa of Barangay Quezon, Solano, Nueva Vizcaya.<sup>12</sup>

During the first hearing before the Lupong Tagapamayapa, respondent acknowledged the existence of the construction agreement and the receipt of the amount detailed by petitioner and her husband.<sup>13</sup> Despite several hearings, the parties failed to resolve their differences, impelling the Punong Barangay to issue a Certificate to File Action.<sup>14</sup> Afterwards, petitioner instituted her complaint.

On account of respondent's failure to submit any responsive pleading notwithstanding the summons served on him,<sup>15</sup> petitioner filed a Motion to Declare Defendant in Default.<sup>16</sup> She beseeched the RTC to proceed and render judgment based on the complaint.

In the first inveighed Order,<sup>17</sup> the RTC held that pursuant to Circular No. 103-2015 of the Office of the Court Administrator (OCA), the complaint had to be dismissed and referred to the Construction Industry Arbitration Committee (CIAC), the same being the tribunal with exclusive jurisdiction over construction disputes. The trial court held that the allegations in the complaint placed the controversy within the jurisdiction of the CIAC and as such, it was exercising its discretion to dismiss the case *motu proprio*.<sup>18</sup>

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<sup>6</sup> *Id.* at 23–24. Complaint.

<sup>7</sup> *Id.* at 24.

<sup>8</sup> *Id.* at 26.

<sup>9</sup> *Id.* at 27–28.

<sup>10</sup> *Id.* at 28–32.

<sup>11</sup> *Id.* at 33.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 40. Minutes of the Lupong Tagapamayapa December 7, 2016 Hearing.

<sup>14</sup> *Id.* at 121.

<sup>15</sup> *Id.* at 122. Sheriff's Return of Service.

<sup>16</sup> *Id.* at 123–125.

<sup>17</sup> *Id.* at 17–18.

<sup>18</sup> *Id.*

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Petitioner moved for a reconsideration of the order, which the RTC denied in the second oppugned Order.<sup>19</sup>

Through the present direct recourse before this Court on a pure question of law, petitioner argues that the RTC erred in dismissing her complaint for want of jurisdiction. She insists that under Executive Order (E.O.) No. 1008,<sup>20</sup> parties must agree to submit the dispute to the CIAC for voluntary arbitration before the tribunal can exercise its jurisdiction. In this instance, there was neither a construction contract with an arbitration clause nor a subsequent agreement from the parties to submit their case for arbitration.<sup>21</sup>

In the Court's Resolution<sup>22</sup> dated March 12, 2018, respondent was directed to file his comment on the Petition. After the lapse of the original period provided him, another Resolution<sup>23</sup> was issued reiterating the directive that he file his comment. Still and all, he deigned to comply with the said directive. Inevitably, on June 10, 2020, he was made to show cause why he should not be held in contempt for ignoring the Court's directives.<sup>24</sup> On June 16, 2021 after the Court had confirmed that its latest Resolution was indeed received by respondent's daughter on September 21, 2020,<sup>25</sup> but that no compliance was received from him, he was held in contempt and fined the sum of PHP 1000.00. Likewise, another reiteration was made for him to file his comment on the Petition.<sup>26</sup>

To date, respondent has neither paid the fine imposed upon him<sup>27</sup> nor filed his comment.

The sole issue for the Court to resolve is whether the RTC erred in dismissing petitioner's complaint for lack of jurisdiction.

### The Court's Ruling

At the outset, the Court resolves to **DISPENSE WITH** respondent's comment due to his repeated failure to file the same.

From a procedural standpoint, the Court affirms the remedy availed by petitioner *via* an appeal by *certiorari* under a Rule 45 petition directly filed

<sup>19</sup> *Id.* at 19–21. Dated November 17, 2017.

<sup>20</sup> Construction Industry Arbitration Law (1985).

<sup>21</sup> *Rollo*, pp. 8–10.

<sup>22</sup> *Id.* at 146.

<sup>23</sup> *Id.* at 147. Dated October 1, 2018.

<sup>24</sup> *Id.* at 150. The Notice of the Resolution was signed by Atty. Misael Domingo C. Battung III, Division Clerk of Court, Third Division.

<sup>25</sup> *Id.* at 154. Certification by the Philippine Postal Corporation.

<sup>26</sup> *Id.* at 158. Resolution dated June 16, 2021.

<sup>27</sup> *See* Certification dated September 15, 2022 from the Cash Collection & Disbursement Division – FMBO of the Supreme Court.

with the Court. Under Rule 41, Section 2(c), the appeal from a judgment of the RTC must be lodged with the Supreme Court by a Rule 45 petition “[i]n all cases where only questions of law are raised or involved[.]” Unquestionably, the issue of determining jurisdiction over a subject matter is a question of law,<sup>28</sup> which snugly falls within this Court’s appellate jurisdiction.

On the merits, the Court resolves to **GRANT** the Petition.

It is well-settled that jurisdiction over the subject matters is conferred by law and not “by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists.”<sup>29</sup>

The jurisdiction of the CIAC is laid down in Section 4 of E.O. No. 1008:

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....* (Emphasis supplied)

Unarguably, the foregoing section provides that when the dispute involves a construction agreement, the law vests jurisdiction with the CIAC so long as the “the parties agree to submit to voluntary arbitration[.]”<sup>30</sup> In fact, the mere incorporation of an arbitration clause in a construction contract is sufficient to vest the CIAC with jurisdiction.<sup>31</sup> The clause operates as the parties’ consent as required by the law, and may not be subjected to any condition or qualification.<sup>32</sup>

This Court has recognized the pivotal role that the CIAC plays in the swift settlement of construction controversies and has adopted policies to ensure that the adjudicative body is “empowered and enabled to fulfill its function as the professionally authoritative venue for settlement of construction disputes[.]”<sup>33</sup>

<sup>28</sup> See *Almazan v. Bacolod*, G.R. No. 227529, June 16, 2021 [Per J. Gaerlan, First Division].

<sup>29</sup> See *Velasquez v. Lisondra Land, Inc.*, 880 Phil. 184, 192–193 (2020) [Per J. Lopez, First Division].

<sup>30</sup> *Camp John Hay Development Corp. v. Charter Chemical and Coating Corp.*, 858 Phil. 970, 989 (2019) [Per J. Leonen, Third Division].

<sup>31</sup> See *Datem, Inc. v. Alphaland Makati Place, Inc.*, G.R. Nos. 242904–05, February 10, 2021 [Per J. Zalameda, First Division].

<sup>32</sup> *Id.*

<sup>33</sup> See *Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.*, G.R. Nos. 230112 & 230119, May 11, 2021 [Per J. Caguioa, *En Banc*].

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All the same, the basic requirements under the law to vest jurisdiction upon an adjudicative body must be complied with. The simple truth of the matter is that the parties did not agree to submit their dispute to arbitration. Nothing on record indicates respondent's acquiescence thereto, and petitioner herself has repeatedly rejected the notion.<sup>34</sup> Strikingly, there is also no arbitration clause from which the Court may infer the parties' consent to arbitrate as there was no written construction contract executed between them.<sup>35</sup>

The Court takes this opportunity to caution trial courts in overzealously applying OCA Circular No. 103-2015, and other Circulars of a similar nature, as it is not an excuse to ignore the letter of the law or established jurisprudence with regard to the proper jurisdiction of the RTC *vis-à-vis* the CIAC.

Plain as day, the RTC erred in dismissing petitioner's complaint and referring the case to the CIAC. Appropriately, the case should be remanded for an adjudication on the merits.

**ACCORDINGLY**, the Petition for Review on *Certiorari* is hereby **GRANTED**. The challenged Orders dated August 11, 2017 and November 17, 2017 of Branch 27 of the Regional Trial Court, Bayombong, Nueva Vizcaya in Civil Case No. 7389 are **SET ASIDE**. The case is remanded to the said court *a quo*, which is **DIRECTED** to resolve the case with dispatch.

The Clerk of Court is likewise **DIRECTED** to execute the fine amounting to PHP 1000 against respondent Jose Noel B. De Castro in accordance with Section 9, Rule 39 of the Rules of Court.

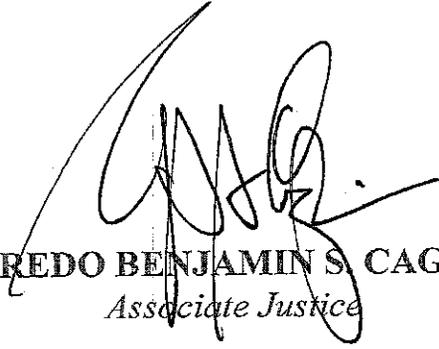
**SO ORDERED.**

  
**JAFAR B. DIMAAMPAO**  
*Associate Justice*

<sup>34</sup> See *rollo*, pp. 10 (Petition for Review on *Certiorari*) and 130 (Motion for Reconsideration to the RTC's Order dated August 11, 2017).

<sup>35</sup> *Id.* at 23-24.

**WE CONCUR:**



**ALFREDO BENJAMIN S. CAGUIOA**  
*Associate Justice*



**HENRI JEAN PAUL B. INTING**  
*Associate Justice*

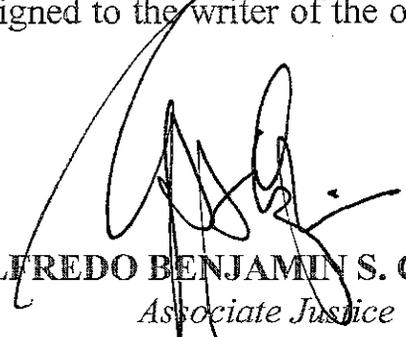


**SAMUEL H. GAERLAN**  
*Associate Justice*

*On official business*  
**MARIA FILOMENA D. SINGH**  
*Associate Justice*

**ATTESTATION**

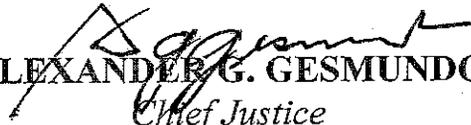
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ALFREDO BENJAMIN S. CAGUIOA**  
*Associate Justice*  
*Chairperson, Third Division*

### CERTIFICATION

Pursuant to Article VIII, Section 13 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 this Court.

  
ALEXANDER G. GESMUNDO  
*Chief Justice*