

Title: ASEC Development and Construction Corporation vs. Toyota Alabang, Inc.

Facts:

This case involved a contract for the construction of the Toyota Alabang Showroom Project—a seven-story building located at the corner of Filinvest Avenue and Alabang-Zapote Road. ASEC Development and Construction Corporation (ASEC Development) won the bidding, submitting a proposal of P399,000,000.00, accepted on June 26, 2013. Disputes arose concerning the specification for the project’s doors and windows, particularly whether the bid included tempered glass or Low-E glass, especially for the penthouse. After a disagreement on the deduction for glass and aluminum works’ costs from the contract price, ASEC Development initiated arbitration (CIAC Case No. 07-2014) under the Construction Industry Arbitration Commission (CIAC).

The first arbitration awarded in favor of ASEC Development, mandating only P32,504,329.98 be deducted from the project scope. Toyota challenged this award (CA-G.R. SP No. 136270). Concurrently, ASEC filed another arbitration claim (CIAC Case No. 03-2015) regarding final payments for progress billings and variation works, which the second arbitration partially sided against ASEC, allowing a deduction of P51,022,240.00 for glass and aluminum works. This conflicting outcome led ASEC Development to petition the Court of Appeals, which consolidated the appeals, ultimately setting aside the first arbitration award and affirming the second.

Issues:

1. Whether the Court of Appeals erred by modifying the factual findings of two CIAC arbitral tribunals.
2. Whether the second arbitral award was valid, despite appearing to reverse the findings of a coequal arbitral tribunal.

Court’s Decision:

The Supreme Court partially granted the petition. It reinstated the first arbitration award (CIAC Case No. 07-2014), endorsing ASEC Development’s perspective that only P32,540,329.98 should be deducted for the glass and aluminum works. It criticized the Court of Appeals for intervening in the arbitral tribunals’ factual findings and underscored the principle of finality and binding force of arbitral awards. However, it confirmed the second award (CIAC Case No. 03-2015) on issues exclusively addressed there, instructing a remand to CIAC for recomputation of final claims due to parties, reflecting the correct deduction for glass and aluminum works.

Doctrine:

Arbitral awards are final and binding. Courts have a limited scope to vacate or set aside arbitral awards, primarily if they suffer from procedural infirmities or contravene public policy. This principle reaffirms the autonomy of arbitration as a dispute resolution method, emphasizing deference to specialized bodies like CIAC due to their technical expertise.

Class Notes:

- Arbitral awards by CIAC are final and binding.
- Appeals from CIAC awards to conventional courts are limited to questions of law unless integrity or procedural fairness is in question.
- Coequal arbitral tribunals cannot reverse each other's findings.
- CIAC is acknowledged for its specialized expertise in construction-related disputes.

Historical Background:

This case illustrates the evolving jurisprudence on the role of judiciary in reviewing arbitral decisions, particularly by CIAC, which specializes in the construction industry. It reinforces the autonomy of arbitration under Philippine law and underscores the deference courts afford to arbitral bodies, reflecting a global trend of recognizing and enforcing arbitral awards to ensure efficient and expert dispute resolution in specialized fields.