Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

GS YUASA CORPORATION (GYC) and GS YUASA INTERNATIONAL LTD. (GYIL), Petitioners,	**G.R. No. 252787**
	Present:
	CAGUIOA, *Chairperson*, INTING, GAERLAN, DIMAAMPAO, and SINGH,* *JJ.*
- versus -	
	Promulgated:
RAMCAR, INC., Respondent.	MAY 07 2025 MisDCBatt

x---x

D E C I S I O N

INTING, *J*.:

Before the Court is a Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision[2] dated August 29, 2019, and the Resolution[3] dated July 8, 2020, of the Court of Appeals (CA) in CA-G.R. SP No. 153906. The CA, *inter alia*,

---

* On leave.

1 *Rollo*, pp. 16–70.

2 *Id.* at 72–96. Penned by Associate Justice Perpetua Susana T. Atal-Paño and concurred in by Associate Justices Mariflor P. Punzalan Castillo and Myra V. Garcia-Fernandez of the Fifth Division, Court of Appeals, Manila.

3 *Id.* at 98–101. Penned by Associate Justice Perpetua Susana T. Atal-Paño and concurred in by Associate Justices Mariflor P. Punzalan Castillo and Myra V. Garcia-Fernandez of the Former Fifth Division, Court of Appeals, Manila.

affirmed the Decision[4] dated March 6, 2015, rendered by Branch 157, Regional Trial Court of Pasig City (RTC) in Spec. Proc. Case No. 12677 (PSG) which granted respondent Ramcar, Inc.'s (Ramcar) Petition to Vacate and/or Correct Domestic Arbitral Award[5] dated March 11, 2014, in Philippine Dispute Resolution Center, Inc. (PDRCI) Case No. 58-2011 entitled "*Ramcar, Incorporated, Claimant, v. GS Yuasa Corporation (GYC) and GS Yuasa International Ltd. (GYI2), Respondents.*"[6]

The Antecedents

On December 21, 1989, Ramcar, a corporation organized and existing under the Philippine laws, entered into a Joint Venture Agreement (JVA) with Yuasa Battery Co., Ltd. (YBC), a Japanese corporation, wherein they agreed to form Oriental Yuasa Battery Corporation (OYBC). Per the JVA, 70% of OYBC shall be owned by Ramcar, while 30% thereof shall be owned by YBC. The parties further agreed as follows:

1. OYBC will manufacture, assemble, and sell domestically automotive and motorcycle batteries, export stationary batteries and traction batteries, and manufacture their plates;

2. Ramcar will exert its best effort to sell OYBC's products in the domestic market, and YBC will exert the same effort to export OYBC's products to the world-wide market;

3. Ramcar shall manufacture and supply all the battery plates required by OYBC for its assembly operations; Ramcar will sell the battery plates to OYBC; and

4. During the existence of the JVA and two (2) years after the termination thereof, neither of the parties and their respective successors and assigns shall be engaged, concerned, or interested in any enterprise in the Philippines for the manufacture and distribution of batteries or in the management or operation of a manufacturing assembly plant for batteries or any other enterprise in the Philippines which competes with OYBC (non-compete clause).[7]

---

4 *Id.* at 442–462. Penned by Presiding Judge Gregorio L. Vega, Jr.
5 *Id.* at 367–384.
6 *Id.* at 317–347.
7 *Id.* at 320–321.

In 1992, YBC changed its corporate name to Yuasa Corporation (YC). Thereafter, on May 2, 1994, Ramcar, YC, and OYBC entered into a Technical Assistance Agreement (TAA) where YC, as licensor, granted to Ramcar, as its licensee, the exclusive license to manufacture and sell NP type, valve-regulated lead acid batteries with the tradename/trademark "Yuasa" in the Philippines. Pursuant to the JVA, Ramcar sub-licensed the same to OYBC.[8]

On July 1, 1995, Ramcar, YC, and OYBC signed another TAA where YC, as licensor, granted to Ramcar, as its licensee, the exclusive license to manufacture and sell automotive batteries and industrial batteries with the tradename/trademark "Yuasa" in the Philippines. The license covered batteries which were then being manufactured, and will be manufactured, developed, or improved by YC in the future and during the continuance of the TAA. Again, pursuant to the JVA, Ramcar sub-licensed the same to OYBC.[9]

On both TAAs, both Ramcar (licensee) and OYBC (sub-licensee) were obliged to pay running royalties to YC.[10]

In 2004, a new corporation, herein petitioner GS Yuasa Corporation (GYC), was established.[11] It was a holding company where YC and Japan Storage Battery Company, Ltd. (JSB) exchanged their respective shares of stocks for shares in GYC.[12] Thereafter, YC and JSB spun off the assets, rights, liabilities, and obligations of their international operations, including YC's 30% share in OYBC, to GS Yuasa International Ltd. (GYIN),[13] a wholly-owned subsidiary of GYC.[14]

GYIN then merged with GS Yuasa Power Supply Limited (GYPS) and GS Yuasa Business Support Limited in 2010, with GYPS as the surviving entity. The latter thereafter changed its corporate name to Kabushiki Kaisha GS Yuasa in Japanese or herein petitioner GS Yuasa

---

8 *Id.* at 321.
9 *Id.*
10 *Id.* at 324, 445.
11 *Id.* at 322, 445.
12 *Id.* at 73, 105.
13 "GYIL" as referred to in the CA Decision, *id.* at 73; "GYIN" as referred to in the Petition, *id.* at 20, and the Joint Memorandum before the Philippine Dispute Resolution Center, Inc. dated January 31, 2013, *id.* at 105.
14 *Id.* at 73.

International Ltd. (GYIL)[15] in English.[16]

On June 8, 2011, Ramcar served on GYC and its successors, agents, and assignees a demand for arbitration on the ground that the latter committed breaches of the JVA, specifically Article 24 thereof or the non-compete clause[17] which states:

> During the continuance of this Agreement and for two (2) years after the termination thereof, neither of the parties and their respective successors and assigns, directly or indirectly, shall by itself or with or through any related person or third party, (a) be engaged, concerned or interested in any enterprise in the Philippines for the manufacture or distribution of Batteries or in the manage [sic] or operation of a manufacturing or assembly plant for Batteries or any other enterprise in the Philippines which competes with OYBC, (b) acquire or hold any personal or pecuniary interest in any contract or transaction in conflict with or antagonistic or adverse to the interest of OYBC, except that this provision shall not apply to RAMCAR with respect to its carrying on and constituting its existing battery manufacturing and marketing operations.[18]

Thereafter, GYIL was impleaded as an additional respondent in the case, being the successor of YBC and YC.[19] The parties then determined the following issues to be resolved:

a. Whether GYC and GYIL (collectively, petitioners) are the successors and assigns of YC;

b. Whether Ramcar is the real party-in-interest which has the right to question the alleged violation of the non-compete clause under Article 24 of the JVA and to enforce the provisions of the TAAs;

c. Whether petitioners violated the provisions of the JVA and the TAAs;

---

15 "GYI2" as referred to in the CA Decision, *id.* at 74, and the Joint Memorandum before the Philippine Dispute Resolution Center, Inc. dated January 31, 2013, *id.* at 109.

16 *Id.* at 74.

17 *Id.* at 74, 322, 445.

18 *Id.* at 323–324. *See* Arbitral Award.

19 *Id.* at 21. Referred to as "GYI2" at 74, 319, 445–446.

d. Whether the JVA between Ramcar and YC should be declared rescinded or terminated as of September 2004;

e. Whether the TAAs had already expired/lapsed;

f. Whether the non-compete clause is applicable to a foreign corporation that does not operate and does not conduct business in the Philippines; and

g. Whether Ramcar is guilty of breach of the terms and conditions of the JVA and TAAs. [20]

The Ruling of the Arbitral Tribunal[21]

In the Award[22] dated March 11, 2014, the Arbitral Tribunal ruled on the issues as follows:

First, petitioners are the successors-in-interest and assigns of YC; thus, both corporations are under the coverage of the non-compete clause under Article 24 of the JVA.[23] The original parties to the JVA made the coverage of Article 24 sufficiently broad so as to include those persons related to the parties, directly or indirectly. Both GYC, being the holding company, and GYIL, being its wholly-owned subsidiary in charge of its international business operations, fall under the term "related persons" under the said provision.[24]

Second, Ramcar is not the real party-in-interest which has the right to question the alleged violation of the non-compete clause and to enforce the provisions of the TAAs. The non-compete clause was only for the benefit of OYBC as it was the corporation created by the parties in the JVA. Therefore, it is only OYBC that could suffer should there be any violation thereof. As to the TAAs, Ramcar already assigned its rights, title, and interests over the 1995 TAA in favor of Oriental and Motolite Corporation. The latter, as Ramcar's assignee, is now the real party-in-interest that stepped into the shoes of Ramcar with respect to the TAAs.[25]

---

20 *Id.* at 324–325.

21 Composed of Victor P. Lazatin as Chair[person], with Dean Danilo L. Concepcion and Justice Santiago J. Ranada (Ret.) as Co-Arbitrators, *id.* at 347.

22 *Id.* at 317–347; Dean Danilo L. Concepcion with a separate Dissenting Opinion, *id.* at 348–366.

23 *Id.* at 325.

24 *Id.* at 327.

25 *Id.* at 327–330.

Third, petitioners did not violate the provisions of the JVA and the TAAs. They were able to prove that OYBC had already ceased manufacturing and assembling batteries, and was reduced to a marketing arm of an affiliate of Ramcar for Motolite and Oriental batteries. Anent the TAAs, they had already expired as a consequence of Ramcar's non-renewal with the Intellectual Property Office (IPO) in accordance with the TAA provisions.[26]

Fourth, the JVA was not rescinded or terminated as of September 2004. Article 14.1 of the JVA provides that the JVA shall continue to be in full force and effect indefinitely unless and until terminated by any of the parties by giving notice to the other party upon any of the three grounds mentioned in Article 11.1 thereof. The JVA's termination thus cannot be effected or the JVA cannot be declared as *functus officio* upon the mere cessation of OYBC's manufacturing operations.[27]

Fifth, the TAAs had already expired/lapsed. The requirement of prior approval by the Bureau of Patents, Trademarks and Technology Transfer, now the IPO, is a suspensive condition for the effectivity of the TAAs. However, Ramcar and OYBC failed to obtain IPO's approval until the expiration of the TAAs' terms.[28]

Sixth, the non-compete clause applies to a foreign corporation that neither operates nor conducts business in the Philippines. It is sufficiently broad so as to include even those entities that are indirectly related to the parties, regardless of whether or not they are operating or doing business in the country.[29]

And seventh, petitioners were not able to prove that Ramcar's breach or violation of the terms and conditions of the JVA was substantial and that their rights were prejudiced. In any case, they still chose not to terminate the JVA, a measure that was readily available to them in case of breach of the JVA provisions.[30]

The dispositive portion of the Award reads:

---

26 *Id.* at 330–331.
27 *Id.* at 337–339.
28 *Id.* at 339–341.
29 *Id.* at 342–343.
30 *Id.* at 343.

WHEREFORE, the Tribunal renders its award as follows:

1. Upon the claims in favor of [Ramcar] against [petitioners]:

    1.1. Denying its prayer to declare GYC and [GYIL] in breach of the JVA and the TAAs;
    1.2. Denying its prayer for [petitioners] to pay Damages in the amount of [PHP] 207,844,004.00 representing lost profit, Attorney's fees in the amount of not less than P1,000,000.00; and Costs of arbitration and other related expenses;
    1.3. Denying its prayer that GYC and [GYIL], its successors and assigns and all other persons or entities acting for or in its behalf, to immediately and permanently desist from importing, selling and distributing into the Philippines any batteries bearing the tradename and/or trademark "GS", "Fuji" or "GS Yuasa", and any and all other batteries produced, manufactured, imported or distributed by [GYC] and [GYIL] and/or its affiliates, or any other subsidiary, affiliate, import, firm, distributor, person or entity acting in its behalf.

2. Upon the counterclaims of [GYC] against [Ramcar]:

    2.1. Denying its prayer for [Ramcar] to pay GYC exemplary damages of at least [PHP] 5,000,000.00;
    2.2. Denying its prayer for [Ramcar] to pay GYC attorney's fees in the amount of [PHP] 5,000,000.00, exclusive of appearance fees computed at [PHP] 4,000.00 per hour;
    2.3. Denying its prayer for [Ramcar] to pay GYC costs of suit.

3. Upon [GYIL]'s counterclaims against [Ramcar]:

    3.1. Denying its prayer to declare the JVA rescinded or terminated as of September 2004;
    3.2. Granting its prayer to declare that the subject JVAs have already lapsed/expired;
    3.3. Denying its prayer to declare [Ramcar] in substantial breach of the JVA and the TAAs;
    3.4. Denying its prayer to order [Ramcar] to pay and/or reimburse [GYIL]:

        3.4.1. Damages equivalent to accumulated annual royalties for four (4) years in the amount of at least [USD] 200,000.00;
        3.4.2. Attorney's fees in the amount of not less than [PHP] 3,000,000.00 plus appearance fees; and
        3.4.3. The costs of arbitration and other related expenses.

> SO ORDERED. This 11th day of March 2014, Taguig City, Metro Manila.[31]

On April 28, 2014, Ramcar filed a Petition to Vacate and/or Correct Domestic Arbitral Award before the RTC, docketed as Spec. Proc. Case No. 12677 (PSG).[32] It prayed that the Arbitral Award be vacated insofar as it found that Ramcar is not the real party-in-interest; thus, it has no right to question the alleged violation of the non-compete clause under the JVA and to enforce the TAA provisions. In addition, Ramcar also prayed that the Arbitral Award be corrected insofar as it found that OYBC had already ceased to engage in the battery manufacturing business, as the said issue was not included in the Amended Terms of Reference (ATOR) of the arbitral proceedings.[33]

The Ruling of the RTC

The RTC granted Ramcar's Petition in the Decision[34] dated March 6, 2015; thus:

> WHEREFORE, based on the foregoing factual considerations and the applicable laws and jurisprudence on the issues presented by the parties, the Court hereby GRANTS the Petition filed by RAMCAR, Inc. as well as its prayers specified therein and pursuant thereto, it hereby ORDERS the following:
>
> 1) The subject Arbitral Award is hereby declared VACATED in so far as the Arbitral Tribunal found that Petitioner RAMCAR, Inc. is not a real party-in-interest which has the right to question the alleged violation of the non-competition clause under Art. 24 of the JVA and to enforce the provisions of the TAAs;
>
> 2) Petitioner RAMCAR, Inc. as a principal party to the Joint Venture Agreement (JVA) and the Technical Service Agreements (TAAs) of the parties herein as well as in its capacity as the controlling owner/stockholder of the joint venture company, Oriental Yuasa Battery Corporation (OYBC), created under and for the purposes specified in the JVA is hereby declared as the real party-in-interest in all matters affecting the implementation or enforcement of the

---

31 *Id.* at 345–346.
32 *Id.* at 367–384.
33 *Id.* at 381–382.
34 *Id.* at 442–462.

said agreements and in the operation and affairs of OYBC; and,

3) The said Arbitral Award is hereby corrected by setting aside and nullifying the Arbitral Tribunal's finding that OYBC has ceased to engage in the battery manufacturing business as this matter or issue was not included in the Amended Terms of Reference of the Arbitral Proceedings. Thus, the Arbitral Tribunal has no authority or jurisdiction to consider and resolve such issue or matter.

Considering that the Arbitral Proceeding in this case have not been terminated and are on-going, this case is hereby remanded or transferred to the Arbitral Tribunal for further proceedings on matters referred to and left unresolved by the Arbitral Tribunal, subject to the herein Decision of this Court on the aforementioned matters or issues brought before it by the parties herein for resolution.

SO ORDERED.[35]

In granting the petition, the RTC held that as one of the contracting parties under the JVA and the TAAs, Ramcar had the same or equal rights and interests as OYBC in the enforcement of the non-compete clause of the JVA. Thus, it can avail itself of the rights granted under Article 1191[36] of the Civil Code relative to the power to rescind or enforce the said provision.[37] As to the Arbitral Tribunal's finding that OYBC had already ceased to engage in the battery manufacturing business, the RTC stated that said issue was not among those claims listed in the ATOR; hence, it could not be ruled upon by the Arbitral Tribunal.[38]

Petitioners sought a reconsideration,[39] but the RTC denied it in an Order[40] dated November 16, 2017.

---

35 *Id.* at 461–462.

36 ARTICLE 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

The court shall decree the rescission claimed, unless there be just cause authorizing the fixing of a period.

This is understood to be without prejudice to the rights of third persons who have acquired the thing, in accordance with Articles 1385 and 1388 and the Mortgage Law.

37 *Rollo,* p. 457.

38 *Id.* at 460–461.

39 *Id.* at 463–501. *See* Motion for Reconsideration dated March 20, 2015.

40 *Id.* at 534–535.

Hence, their Petition for Review[41] under Rule 43 of the Rules of Court before the CA.

The Ruling of the CA

In the assailed Decision[42] dated August 29, 2019, the CA affirmed the ruling of the RTC, the decretal portion of which reads:

> WHEREFORE, The Petition for Review is hereby DENIED for lack of merit. The Decision dated March 6, 2015 issued by the Regional Trial Court, National Capital Judicial Region, Branch 157, Pasig City, in Special Proceeding Case No. 12677, is hereby AFFIRMED *in toto*.
>
> SO ORDERED.[43]

The CA ruled as follows:

First, an arbitral award is not absolute and infinite. Section 24 of Republic Act No. 876, or "The Arbitration Law," sets forth the grounds to vacate an arbitral award; while Rule 11.4 of the 2009 Special Alternative Dispute Resolution Rules (2009 Special ADR Rules) provides the grounds upon which a domestic arbitral award may be vacated, corrected, or modified.[44]

Second, the arbitration proceeding is domestic in nature and the RTC has the power to vacate the Arbitral Award. In general, an arbitration is domestic if conducted in the Philippines. Specifically, it is domestic if the parties' places of business, place of arbitration, place of the performance of a substantial part of the obligation, and place where the subject matter of the dispute is most closely connected, are all located in the Philippines. Other than the fact that one of the parties' places of business is located in Japan, all of the factors and activities performed relative to the arbitration agreement would show their significant connection to the Philippines.[45]

---

41 *Id.* at 536–603.
42 *Id.* at 72–96.
43 *Id.* at 95.
44 *Id.* at 86.
45 *Id.* at 89.

Third, the RTC was correct when it vacated the Arbitral Award on the ground that Ramcar is the real party-in-interest to the case. The JVA afforded Ramcar, not OYBC, the right to seek redress in case of violation of the agreement.[46]

Fourth, the RTC did not err when it corrected the Arbitral Award considering that the issue of OYBC's cessation of business operations is a matter not submitted by the parties in their ATOR. At any rate, it was not essential to touch upon the issue of whether OYBC ceased operations to ascertain whether there was a violation of the non-compete clause. The JVA is explicit in that the non-compete clause is effective during the continuance of the JVA and for two (2) years after its termination.[47]

Fifth and last, the RTC was correct when it remanded the case to the Arbitral Tribunal for further proceedings in order to resolve matters brought about by the vacated and corrected Arbitral Award.[48]

Petitioners filed a Motion for Reconsideration[49] questioning the CA Decision. However, in the herein assailed Resolution[50] dated July 8, 2020, the CA dismissed the Petition for Review filed before it for being moot and academic. As the CA explained:

> After a second hard look at the records of the case, We find that the instant Petition has been rendered moot in view of the Decision dated August 6, 2018 issued by the Court of Appeals in C.A. G.R. SP No. 147806 entitled *"Ramcar, Inc. and Oriental Yuasa Battery Corporation v. GS Yuasa International, Ltd."* In said case, the Court ruled that the arbitration proceeding between the parties is international in nature and declared the JVA between the parties as terminated.
>
> Considering that the above-mentioned case as well as the instant case involve the same parties, same issues, and same subject matter, this Court resolves to defer to the earlier decision of the Court and dismiss the present Petition.
>
> WHEREFORE, the Petition for Review is DISMISSED for being moot and academic.
>
> SO ORDERED.[51]

---

46 *Id.* at 91.
47 *Id.* at 91–93.
48 *Id.* at 94–95.
49 *Id.* at 759–789.
50 *Id.* at 98–101.
51 *Id.* at 100–101.

Hence, the present Petition.

The Petition

In the present Petition, petitioners aver that the CA failed to apply the applicable standard for judicial review on arbitration in that: (1) pursuant to Rule 19.10 of the 2009 Special ADR Rules, the court shall not set aside or vacate the award of the arbitral tribunal merely on the ground that it committed errors of fact and/or law; (2) it is improper for the court to review the merits of an arbitral award; (3) the arbitration laws determine the issue of whether the arbitration is domestic or international in nature; and (4) in the CA Decision dated August 6, 2018, in CA-GR SP No. 147806 titled, "*Ramcar, Inc. and Oriental Yuasa Battery Corporation vs. GS Yuasa International, Ltd.*" (2nd Arbitration), the CA ruled that the arbitration proceeding between the parties is international in character. Moreover, instead of resolving the issues raised in their Motion for Reconsideration, petitioners lament that the CA simply dismissed their petition for review on the ground that it has been rendered moot and academic by its earlier Decision in the 2nd Arbitration in CA-GR SP No. 147806.[52]

In its Comment[53] to the Petition, Ramcar counters that the CA was correct when it agreed with the RTC that the Arbitral Tribunal decided on a matter that was not included in the ATOR.[54] More particularly, the issue of whether OYBC had already ceased to manufacture and assemble batteries was not among the issues indicated therein.[55] Further, the CA correctly sustained the RTC finding that Ramcar was a real party-in-interest which may question any violation of the provisions of the JVA.[56]

As well, Ramcar argues that petitioners are estopped from questioning the nature of the arbitration proceeding, i.e., whether it is international or domestic in nature. They paid the domestic rates to the arbitrators, and the ATOR even states that the arbitrators' fees shall be computed in accordance with PDRCI's Table of Arbitrators' Fees.[57] Likewise, the ATOR expressly states that the 2005 new Arbitration Rules of the PDRCI shall govern its conduct.[58]

---

52 *Id.* at 27–28.
53 *Id.* at 850–871.
54 *Id.* at 861.
55 *Id.* at 864.
56 *Id.* at 866.
57 *Id.* at 866–868.
58 *Id.* at 869.

Petitioners point out in their Reply [59] that Ramcar presented a different set of issues in its Comment instead of "squarely meeting head-on" the substantial issues raised in the Petition. At any rate, they reiterate that both the RTC and the CA went beyond the limits of their authority to review the Arbitral Award.

The Issues

The main issues in the case are: *first*, whether the arbitration is domestic or international in nature; *second*, whether the RTC acted within the limits of its authority when it reviewed the merits of the subject Arbitral Award; and *third*, whether CA erred in affirming the RTC ruling which vacated and set aside some aspects of the Arbitral Award.

The Ruling of the Court

The Petition is partly granted.

For a proper perspective, the Court deems it appropriate to first determine whether the arbitration involved in the case is domestic or international as they are governed by separate rules under the 2009 Special ADR Rules, i.e., Rules 11 and 12, respectively. Chapter 1, Rule 2, Article 1.6(D)(9) of the Department of Justice (DOJ) Circular No. 98, Series of 2009,[60] or the "Implementing Rules and Regulations of the Alternative Dispute Resolution Act of 2004,"[61] defines domestic arbitration as "an arbitration that is not international as defined in Article 1(3) of the Model Law."

On the other hand, as lifted from Article 1(3) of the 1985 UNCITRAL Model Law on International Commercial Arbitration (Model Law), Chapter 1, Rule 2, Article 1.6(C)(8) of DOJ Circular No. 98 defines international arbitration as follows:

> 8. International Arbitration means an arbitration where:
>
> (a) the parties to an arbitration agreement have, at the time of the conclusion of that agreement, their places of business in different states; or

---

59 *Id.* at 895–915.

60 Approved on December 4, 2009.

61 Republic Act No. 9285 dated April 2, 2004.

(b) one of the following places is situated outside the Philippines in which the parties have their places of business:

(i) the place of arbitration if determined in, or pursuant to, the arbitration agreement;

(ii) any place where a substantial part of the obligations of the commercial relationship is to be performed or the place with which the subject matter of the dispute is most closely connected; or

(c) the parties have expressly agreed that the subject matter of the arbitration agreement relates to more than one country.

For this purpose:

(a) if a party has more than one place of business, the place of business is that which has the closest relationship to the arbitration agreement;

(b) if a party does not have a place of business, reference is to be made to his/her habitual residence.

The present case involves an international arbitration

It is undisputed, as both the RTC and the CA agreed, that the parties' places of business are located in different states – one in the Philippines (Ramcar) while the other, in Japan (YBC). Nonetheless, the CA held that the arbitration is domestic because the factors and the activities performed in connection with the parties' agreement show their significant connection in the Philippines.[62] As the assailed CA Decision states:

> In general, arbitration is domestic if conducted in the Philippines. Specifically, arbitration is domestic if the components of parties' places of business, place of arbitration, place of performance of a substantial part of the obligation, and place where the subject matter of the dispute is most closely connected, are all located in the Philippines.
>
> All these factors are present in the Philippines except for one: that the parties' place[s] of business are located in different states, one in the Philippines and the other in Japan, which arguably, makes it an international arbitration.

---

62 *Rollo*, p. 89.

> However, a careful assessment of the records would show that the following facts are undisputed: (1) the JVA and TAAs were all executed in the Philippines; (2) OYBC is a Philippine corporation organized under Philippine laws; (3) the subject matter of the JVA and the TAAs, specifically the creation of OYBC and its operations, are all undertaken in the Philippines; (4) the JVA expressly provides that it will be governed by Philippine laws and any dispute therein will be settled amicably through arbitration based on Philippine laws; (5) the parties agreed to an *ad hoc* arbitration and the PDRCI rules and procedures will be applied; and (6) the arbitrators' fees were all paid in accordance with PDRCI's Table of Arbitrator's Fees and policy. All of these factors and the activities performed relating to the arbitration agreement clearly show their significant connection and actualized in the Philippines[.][63]

The Court begs to differ.

Nowhere in the afore-quoted definitions of domestic and international arbitration is it indicated that all factors and circumstances must be considered in order to determine the nature of the arbitration. On the contrary, the definition of international arbitration under both the Model Law and DOJ Circular No. 98 is clear in that it includes one where the parties to an arbitration agreement have, at the time of the conclusion of the agreement, their places of business in different states. Verily, this was even recognized by the CA in the assailed Decision, but the CA nonetheless chose to weigh other factors in concluding that the arbitration is domestic in nature. Indeed, it was an error for the CA to interpret the law and rules in such a way that a standard which is not set forth therein is imposed; the Court cannot go over and beyond the express meaning of international arbitration as enumerated under the Model Law and DOJ Circular No. 98.

At this point, the Court also takes notice of the Resolution dated January 25, 2023, in G.R. No. 243415 titled, "*Ramcar, Inc., and Oriental Yuasa Battery Corporation v. GS Yuasa International, Ltd.*" which involves the 2nd Arbitration. As may be recalled, the RTC granted Ramcar's Petition to Vacate and/or Correct Domestic Arbitral Award in its Decision dated March 6, 2015. While petitioners elevated the matter to the CA, the case was also remanded to the Arbitral Tribunal for further proceedings on unresolved matters. Consequently, a second round of arbitration took place between the parties where a Final Award was rendered on September 14, 2016, by a new Arbitral Tribunal in PDRC

---

63 *Id.*

Case No. 2015-014. Ramcar and OYBC questioned the Final Award before the CA in G.R. SP No. 147806 under Rule 43 of the Rules of Court, but it was dismissed in the CA Decision dated August 6, 2018, for being an improper remedy and for lack of jurisdiction. Finding no reversible error on the part of the CA in dismissing Ramcar and OYBC's Petition for Review, the Court *upheld* the CA ruling in G.R. No. 243415.

Incidentally, the Court, in G.R. No. 243415, quoted Rules 12.3[64] and 12.5[65] of the 2009 Special ADR Rules as the bases in affirming the CA's dismissal of the Petition for Review. Said rules both pertain to the recognition and enforcement or setting aside of an *international commercial arbitration award*. More, the Court found no reversible error on the part of the CA which, in turn, categorically declared in its Decision dated August 6, 2018, in G.R. SP No. 147806 that the subject arbitral proceedings are international in character. Consequently, as far as the Court is concerned, the issue as to whether the arbitration is domestic or international is already settled.

The power of the courts to review arbitral awards

Petitioners aver that under the 2009 Special ADR Rules and jurisprudence, the RTC cannot review or re-examine the merits of the Arbitral Award. This is considering that the RTC did not conduct a trial on the merits of the grounds raised by Ramcar in its Petition.[66] Thus, the CA erred in upholding the RTC Decision which, in turn, partly vacated the Arbitral Award.

Recognizing the policy of the State to actively promote the use of various modes of alternative dispute resolution as an important means to achieve speedy and efficient resolution of disputes,[67] the 2009 Special

---

64 RULE 12.3. *Venue.* – A petition to recognize and enforce or set aside an arbitral award may, at the option of the petitioner, be filed with the Regional Trial Court: (a) where arbitration proceedings were conducted; (b) where any of the assets to be attached or levied upon is located; (c) where the act to be enjoined will be or is being performed; (d) where any of the parties to arbitration resides or has its place of business; or (e) in the National Capital Judicial Region.

65 RULE 12.5. *Exclusive recourse against arbitral award.* – Recourse to a court against an arbitral award shall be made only through a petition to set aside the arbitral award and on grounds prescribed by the law that governs international commercial arbitration. Any other recourse from the arbitral award, such as by appeal or petition for review or petition for certiorari or otherwise, shall be dismissed by the court.

66 *Rollo*, p. 40.

67 2009 SPECIAL ADR RULE, Rule 2.1 states:
RULE 2.1. *General policies.* – It is the policy of the State to actively promote the use of various modes of ADR and to respect party autonomy or the freedom of the parties to make their own

ADR Rules is explicit in that an arbitral award shall be *final and binding*. Thus:

> RULE 19.7. *No appeal or certiorari on the merits of an arbitral award.* – An agreement to refer a dispute to arbitration shall mean that the arbitral award shall be final and binding. Consequently, a party to an arbitration is precluded from filing an appeal or a petition for certiorari questioning the merits of an arbitral award.

In *Bases Conversion and Development Authority v. CJH Development Corp.*,[68] the Court stressed that judicial interference is restrained under the 2009 Special ADR Rules in view of the contractual nature of arbitral proceedings. As the Court ratiocinated:

> The contractual nature of arbitral proceedings affords the parties substantial autonomy over the proceedings. Considering the autonomy of the parties and the policy favoring arbitration, the Special ADR Rules ordain judicial restraint in arbitration, wherein the Court shall intervene only in cases allowed by law and rules. Rule 19.7 of the Special ADR Rules expressly prohibits the appeal of arbitral awards.
>
> . . . .
>
> Clearly, judicial interference is restrained under the Special ADR Rules since, as a private alternative to court proceedings, *arbitration is meant to be an end, not the beginning, of litigation.*
>
> The Court's review of a CA decision is discretionary and limited to specific grounds provided under the Special ADR Rules. Rule 19.36 thereof specifically provides:
>
> . . . .[69] (Emphasis in the original).

Still, the rule that an arbitral award shall be final and binding is not absolute. Rule 19.10 of the 2009 Special ADR Rules provides that the court can vacate or set aside the decision of an arbitral tribunal, but only on *limited grounds* such as those enumerated under Section 24 of Republic Act No. 876, or The Arbitration Law, for domestic arbitration; or under

---

arrangements in the resolution of disputes with the greatest cooperation of and the least intervention from the courts. To this end, the objectives of the Special ADR Rules are to encourage and promote the use of ADR, particularly arbitration and mediation, as an important means to achieve speedy and efficient resolution of disputes, impartial justice, curb a litigious culture and to de-clog court dockets.

The court shall exercise the power of judicial review as provided by these Special ADR Rules. Courts shall intervene only in the cases allowed by law or these Special ADR Rules.

68 G.R. Nos. 219421 & 241772, April 3, 2024.

69 *Id.*

Rule 34 of the Model Law for international arbitration. Further, the RTC may also set aside an award if it violates public policy. Rule 19.10 thus provides:

> 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 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 turn, Article 34 of the Model Law enumerates the grounds for setting aside an award in international arbitration:

> ARTCLE 34. *Application for setting aside as exclusive recourse against arbitral award.* –
>
> (1) Recourse to a court against an arbitral award may be made only by an application for setting aside in accordance with paragraphs (2) and (3) of this article.
>
> (2) An arbitral award may be set aside by the court specified in article 6 only if:
>
> (a) the party making the application furnishes proof that:
>
> (i) a party to the arbitration agreement referred to in article 7 was under some incapacity; or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of this State; or
>
> (ii) the party making the application was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present his case; or

> (iii)the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside; or
>
> (iv)the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties, unless such agreement was in conflict with a provision of this Law from which the parties cannot derogate, or, failing such agreement, was not in accordance with this Law; or
>
> (b) the Court finds that:
>
> (i) the subject-matter of the dispute is not capable of settlement by arbitration under the law of this State; or
>
> (ii) the award is in conflict with the public policy of this State[.]

Notably, the foregoing grounds are reproduced under Rule 12.4 of the 2009 Special ADR Rules on Recognition and Enforcement or Setting Aside of an International Commercial Arbitration Award.

Indeed, judicial review should be confined strictly to the limited exceptions under arbitration laws for the arbitration process to be effective and the basic objectives of the law to be achieved.[70]

Ramcar could only question the aspect of the Arbitral Award which pertains to an issue not included in the ATOR

As earlier stated, Ramcar filed a Petition to Vacate and/or Correct Domestic Arbitral Award before the RTC praying that the Arbitral Award be vacated insofar as it ruled that Ramcar is not the real party-in-interest which has the right to question the alleged violation of the non-compete clause under the JVA. Also, the Petition prayed for the correction of the Arbitral Award insofar as it found that OYBC had already ceased to engage in the battery manufacturing business as this was not included in the ATOR entered into between the parties.[71]

---

70 *Adapon v. Medical Doctors, Inc.*, 903 Phil. 456, 685 (2021).

71 *Rollo*, pp. 381–382.

Considering the Court's earlier declaration that the case involves an international arbitration, the Court finds that Ramcar could only question the second issue, i.e., the Arbitral Tribunal's finding that OYBC had already ceased to engage in the battery manufacturing business. In questioning this aspect, Ramcar submitted that this was not included in the parties' ATOR which, in turn, is one of the grounds to set aside the arbitral award under Rule 12.4(a)(iii) of the 2009 ADR Rules, viz:

> RULE 12.4. *Grounds to set aside or resist enforcement.* – The court may set aside or refuse the enforcement of the arbitral award only if:
>
> a. The party making the application furnishes proof that:
>
> (i). A party to the arbitration agreement was under some incapacity, or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereof, under Philippine law; or
>
> (ii). The party making the application to set aside or resist enforcement was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present his case; or
>
> (iii). The award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or contains decisions on matters beyond the scope of the submission to arbitration; provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside or only that part of the award which contains decisions on matters submitted to arbitration may be enforced[.]

Petitioners insist that whether or not OYBC had already ceased to engage in battery manufacturing business is a finding of fact that was necessary to resolve the parties' Issue No. 4.3 in the arbitration case, i.e., whether petitioners violated the provisions of the JVA and the TAAs.[72] According to petitioners, the Arbitral Tribunal made such finding in order to render a complete, final, and definite disposition of the Issue 4.3 that was submitted to it for resolution.[73]

However, the Court agrees with the RTC and the CA that whether or not OYBC had already ceased to engage in battery manufacturing

---

[72] *Id.* at 330.
[73] *Id.* at 33–35.

business is not material in order to ascertain if there was a violation of the non-compete clause under the JVA. What only needs to be determined is whether the JVA was still in effect at the time of the alleged violation of the non-compete clause.

The CA explained in the assailed Decision:

> As can be gleaned from the foregoing provisions, a violation of the non-competition clause under the JVA does not necessarily entail determining whether OYBC is still in operation because the JVA explicitly provides that the non-competition clause is effective during the continuance of the JVA and for two (2) years after its termination. Thus, it was only necessary to determine whether the JVA was still in effect at the time of the alleged violation.
>
> Ironically, the Tribunal found that the JVA was not rescinded or terminated in September 2004. So if the JVA was not terminated, it automatically means that at the time that GY12 brought in batteries in the Philippines sometime in 2010 and 2011, the JVA was still existing and the very act of GY12 of importing batteries in the Philippines constitutes a violation of the non-competition clause in Article 24 of the JVA.
>
> In other words, it was not essential to discuss and touch upon the issue of whether OYBC ceased operations in 2004 to ascertain whether there was a violation of the non-competition clause of the JVA. To determine whether there was a violation of the non-competition clause, the Tribunal need only to determine whether the JVA was already terminated or rescinded during the time that petitioners allegedly violated the non-competition clause of the JVA. And in fact it ruled that it was not terminated then. Accordingly, when GY12 brought in the Philippines its battery products through another party, not OYBC, it was a blatant violation of the non-competition clause of the JVA.
>
> As such, the RTC was correct in correcting the arbitral award in so far as it touched upon and decided the merits of the case based on the issue of whether OYBC had ceased its business operations. Again, this is an issue that was not raised by the parties in their ATOR and the resolution of which does not have any effect on the matters actually raised by the parties in their ATOR.
>
> Simply put, in resolving the issue of whether there was a violation of the non-competition clause, the Tribunal only needed to look at the very wordings of Article 24 of the JVA itself, which it unfortunately failed to do so.[74]

---

[74] *Id.* at 93–94.

Consequently, the finding in the Arbitral Award that OYBC had already ceased to engage in battery manufacturing business is one which is beyond the scope of the parties' ATOR. The CA thus did not err when it upheld the RTC in setting aside this aspect of the Arbitral Award being one of the grounds for doing so under Rule 12.4 of the 2009 ADR Rules.

Anent Ramcar's first issue in its Petition to Vacate and/or Correct Domestic Arbitral Award before the RTC, i.e., that it is a real party-in-interest which has the right to question the alleged violation of the non-compete clause under the JVA, suffice it to say that pursuant to Rule 19.10 of the 2009 ADR Rules, the court *shall not* set aside or vacate the award of the arbitral tribunal merely on the ground that the latter 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. Verily, whether or not Ramcar is a real party-in-interest that could question the alleged violation of the JVA is a question of fact and/or law, or one which could *not* be subject to judicial review under the rules.

Emphasizing the overriding public policy to uphold the autonomy of arbitral awards, the Court, in *Fruehauf Electronics Philippines Corp. v. Technology Electronics Assembly and Management Pacific Corp.*[75] explained:

> Assuming *arguendo* that the tribunal's interpretation of the contract was incorrect, the errors would have **been simple errors of law**. It was the tribunal — not the RTC or the CA — that had jurisdiction and authority over the issue by virtue of the parties' submissions; the CA's substitution of its own judgment for the arbitral award cannot be more compelling than the overriding public policy to uphold the autonomy of arbitral awards. Courts are precluded from disturbing an arbitral tribunal's factual findings and interpretations of law. The CA's ruling is an unjustified judicial intrusion in excess of its jurisdiction — a judicial overreach.
>
> Upholding the CA's ruling would weaken our alternative dispute resolution mechanisms by allowing the courts to "throw their weight around" whenever they disagree with the results. It *erodes* the obligatory force of arbitration agreements by allowing the losing parties to "forum shop" for a more favorable ruling from the judiciary.
>
> 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,

---

75 800 Phil. 721 (2016).

> revisiting the tribunal's findings of fact or conclusions of law, or otherwise encroaching upon the independence of an arbitral tribunal[.][76] (Emphasis in the original; citations omitted)

On a final note, the Court invites the attention of petitioners on the Second Motion for Early Resolution[77] which they filed dated October 29, 2023. The Motion questions why the other case involving the 2nd Arbitration docketed as G.R. No. 243415 was already resolved by the Court even though it was filed *later* than the present case. As stated in the Motion:

> 3. At this point, petitioners humbly invite the attention of the Honorable Court to the fact that it issued on 25 January 2023 a Resolution in G.R. No. 243415 (2nd Arbitration) entitled, *"Ramcar, Inc. and Oriental Yuasa Battery Corporation vs. GS Yuasa International, Ltd."*, denying the Petition for Review on Certiorari filed by petitioners therein, Ramcar and Oriental Yuasa Battery Corporation (OYBC).
>
> 4. G.R. No. 243415 (2nd Arbitration) was filed on 27 August 2020, while this case, G.R. No. 252787 (1st Arbitration), was filed earlier or on 21 January 2019. Yet, G.R. No. 243415 (2nd Arbitration) was resolved ahead of this case even if it was filed more than a year later. (Emphasis in the original).

Petitioners are obviously mixing the facts of the two cases. A perusal of the *rollo* of the present case would readily tell that the Petition is dated July 24, 2020,[78] and that petitioners filed it with the Court on August 27, 2020.[79] On the other hand, as stated in the Resolution of the Court in G.R. No. 243415 dated January 25, 2023, the Petition therein was dated January 16, 2019, or one and a half years *earlier* than the present Petition. More, the docket numbers of the two cases, by themselves alone, would readily tell that G.R. No. 243415 involving the second arbitration was filed ahead of the present case, G.R. No. 252787, which has a higher docket number.

Petitioners and their counsel are thus reminded to be more prudent and refrain from making misleading assertions in the future, especially with respect to matters that are easily verifiable in the case records.

---

76 *Id.* at 759–760.
77 *Id.* at 930–935.
78 *Id.* at 51.
79 *Id.* at 15, 16.

ACCORDINGLY, the Petition for Review on *Certiorari* is **PARTLY GRANTED**. The Decision dated August 29, 2019, and the Resolution dated July 8, 2020, of the Court of Appeals in CA-G.R. SP No. 153906 are **AFFIRMED with MODIFICATION**.

The dispositive portion of the Decision dated March 6, 2015, rendered by Branch 157, Regional Trial Court of Pasig City in Spec. Proc. Case No. 12677 (PSG) is modified to read as follows:

> **WHEREFORE**, the Petition to Vacate and/or Correct Domestic Arbitral Award filed by Ramcar, Inc. is **PARTLY GRANTED**.
>
> The Arbitral Award dated March 11, 2014, in Philippine Dispute Resolution Center Inc. Case No. 58-2011 is **UPHELD**, except insofar as it declared that Oriental Yuasa Battery Corporation has ceased to engage in the battery and manufacturing business. Accordingly, the statement in the Arbitral Award dated March 11, 2014, that Oriental Yuasa Battery Corporation has ceased to engage in the battery and manufacturing business is **SET ASIDE**, it appearing that such matter or issue is not included in the Amended Terms of Reference of the arbitral proceedings.
>
> Considering that the arbitral proceedings have not been terminated and are on-going, the case is hereby **REMANDED** to the Arbitral Tribunal for further proceedings on unresolved matters.
>
> **SO ORDERED**.

SO ORDERED.

HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

SAMUEL H. GAERLAN
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