

**\*\*Case Title:\*\*** Metro Bottled Water Corporation vs. Andrada Construction & Development Corporation, Inc.

**\*\*Facts:\*\***

1. On April 28, 1995, Metro Bottled Water Corporation (Metro Bottled Water) contracted Andrada Construction & Development Corporation, Inc. (Andrada Construction) to construct a manufacturing plant for P45,570,237.90. The plant was to be completed in 150 days, by October 10, 1995.
2. Due to unforeseen circumstances, Metro Bottled Water extended the period to November 30, 1995. Despite further consulting with E.S. De Castro and Associates, delays and adjustments continued.
3. Metro Bottled Water claimed against the Performance Bond due to incomplete work, which Andrada contested.
4. After failed negotiations over unpaid work worth P7,292,721.27, on August 6, 2001, Andrada filed for arbitration with the Construction Industry Arbitration Commission (CIAC).
5. Andrada claimed Metro Bottled Water owed P7,954,961.10, and Metro counterclaimed, demanding the cost to complete/repair the project and liquidated damages.
6. CIAC found Andrada was owed P4,607,523.40 for unpaid work. It dismissed Metro's counterclaims, affirming that the extension to November 30 was valid and refuting project takeover claims.
7. Metro appealed to the Court of Appeals, which affirmed CIAC's awards, citing no laches and recognizing equity's role against unjust enrichment.
8. Without satisfactory outcomes from lower courts and CIAC, Metro petitioned the Supreme Court to re-evaluate based on legal errors in the CIAC's determinations of facts and interpretations of the unjust enrichment doctrine.

**\*\*Issues:\*\***

1. Whether Metro Bottled Water should pay Andrada for the unpaid work under Change Orders Nos. 39 to 109.
2. Whether Andrada was entitled to an extension and the corresponding dismissal of Metro's claim for liquidated damages.
3. Whether Metro had valid grounds for the termination of the contract and taking over the site.
4. Application of equitable principles for unjust enrichment despite lack of strict contractual adherence.

**\*\*Court's Decision:\*\***

1. **Consent to Change Orders:** The CIAC and Court of Appeals found that Metro impliedly approved Change Orders Nos. 39 to 109 by financing payrolls and materials. The Supreme Court maintained this, reiterating CIAC's role as a technical expert and established facts as binding.
2. **Project Completion and Extension:** Both tribunals determined valid reasons for time extension were present, negating delay claims and liquidated damages due to Metro's acceptance of completed work and failure to prove delays.
3. **Alleged Contract Termination and Site Takeover:** The CIAC's finding of no formal termination notice was pivotal. Metro couldn't prove the alleged retakeover, reinforcing CIAC's decision and the Court of Appeals' upholding.
4. **Equity Over Strict Adherence to Contracts:** The CIAC applied unjust enrichment to prevent Metro from benefiting without compensating Andrada for verified work. The Supreme Court endorsed this blend of law and equitable doctrines, acknowledging in contract interpretation when strict adherence to statutory provisions (e.g., Article 1724) was unwarranted.

**Doctrine:**

The CIAC's findings of fact, due to its technical nature as an arbitration body, are final and generally beyond review unless significant errors of law or violations of due process arise.

**Class Notes:**

- Arbitration finality: CIAC findings hold substantial weight.
- Principles of unjust enrichment may serve as justifications for claims not strictly meeting written contract requirements.
- Liquidated damages and work extensions: necessitate clear proof and documentation within original contracts.

**Historical Background:**

Set within expanding judicial endorsement of arbitration to alleviate court caseloads, this case exemplifies pervasive judicial inclination to support arbitration as a means of resolving construction disputes, underscored by respect for the arbitral tribunal's technical assessment expertise. The emphasis was reforming arbitration's scope in Philippine judicial settings, especially post the enactment of the Alternative Dispute Resolution Act 2004, aligning with international best practices.