



Republic of the Philippines
Supreme Court
Baguio City

THIRD DIVISION

GRAND EXPLOIT BUILDER
DEVELOPMENT, INC.,

Petitioner,

G.R. No. 267541

Present:

- versus -

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

HOEGAARDEN REALTY
CORPORATION,

Respondent.

Promulgated:

APR 02 2025

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DECISION

GAERLAN, J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court filed by Grand Exploit Builder Development Inc. (GEBDI), assailing the Decision² dated June 7, 2023 of the Court of Appeals (CA) in CA-G.R. SP No. 177813. The CA vacated and voided the Final Award³ dated February 27, 2023 of the Construction Industry Arbitration Commission (CIAC).

* On leave.

¹ *Rollo* (vol. 1), pp. 3–73.

² *Id.* at 75–118. Penned by Associate Justice Marlene Gonzales-Sison and concurred in by Associate Justices Roberto P. Quiroz and Maximo M. De Leon of the Special Seventh Division, Court of Appeals, Manila.

³ *Rollo*, (Vol. 2), pp. 680–737.

The Facts

GEBDI executed three Construction Contracts with Hoegaarden Realty Corporation (Hoegaarden) for the construction of the Hokka I, Hokka II, and Hokka III Projects.

Under the *First Construction Contract*⁴ dated April 4, 2019, Hoegaarden engaged the services of GEBDI to construct a 27-storey warehouse building, called the Hokka I Project, at 442-442 Tomas Pinpin Street, Binondo Manila, for a total sum of PHP 315,534,000.00. Meanwhile, under the *Second Construction Contract*⁵ dated November 2, 2019, Hoegaarden engaged the services of GEBDI to construct a 28-storey warehouse building, called the Hokka II Project, at 100 Muelle De Binondo Barcelona Street corner San Nicolas Street, Binondo Manila, for a total sum of PHP 372,531,000.00. Finally, under the *Third Construction Contract*⁶ dated July 9, 2020, Hoegaarden engaged the services of GEBDI to construct a 41-storey condominium building, called the Hokka III Project, at 258 Juan Luna Street, Barangay 289 Zone 27, Binondo Manila, for a total sum of PHP 822,166,100.00.

All three Construction Contracts required Hoegaarden to pay a down payment amounting to 20% of the contract price.⁷ All three Construction Contracts, likewise, contain provisions stating that in case of GEBDI's default, Hoegaarden may, after giving a 14-day notice, enter upon the site and expel GEBDI therefrom.⁸ Similarly, all three Construction Contracts provide that GEBDI shall obtain any and all permits, clearances, and approvals in relation to the construction of the Hokka I, Hokka II, and Hokka III Projects.⁹

Moreover, all three Construction Contracts contain an Arbitration Clause:

ARTICLE XIV ARBITRATION

14.1 Any dispute arising in the course of the execution and performance of this Agreement by reason of difference in interpretation of the Contract Documents set forth in Article 1 which the OWNER and CONTRACTOR are unable to resolve amicably between themselves shall be submitted by either party to a board of arbitrators composed of three (3) members chosen as follows: one (1) member shall be chosen by the

⁴ *Rollo*, (vol 1), pp. 148–161.

⁵ *Id.* at 163–179.

⁶ *Id.* at 180–196.

⁷ *Id.* at 153, 169, & 185.

⁸ *Id.* at 154–155, 170–172, & 186–188.

⁹ *Id.* at 158, 174, & 190.

*CONTRACTOR and one (1) member shall be chosen by the OWNER. The said two (2) members, in turn, shall select a third member acceptable to both of them.*¹⁰

Sometime in July 2022, GEBDI discontinued with the construction of the Hokka I, Hokka II and Hokka III Projects, claiming that Hoegaarden owed it PHP 182,043,783.23.¹¹ This prompted Hoegaarden to send written Demand Letters dated August 2, 2022¹² and August 19, 2022¹³ to GEBDI. When its demands remained unheeded, Hoegaarden filed a case before the Regional Trial Court (RTC) for rescission of contract, with prayer for injunctive relief. However, shortly thereafter, Hoegaarden withdrew its case before the RTC¹⁴ and filed a Request for Arbitration¹⁵ before the CIAC.

Subsequently, Hoegaarden filed its Complaint¹⁶ before the CIAC, alleging that it had overpaid GEBDI under the Construction Contracts. Hoegaarden also claimed that GEBDI is guilty of delay, and as such, Hoegaarden is entitled to the payment of damages. Thus, Hoegaarden prayed that the CIAC Arbitral Tribunal:

- (a) ORDER an ACCOUNTING as to the payments already made by the Claimant *vis-à-vis* the progress billings and the percentage of completion;
 - i. And after accounting, that the Respondent RETURN the excess payment in the total amount of Four Hundred Forty-Five Million Three Hundred Seventy-Eight Thousand Four Hundred and Ninety-Two Pesos and 76/100 ([PHP] 445,378,492.76).
- (b) ORDER the Respondents to PAY the Claimant:
 - 1) Actual Damages, the amount thereof is dependent on the excess cost necessary in order to finish the works on all three towers and in contracting with a third-party contractor to continue the project;
 - 2) One Million Pesos ([PHP] 1,000,000.00) as and by way of moral damages;
 - 3) One Million Pesos ([PHP] 1,000,000.00) as and by way of exemplary damages; and
 - 4) One Million Pesos ([PHP] 1,000,000.00) as and by way of attorney's fees and costs of arbitration.¹⁷

¹⁰ *Id.* at 160, 176–177, & 193.

¹¹ *Id.* at 131.

¹² *Id.* at 381–382.

¹³ *Id.* at 392–393.

¹⁴ *Id.* at 142–143.

¹⁵ *Id.* at 123.

¹⁶ *Id.* at 124–141.

¹⁷ *Id.* at 138–139.

In response, GEBDI argued that: (1) any supposed delay in securing the business permits was due to Hoegaarden's belated down payment;¹⁸ (2) Hoegaarden did not make any overpayment;¹⁹ (3) the Hokka I and Hokka II Projects are almost complete, as evinced by the report²⁰ made by the City Building Official of Manila, secured by Hoegaarden itself;²¹ and (4) Hoegaarden acted in bad faith when it rescinded the Construction Contracts.²² Additionally, GEBDI made a counterclaim in the amount of PHP 218,058,077.24, reflecting Hoegaarden's unpaid obligations under the Construction Contracts, and the additional works done resulting from Hoegaarden's revisions.²³

On September 28, 2022, GEBDI filed an Amended Answer with Prayer for Interim Relief. However, in its Order²⁴ dated December 1, 2022, the CIAC Arbitral Tribunal did not accept the same, and ordered that it be stricken out of the records:

The Tribunal acknowledges receipt of the 28 November 2022 of Respondent's "Amended Answer with Prayer for Interim Relief."

Its filing is most irregular. The Tribunal orders it stricken out. The Terms of Reference has been approved and signed by the Parties and the period for changes in its provisions has elapsed; thus, no amendments to it are allowed. . .²⁵

Subsequently, GEBDI filed its Motion for Reconsideration of the Order dated December 1, 2022,²⁶ but the same was denied by the CIAC Arbitral Tribunal in its December 6, 2022 Order.²⁷

Hearings were then held, and the parties were able to present their respective witnesses. Both Hoegaarden and GEBDI were also able to submit their corresponding pieces of evidence in support of their claims. Notably, during the hearings of the case, the CIAC Arbitral Tribunal recognized the value of the testimony of one of Hoegaarden's witnesses, Engr. Monarch G. Navarro (Engr. Navarro). As such, the CIAC Arbitral Tribunal ordered Hoegaarden to submit to the CIAC Engr. Navarro's reports before December 28, 2022.²⁸ The CIAC Arbitral Tribunal then reiterated its directive for

¹⁸ *Id.* at 405.

¹⁹ *Id.*

²⁰ *Id.* at 397–398.

²¹ *Id.* at 416.

²² *Id.* at 417

²³ *Id.* at 421.

²⁴ *Id.* at 436–438.

²⁵ *Id.* at 436.

²⁶ *Id.* at 439–446.

²⁷ *Id.* at 448

²⁸ *Id.* at 489–490.

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Hoegaarden to submit the reports of Engr. Navarro in its Order²⁹ dated December 20, 2022.

During the hearing on January 4, 2023, when Hoegaarden was presenting Engr. Navarro, the CIAC Arbitral Tribunal again required Hoegaarden to submit Engr. Navarro’s report and his calculation of the percentage of construction work done in the Hokka I, Hokka II, and Hokka III Projects.³⁰

The next day, Hoegaarden complied with the CIAC Arbitral Tribunal’s directive, and submitted the calculations *via* e-mail.³¹ These calculations then became the subject of an exhaustive clarificatory questioning by Engr. Ronaldo S. Ison, one of the members of the CIAC Arbitral Tribunal.³²

On January 10, 2023, Hoegaarden filed a Compliance, attaching therewith certain documents. However, in its Order³³ dated January 17, [2023], the CIAC Arbitral Tribunal stated that:

Claimant misleads the Tribunal in submitting new evidence in the guise of “Compliance.” There is no Order of the Tribunal for which this new evidence is submitted. The period for submitting new evidence is now closed. In fact, Parties are now required to submit their respective Offers of Evidence. To allow such new evidence of Claimant is not just irregular; it will deny Respondent its most basic right of cross-examination. In short, it will violate Respondent’s right to due process of law. For this reason, Claimant’s so-called “Compliance” is hereby ordered expunged from the records of this Case.³⁴

After Hoegaarden and GEBDI’s formal offer of evidence, the CIAC Arbitral Tribunal finally issued the Final Award³⁵ on February 27, 2023, ruling in favor of GEBDI, as follows:

X. FINAL AWARD

In summation, the Arbitral Tribunal finds that Respondent incurred the following compensatory damages.

For construction works in 3 buildings	[PHP] 35,522,232.45
For Changes covered by post-dated check	66,557,087.00
For appropriation of the Contractor’s property	292,482,857.00

²⁹ *Id.* at 476–477.
³⁰ *Id.* at 89–90.
³¹ *Rollo* (vol. 3), p. 978.
³² *Id.* at 1135–1170.
³³ *Rollo* (vol. 2), pp. 659–660.
³⁴ *Id.* at 659.
³⁵ *Id.* at 680–737.

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For interest payment re postdated checks

9,841,479.82
[PHP] 404,403,656.27³⁶

(Emphasis in the original)

In ruling in favor of GEBDI, the CIAC Arbitral Tribunal held, among others, that: **first**, GEBDI and Hoegaarden are equally guilty of delay in securing the required permits because Hoegaarden failed to immediately pay the down payment for the Hokka I, Hokka II, and Hokka III Projects;³⁷ **second**, Hoegaarden failed to prove that it incurred any damage because of GEBDI's failure to secure a performance bond;³⁸ **third**, GEBDI is entitled to the payment of PHP 35,522,232.45 for the construction works completed in the Hokka I, Hokka II, and Hokka III Projects, with interest;³⁹ **fourth**, there is no evidence of undue overpayment in GEBDI's progress billings;⁴⁰ and **fifth**, Hoegaarden is liable for its appropriation of GEBDI's property at the construction site, which is valued at the total amount of PHP 292,482,857.00.⁴¹

Aggrieved by the Final Award, Hoegaarden elevated its case before the CA and filed its Petition for *Certiorari*⁴² under Rule 65 of the Rules of Court, with prayer for the issuance of a Temporary Restraining Order and/or Preliminary Injunction. In its Petition for *Certiorari*, Hoegaarden questioned the integrity of the CIAC Arbitral Tribunal. Particularly, Hoegaarden claimed that the CIAC Arbitral Tribunal demonstrated evident partiality in favor of GEBDI when it: **one**, refused to accept and admit Hoegaarden's evidence during the arbitral proceedings; **two**, showed leniency in allowing GEBDI to present affidavits of its witnesses; and **three**, awarded GEBDI the amount of PHP 292,482,857.00 for the appropriated tools, machinery, and equipment. Moreover, Hoegaarden challenged the factual determinations of the CIAC Arbitral Tribunal with respect to its liabilities.⁴³

On April 13, 2023, GEBDI filed its Comment⁴⁴ to Hoegaarden's Petition for *Certiorari*. In its Comment, GEBDI prayed that the Petition for *Certiorari* be denied, and contended that the issues raised in the Petition for *Certiorari* are beyond the scope of the CA's judicial review.⁴⁵

Thereafter, on June 7, 2023, the CA rendered its Decision, the dispositive portion of which reads:

³⁶ *Id.* at 736.

³⁷ *Id.* at 701.

³⁸ *Id.* at 702.

³⁹ *Id.* at 705.

⁴⁰ *Id.* at 729.

⁴¹ *Id.* at 734.

⁴² *Id.* at 738–858.

⁴³ *Id.* at 763–766.

⁴⁴ *Id.* at 865–933.

⁴⁵ *Id.* at 925.

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WHEREFORE, premises considered, the Court **GRANTS** the Petition. The Final Award in CIAC Case No. 54-2022 is hereby **VACATED** and **VOIDED** on the ground of evident partiality.

Petitioner Hoegaarden is **DEEMED** to have paid the amounts below for the downpayment, billings on the *original contracts*, and other charges and fees, and entitled to the following deductibles, as discussed in Our Decision:

- a. **For HOKKA I, [PHP] 289,667, 201.40**, constituting payments on the downpayment and billings made, from 17 September 2019 to 17 July 2021, including an additional floor (Billing dated 27 May 2022) and additional electrical items (the “Meralco” billing) and **entitled to a deductible of [PHP] 19, 072, 226.64;**
- b. **For Hokka II, [PHP] 304,722,111.10**, constituting payments on the downpayment and billings from 19 January 2020 to 11 June 2022, and **entitled to a deductible amount of [PHP] 33,012,979.00;**
- c. **For Hokka III, [PHP] 562,478,797.21**, for the downpayment, billings, and additional items; and
- d. **[PHP] 122,576,934.00**, advanced by Hoegaarden for permit fees, interest, and other miscellaneous fees, arising from the parties’ MOA.

Meanwhile, We remand the issues below to the CIAC for, for *rehearing by arbitrators that the public respondents here*, including due proceedings thereon, i.e., the presentation of witnesses, their examination, cross-examination; the offer of an admission of evidence, subject to the discretion of the hearing arbitrators; and resolution, after considering all the parties’ evidence, with due regard to the freedom from technicalities the CIAC Rules of Procedure declares. The remand encompasses only the following unresolved matters, which properly lie within the primary expertise of the CIAC:

- a. Issue No. 3, or “What is the percentage of the Work completed by the Respondent in Contract No. 1, Contract No. 2, and Contract No. 3 and how much is the value of each of such work accomplished;”
- b. Issue No. 4, or “Whether Claimant overpaid the Respondent for work accomplishment under each Contract; if so, how much overpayment was made for Contract No. 1, Contract No. 2, and Contract No. 3?”
- c. Issue No. 4(a), or “Is Claimant entitled to the return of such excess payments for Contract No. 1, Contract No. 2, and Contract No. 3?”
- d. Issue No. 4(b) or “On the other hand, is Respondent entitled to unpaid billings for construction works done for Contract No. 1, Contract No. 2, and Contract No. 3,” **but strictly** with respect only

to the issue of whether or not there has been unpaid additional work, i.e., contract changes and deviations from the original designs;

- e. Issue No. 5, or “Were there authorized changes in the Work under each Contract; if so, what are these changes in Contract No. 1, Contract No. 2, and Contract No. 3;” and
- f. How the costs of arbitration shall be distributed between the parties.

As stressed in Our Decision, as the CIAC hears the case on remand, the CIAC must keep in mind that with Our disposition here, Hoegaarden has already paid in full the downpayment for each project. As well as the billings for each one (arising from the original contract/design). The CIAC must also consider the amounts We have deemed paid for each project, in the event that it finds that there has been an overpayment or if the amounts paid are disproportionate to the percentage of completion, or if additional payment for revisions/change orders are due the private respondent. The CIAC is again reminded of the CIAC Rules of Procedure’s provisions proscribing against pure technicality and encouraging the consideration of all the parties’ evidence, except when they are irrelevant.

Meanwhile, the following are **DENIED**:

- a. Grand Exploit’s counterclaim for actual damages for unpaid billings of [PHP] 218,058,077.24, for insufficiency of evidence.
- b. Grand Exploit’s counterclaims for the return of the tools, machinery, equipment, and materials in its Answer, or the payment of their value amounting to [PHP] 292,482,857.00, and for interest payment amounting to [PHP] 9,841,479.82, likewise, for insufficiency of evidence; and
- c. Both parties’ prayer for moral and exemplary damages and attorney’s fees.

The issue on whether or not a writ of preliminary injunction is warranted is hereby mooted as a result of this Decision vacating the Award.

SO ORDERED.⁴⁶ (Emphasis in the original)

In granting Hoegaarden’s Petition for *Certiorari*, the CA held that the CIAC acted with evident partiality that resulted in Hoegaarden’s deprivation to a fair and objective hearing.⁴⁷ In particular, the CA cited certain instances when the CIAC showed bias in favor of GEBDI, namely: (1) the CIAC Arbitral Tribunal’s preventing Hoegaarden from presenting evidence which would substantiate its claim on the completion of the Hokka I, Hokka II, and Hokka

⁴⁶ *Rollo* (vol 1), pp. 115–117.

⁴⁷ *Id.* at 88–89.

III Projects;⁴⁸ (2) the CIAC Arbitral Tribunal's leniency in allowing GEBDI to present affidavits of its witnesses;⁴⁹ and (3) the CIAC Arbitral Tribunal's awarding of the amount of PHP 292,482,857.00 to GEBDI for the appropriated tools, machinery, and equipment.⁵⁰

Pertinently, apart from the CA's finding of the existence of evident partiality, the CA, likewise, found that GEBDI is guilty of delay in its obligation to secure permits for the construction of the Hokka I, Hokka II, and Hokka III Projects.⁵¹ The CA also found that Hoegaarden had already paid certain amounts to GEBDI, and are thus, entitled to certain deductions. In addition, the CA held that the directive to pay: (1) the amount of PHP 292,482,857.00 for the appropriated tools, machinery, and equipment, (2) unpaid billings, and (3) interest, is unwarranted for insufficiency of evidence.⁵²

Petition before the Court

On June 26, 2023, GEBDI filed its Petition for Review on *Certiorari* before the Court, arguing as follows:

- A. THAT THE HONORABLE COURT OF APPEALS COMMITTED PATENT ERROR IN ITS CONCLUSION THAT THE FINAL AWARD DATED FEBRUARY 27, 2023 RENDERED BY THE HONORABLE ARBITRAL TRIBUNAL OF CIAC IS TAINTED WITH EVIDENT PARTIALITY IN FAVOR OF PETITIONER GRAND EXPLOIT AMOUNTING TO GRAVE ABUSE OF DISCRETION IN EXCESS OF JURISDICTION.**
- B. THAT THE COURT OF APPEALS' DECISION DATED JUNE 7, 2023 COMMITTED PATENT ERROR IN REVIEWING THE FACTUAL CIRCUMSTANCE SURROUNDING THE CONTROVERSY AND PASSING UPON THE PIECES OF EVIDENCE SUBMITTING IN THE ARBITRATION PROCEEDINGS IN CONTRAVENTION OF LAW AND ESTABLISHED JURISPRUDENCE.⁵³ (Emphasis in the original)**

In support of its arguments, GEBDI averred that the CA's finding that it acted in evident partiality is devoid of any legal and factual basis. Moreover, GEBDI contended that the CA went beyond its mandate of limited factual review when it resolved to vacate the CIAC Arbitral Tribunal's Final Award.

⁴⁸ *Id.* at 89–92.

⁴⁹ *Id.* at 93.

⁵⁰ *Id.* at 94.

⁵¹ *Id.* at 95–100.

⁵² *Id.* at 103–111.

⁵³ *Id.* at 27.

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Meanwhile, on March 27, 2024, Hoegaarden filed its Comment⁵⁴ to GEBDI's Petition for Review on *Certiorari*, asking the Court to deny the Petition because the CA did not err in reviewing the factual circumstances of the case.⁵⁵

Issue

The main issue to be resolved in this case is whether the CA erred when it ruled that the CIAC Arbitral Tribunal acted with evident partiality, and when it resolved to vacate the Final Award.

The Court's Ruling

The Court **grants** the Petition.

In the *En Banc* case of *Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.*⁵⁶ the Court discussed the power of judicial review in relation to CIAC Arbitral Awards and outlined the history of laws and jurisprudence governing the relationship between the courts and the CIAC. *Global Medical* also clarified the limited instances when parties may seek a factual review of the CIAC's Arbitral Awards and provided the following guidelines as regards the available judicial remedies in questioning the CIAC's Arbitral Awards:

For the avoidance of doubt, the Court now holds that the judicial review of CIAC arbitral awards takes either of two remedial routes, depending on the issue being raised. *First*, if the issue raised is a pure question of law, the petition should be filed directly and exclusively with the Court, notwithstanding Rule 43. ***Second, in cases where the petition takes issue on the integrity of the arbitral tribunal and its decision, (i.e., allegations of corruption, fraud, misconduct, evident partiality, incapacity or excess of powers within the tribunal), or the unconstitutionality or invalidity of its actions in the arbitral process then the parties can and should appeal the CIAC award before the CA under Rule 65, on grounds of grave abuse of discretion amounting to lack or excess in jurisdiction, where a factual review may then be had by the CA.***

....

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:

⁵⁴ *Rollo* (vol. 3), pp. 1211–1240.

⁵⁵ *Id.* at 1223.

⁵⁶ 902 Phil. 935 (2021) [Per J. Caguioa, *En Banc*].

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.
2. For future appeals from CIAC arbitral awards that will be filed after the promulgation of this Decision:
 - 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 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.⁵⁷ (Emphasis supplied)

Hence, the CA may only conduct a factual review of the CIAC's Final Award if it is sufficiently shown that the CIAC Arbitral Tribunal's integrity is compromised, or if the CIAC Arbitral Tribunal committed unconstitutional or illegal acts. In other words, there are very stringent and limited instances when the CA may conduct a factual review of the CIAC's Final Award. This is grounded on the principle that "courts are called to exercise judicial restraint and deference when asked to review the findings of arbitral tribunals, to avoid defeating the purpose of arbitration."⁵⁸

⁵⁷ *Id.* at 1004–1007.

⁵⁸ *Metro Iloilo Water District v. Flo Water Resources [Iloilo], Inc.*, 913 Phil. 472, 482 (2021) [Per J. Zalameda, Third Division].

In this case, the CA conducted a factual review of the CIAC Arbitral Tribunal's Final Award because it found that the CIAC Arbitral Tribunal committed certain acts showing evident partiality in favor of GEBDI. However, to the Court's mind, the CA erred and went beyond its judicial mandate in conducting a factual review of the CIAC Arbitral Tribunal's Final Award.

A judicious scrutiny of all the submissions before the Court reveals that the CIAC Arbitral Tribunal's integrity was not compromised when it rendered its Final Award. Contrary to the findings of the CA, and the assertions of Hoegaarden, the CIAC Arbitral Tribunal did not manifest any bias in favor of GEBDI.

First, as shown by the records, the CIAC did not prevent Hoegaarden from submitting evidence and documents to prove its claim with respect to its calculations on the percentage of completion of the Hokka I, Hokka II, and Hokka III Projects. On the contrary, Hoegaarden's own witness, Engr. Navarro, even stated that Hoegaarden's counsel sent the documents to the CIAC Arbitral Tribunal and to GEBDI during the hearing scheduled on January 4, 2023. Even more, such documents became the subject of an exhaustive clarificatory questioning by one of the members of the CIAC Arbitral Tribunal.

While it is true that the CIAC issued its January 17, [2023] Order which did not accept Hoegaarden's Compliance with attached documents, it must be emphasized that at that time, that could no longer present any additional evidence because both parties were already required to submit their Formal Offers of Evidence. Thus, it is utterly false that the CIAC Arbitral Tribunal prevented Hoegaarden from submitting documents to support its claim.

Second, the CIAC did not favor GEBDI when it accepted the affidavits of GEBDI's witnesses. The records of the case reveal that GEBDI merely followed the CIAC Arbitral Tribunal's directive when it submitted the documents required. Notably, the CIAC Arbitral Tribunal afforded Hoegaarden the same opportunities and gave Hoegaarden several chances to submit the documents it required.

Moreover, the CIAC Arbitral Tribunal did not show leniency to GEBDI; instead, it demonstrated the same sternness to GEBDI when it did not follow proper procedure during the CIAC proceedings. To recall, the CIAC Arbitral Tribunal ordered that GEBDI's Amended Answer be stricken from the records because it was belatedly filed.

Third, the CIAC Arbitral Tribunal's order for Hoegaarden to pay the amount of PHP 292,482,857.00 for the appropriated tools, machinery, and

equipment is not without legal basis. A plain reading of the submissions before the Court shows that Hoegaarden admitted that it appropriated GEBDI's tools, equipment and machinery. In fact, as Hoegaarden forcibly took control and possession of GEBDI's tools, equipment and machinery, GEBDI was constrained to send a Demand Letter to Hoegaarden, which reads in pertinent part:

1. On behalf of our client, Grand Exploit Builder Development, Inc., we are writing you in connection with the unlawful taking of the equipment and materials owned by our client particularly enumerated in the attached lists. . .
2. As you already have misappropriated the said properties for your own use and benefit, this serves as a FINAL DEMAND on you to return or surrender the same to our client immediately upon receipt hereof. Should you fail to comply with this demand, we will be constrained to take the appropriate legal action, civil or criminal against you and hold you liable for cost of suit, damages and attorney's fees.


...⁵⁹

Clearly, therefore, the CIAC Arbitral Tribunal's Final Award directing Hoegaarden to pay the foregoing sum is not tainted with any evident partiality because it finds basis in both fact and law.

All in all, the Court agrees with GEBDI's contentions that the CA committed an egregious error when it conducted a factual review of the CIAC Arbitral Tribunal's Award and resolved to vacate and set it aside.

ACCORDINGLY, the Petition for Review on *Certiorari* dated June 26, 2023 filed by Grand Exploit Builder Development Inc. is **GRANTED**. The Decision dated June 7, 2023 Court of Appeals in CA-G.R. SP No. 177813 is **REVERSED** and **SET ASIDE** and the Final Award dated February 27, 2023 of the Construction Industry Arbitration Commission is **REINSTATED**.

SO ORDERED.


SAMUEL H. GAERLAN
Associate Justice

⁵⁹ *Rollo* (vo. 1), p. 52.

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WE CONCUR:



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice

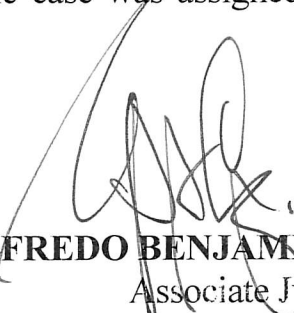


JAPAR B. DIMAAMPAO
Associate Justice

(On leave)
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 the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice