Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated **February 13, 2023**, *which reads as follows:*

G.R. No. 263531 – MENLO RENEWABLE ENERGY CORPORATION, *Petitioner,* **v. EDWARDS MARCS PHILIPPINES, INC.,** *Respondent.*

The Court resolves to:

(1) **GRANT** petitioner's motion for an extension of fifteen (15) days from the expiration of the reglementary period within which to file a petition for review on *certiorari*; and

(2) **INFORM** petitioner that its authorized representative may claim from the Cash Disbursement and Collection Division of this Court the excess payment of the prescribed legal fees in the amount of PHP 1,300.00 under O.R. No. 347281 dated October 28, 2022.

RESOLUTION

This is a Petition for Review on *Certiorari*[1] under Rule 45 with Prayer for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Final Award,[2] dated September 19, 2022, of the Construction Industry Arbitration Commission (**CIAC**), in CIAC Case No. 26-2022. In the assailed CIAC Final Award, the arbitral tribunal found Menlo Renewable Energy Corporation (**MREN**) liable for a total of PHP 14,122,803.03 to Edwards Marcs Philippines, Inc. (**EMPI**). Thus, MREN prays that this Court set aside the Final Award and modify the same by ruling in favor of MREN.

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1 *Rollo*, pp. 9-51.

2 *Id.* at 57-68. Issued by the CIAC Arbitral Tribunal with Chairperson Custodio O. Parlade and Members Leandro A. Conti and Rodolfo R. Peñalosa.

The Petition must be denied.

The Petition raises questions of fact that this Court cannot entertain in a petition for review on *certiorari* concerning an award rendered by the CIAC. Given the limited scope of judicial review of arbitral awards, the findings of fact of the CIAC are binding even on this Court and may not be disturbed save for exceptional circumstances, hinged on very limited grounds – that the arbitral tribunal has been compromised or that it has committed unconstitutional or illegal acts in the conduct of the arbitration – which are beyond the usual exceptions allowed by the Court. Even when these grounds exist, challenges to the CIAC's factual findings should be lodged with the CA *via* a petition for *certiorari* under Rule 65 and not with this Court.

In *Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.* ***(Global)***,[3] the Court, through the Honorable Associate Justice Alfredo Benjamin Caguioa, demarcated once and for all the extent of judicial review with respect to awards issued by the CIAC. The Court laid down the following rules:

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

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[3] G.R. Nos. 230112 & 230119, May 11, 2021.

> 3. Under no other circumstances other than the limited grounds provided above may parties appeal to the CA a CIAC arbitral award.[4]

Here, MREN pursued the remedy of appealing the CIAC Final Award to this Court *via* a Petition for Review on *Certiorari*. In its Petition, MREN acknowledged that their appeal raises questions of fact, but tried to justify the resort to this Court arguing that the rule limiting this Court's jurisdiction to questions of law is not absolute but admits of certain exceptions. MREN relied on *Spouses Miano v. Manila Electric Company*,[5] wherein the Court reiterated these exceptions:

> [T]he general rule for petitions filed under Rule 45 admits exceptions. *Medina v. Mayor Asistio, Jr.* lists down the recognized exceptions:
>
> (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.
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> These exceptions similarly apply in petitions for review filed before this court involving civil, labor, tax, or criminal cases.[6]

MREN contends that the award is attended by grave abuse of discretion and is based on a misapprehension of facts. However, these grounds cited by MREN do not justify a deviation from the general rule, or this Court's review of the evidence which has already been thoroughly considered by the CIAC.

Even prior to *Global*, this Court has already ruled that the usual exceptions to the scope of this Court's review in Rule 45 petitions do not prevail when what is under scrutiny is a final award issued by the CIAC. The restriction on the Court's review of questions of fact is more stringently applied in such cases. In *CE Construction Corporation v. Araneta Center, Inc.*,[7] the Court explained:

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4 *Id.*
5 800 Phil. 118 (2016).
6 *Id.* at 123. Citations omitted.
7 816 Phil. 221 (2017).

> In addressing an iniquitous predicament of a contractor that actually renders services but remains inadequately compensated, arbitral 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.**[8]

The rationale for this lies in the fact that:

> **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."[9]

Thus, courts ought to yield to the CIAC's findings, not just because of the need to settle disputes in the field of construction with alacrity, but also out of regard to the subject matter expertise of its arbitrators which span highly technical and specialized disciplines beyond the field of law.

The grounds raised by MREN also bring to mind the case of *Hi-Precision Steel Center, Inc. v. Lim Kim Steel Builders, Inc.*,[10] where the Court held that general averments of misapprehension of facts and grave abuse of discretion do not automatically warrant an incursion by the Court into the factual findings of the CIAC.

> 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

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8 *Id.* at 229. Emphasis supplied.
9 *Id.* at 253. Emphasis supplied and citations omitted.
10 298-A Phil. 361 (1993).

> 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.[11]

Assuming that the averments in the Petition fall within the category of errors resulting from the aforestated grounds, the Court must still exercise restraint in view of the Court's directives in *Global*.

While this Court will not review the facts in this case anew, a perusal of the Final Award and the submissions of MREN does not tilt the scales in its favor. Clearly, the controversy stemmed from MREN's undertaking of the Project without having first secured the funding for the same. This resulted in its failure to remit the 15% advance payment to EMPI timely, and subsequently, its failure to pay the first billing in November 2019, as agreed by the parties. It is uncontroverted that apart from the PHP 4,403,559.00, representing the 15% advance payment belatedly remitted, and the PHP 4,000,000.00, paid in October 2019, EMPI has yet to be fully paid.

Contrary to the assertion of MREN that the award is tantamount to unjust enrichment, the arbitrators clearly specified that the basis for the award is the value of the work performed by EMPI, which remained unpaid at the time of the arbitration.[12]

At the beginning of their transaction, both MREN and EMPI agreed to the submission of issues and controversies arising out of the Project to arbitration under the CIAC. In their Memorandum of Agreement, the parties agreed in no uncertain terms that "[t]he arbitration award is final and binding between the parties."[13] Yet despite this initial agreement to accept any decision rendered by the CIAC as final, MREN now questions the unfavorable outcome. Absent a clear showing of the stringent exceptions that will compel a review of CIAC's factual findings, this double-dealing cannot be countenanced.

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11 *Id.* at 373-374. Emphasis supplied.
12 *Rollo*, p. 64.
13 *Id.* at 129.

The Court has already determined that the administration of justice is better and more effectively served by abstaining from relitigating facts which have already been reviewed by the CIAC, an arbitral tribunal that is best suited – being uninhibited by formalities of procedure and equipped with the pertinent expertise–to comprehensively and authoritatively review the same.

In view of the foregoing, the Court has no other recourse but to dismiss the Petition. The TRO/WPI prayed for by MREN is likewise unavailing.

WHEREFORE, the Petition for Review on *Certiorari* with Prayer for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction filed by Menlo Renewable Energy Corporation is **DENIED**. The Final Award, dated September 19, 2022, of the Construction Industry Arbitration Commission in CIAC CASE No. 26-2022 is **AFFIRMED**.

SO ORDERED.

By authority of the Court:

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