

SEVERO J. SANTIAGO, PETITIONER-APPELLANT, VS. EUGENIO JUAN GONZALEZ, ET. AL., RESPONDENTS-APPELLEES.*G.R. No. L-36627. October 20, 1977*

Ponente: FERNANDEZ, J.

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This is an appeal from the decision of the Court of First Instance of Manila, Branch II, in Civil Case No. 58279 entitled "Severo J. Santiago vs. Eugenio Juan Gonzalez, et al.". The Court of Appeals, in its Resolution dated December 20, 1972, certified said appeal to this Court pursuant to Section 29, of Republic Act No. 876, otherwise known as "The Arbitration Law", providing that the appeal in arbitration proceedings is by certiorari and the issues to be raised "shall be limited to question of law." [1] The Clerk of Court of the Court of Appeals likewise transmitted and filed on February 22, 1973 the Rollo, copies of the Record on Appeal and the respective briefs of the parties therein filed. [2]

The facts in this arbitration proceeding as reproduced in the Resolution of the Court of Appeals are:

"On March 15, 1963, petitioner Severo J. Santiago and respondent Eugenio Juan Gonzalez entered into an agreement whereby Gonzalez undertook to construct for a certain amount a residential house for Santiago at White Plains Subdivision, Quezon City. Before the termination of the construction, a controversy arose between the parties, it being alleged by Gonzalez that he had not been paid on time. Gonzalez stopped the construction on October 11, 1963, and he notified Santiago. To resolve the controversy between them, Santiago and Gonzalez entered into an agreement on December 28, 1963, to submit their dispute to arbitration. The agreement is marked Annex A of the Petition. Under the terms of Annex 'A', paragraph 5, 'the deliberations of the arbitration award shall be recorded in writing and the decision or award shall likewise be made in writing and served upon the parties or their respective counsel.' Under paragraph 6, the Arbitration Board 'shall complete the proceeding and render award within a period of thirty (30) days from its constitution', and 'the Arbitration Board shall be constituted not later than ten (10) days from the date of the signing of this agreement,' which was on December 28, 1963. Paragraph 8 of Annex A provides, 'the manner by which the arbitration proceedings shall be conducted shall be left entirely to the discretion of the members of the Arbitration Board who shall have the right, as stated in the preceding paragraph to summon the parties, make ocular inspection of the place of construction or take such tests acceptable in engineering practice as to them may be necessary in order to arrive at a proper determination of the controversial technical issues with speed and dispatch'. The Arbitration Board rendered its decision on July 6, 1964, but copy of the award or decision was received by the petitioner herein only on August 10, 1964, and by Gonzalez on July 25, 1964. On August 24, 1964, petitioner Santiago filed a motion for reconsideration with the Arbitration Board. This is authorized by the arbitration agreement, Annex 'A', paragraph 5, which provides that the decision or award shall be final unless either party asks for reconsideration within 15 days from receipt of a copy thereof. Under paragraph 6, such motion for reconsideration shall be decided within 10 days from the submission of said motion. The Arbitration Board having failed to decide petitioner's motion for reconsideration, the petitioner filed this petition on September 9, 1964, to vacate the award of the Arbitration Board on several grounds. At the hearing which was set by this Court, the Court suggested that to resolve all questions by the parties, Gonzalez on his part filed a motion for the confirmation of the award, which he did." [3]

The trial court, after considering the numerous documents presented by both parties, confirmed the award made by the Arbitration Board in a decision dated January 11, 1965, the dispositive portion of which reads:

"WHEREFORE, the award made by the Board of Arbitrators declaring that the balance due to Eugenio Juan Gonzalez from the petitioner Severo J. Santiago to be P49,594.63 is hereby confirmed and judgment is hereby rendered in favor of Eugenio Juan Gonzalez and against the petitioner Severo J. Santiago for the amount of P49,594.63. Without pronouncement as to costs.

SO ORDERED.

Manila, January 11, 1965.

(Sgd.) JOSE N. LEUTERIO

Judge"[4]

The petitioner-appellant, in his brief filed with the Court of Appeals, assigned fifteen (15) errors allegedly committed by the lower court. However, the principal legal issue to be resolved in this appeal is whether or not the court a quo acted correctly in confirming the arbitration award and deciding the case without receiving additional evidence in a hearing before it.

The records show that the arbitration board consisting of three (3) members was duly constituted pursuant to an agreement to arbitrate executed by the parties. The Board discharged its duties in consonance with the scope of their authority as embodied in the submission or contract to arbitrate. The evidence of the parties consists of the original construction contract of the parties, the result of the ocular inspection conducted in the premises, conferences and numerous letters with documentary annexes offered mostly by the appellant, and a detailed estimate and breakdown of the payments and the extent of the construction undertaken by the respondent Eugenio Juan Gonzalez up to the time he stopped the construction work. The proceedings held before the Board from the time of its creation on December 28, 1963 lasted up to July 6, 1964, when the award was rendered and promulgated.

An examination of the proceedings of the Board of Arbitration will show that ample opportunity was afforded the petitioner to adduce proof in support of his contention. The petitioner cannot complain that he was deprived of due process by the said Board.

The lower court confirmed the award of the Board of Arbitrators because:

"x x x An examination of the decision or award of the Board shows that in arriving at its decision, the Board had taken in to consideration the claims and explanation of the petitioner, namely, the following:

- '1. Letter of Mr. Severo J. Santiago to the Arbitration Board dated 24 Dec. 1963 with Annexes 'A' 'B' 'C' & 'D'.
2. Letter of Mr. Severo J. Santiago dated 6 January 1964 addressed to the Chairman, Arbitration Committee with subject, 'Addendum No. 1 Amplification and Supplementary Charges Against the Contractor, Mr. Eugenio Juan Gonzalez and Corresponding Claims of Statement of Account against the Contractor'.
3. Certification of Mr. Jose Diño, inspector and authorized representative of Mr. Severo J. Santiago dated 8 October 1963.
4. Letter of Mr. Severo J. Santiago to the Arbitration Committee dated 25 January 1964 subject: Explanation and basis of claim of Santiago against Gonzalez.
5. Letter of Mr. Severo J. Santiago to the Arbitration Committee dated 8 February 1964 subject: Amplification of Annex Santiago X-3 to my letter to the Arbitration Committee dated January 25, 1964.

6. Letter of Mr. Severo J. Santiago to the Arbitration Committee dated 11 February 1963 subject: Amplification of Annex Santiago X-1 (Reference: my letter to the Arbitration Committee dated January 25, 1964) in compliance with the verbal request of the Chairman of the Arbitration Committee on February 7, 1964.
7. Letter of Mr. Severo J. Santiago to the Chairman, Arbitration Committee for Santiago and Gonzalez dated Feb. 25, 1963 subject: Swimming Pool Request for final Certification of Equity of the owner versus the Contractor Mr. Eugenio Juan Gonzalez.
8. Letter of Mr. Severo J. Santiago to the Arbitration Committee dated April 4, 1963.
9. Letter of Mr. Severo J. Santiago to the Arbitration Committee dated April 4, 1964. Subject: Detailed and Itemized documentary proofs of work undertaken by the Owner at his residence at White Plains after the Contractor abandoned the Job last October 11, 1963 with substantiating evidences.
10. Resume of work done by Owner since October 11, 1963 up to March 15, 1964, prepared by the representative of Mr. Severo J. Santiago dated June 1, 1964.

In addition to this, the Board of arbitration had authorized the Chairman to make an independent estimate of the whole project as per plans and specifications embodied in the contract. The decision or award states in detail the matters which had been taken into consideration in arriving at its decision as well as the break down of the respective claims and defenses of the parties. Neither in the motion for reconsideration nor in the petition to vacate has the petitioner pointed specifically and concretely in what way the Board of Arbitration had erred or had acted with fraud or partiality in granting the award. In the motion for reconsideration filed by the petitioner there was no offer of any evidence, documentary or oral.

The fact that Mr. Concio did not sign the decision does not mean that he was not consulted, or that it is not the act of the Board. Section 20 of the Arbitration Law provides that the award must be signed and acknowledged by a majority of the arbitrators. On the other hand, the agreement of the parties does not require that all three arbitrators should concur. And it must be observed that Mr. Concio, while he has not signed, the award, has not dissented therefrom.

The Court does not find any sufficient reason, fact, or circumstance, which will justify the setting aside of the award made by the Board."^[5]

The lower court denied the motion for reconsideration filed by petitioner on the ground that:

"As stated by the Court in its decision, neither in the motion for reconsideration nor the petition to vacate had the petitioner pointed specifically and concretely in what way the Board of Arbitration had erred or had acted with fraud or partiality in granting the award; and neither was there any showing of what evidence, oral or documentary, plaintiff intended to submit. While the Arbitration Law does not specifically so provide, the Court believes that a reconsideration based upon the evidence which had been received or evidence which the movant seeks to introduce must be made in like manner as in a petition for review. The motion must specifically state what evidence had not been taken into consideration or the error that had been committed by the Court. Otherwise, it is nothing but a mere formal motion. If any further evidence is sought to be introduced, the substance of that evidence must be stated under oath together with copies of the document sought to be introduced. In short, there must be affidavits of merit, for neither the time of the Arbitration Board nor of this Court must be wasted in useless wranglings on vague and general allegations of fraud or error or failure to take into consideration evidence that should have been received. The evidence to be offered must be such that if admitted, it will probably change the result of the award. No such showing made by the petitioner. He contended himself with general allegations of fraud and statement of failure or refusal of the Board to receive further evidence without specifically stating what those documents are and in what the testimony will consist of."^[6]

The foregoing ruling of the lower court is in con-sonance with the holding of this Court that "it is not enough that a motion should state what part of the decision is contrary to law or the evidence; it should also point out why they are so . . . [7]

The petitioner-appellant herein also assails the decision rendered by the court a quo on the ground that it did not find the appellee to be without any right to stop the construction in violation of the law, particular-ly Articles 1721, 1725 and 1726 of the Civil Code of the Philippines.

While it is true that the appellee had stopped the construction by notifying the appellant owner on grounds of delay of the agreed payments of the work done as em-bodied in their contract, the records clearly show that the appellant, in a reply letter, dated October 12, 1963, advised the appellee that the building contract executed by and between them is rescinded upon receipt thereof. The records likewise reveal that it was the appellant who con-tinued the construction of his house since then. The sub-mission or contract to arbitrate agreed upon by the parties was the outcome of such rescission of the contract by the appellant. The appellant's intention to withdraw from the building contract is clear from the following portions of his letter to the appellee:

"Effective upon your receipt of this letter, please be advised fur-ther that our contract with you for the construction of my residential building at White Plains is hereby rescinded for the following reasons:

x x x x x x x x

In order to provide the necessary instrumentalities for the fair and reasonable determination of both our equities during the period when the contract was in operation, I have designated my chief legal counsel, Atty. Dominador E. Chipeco, who shall be assisted by my certified public account(ant), Col. Isidoro Astillero and my engineer, Mr. Benjamin Ponce de Leon to confer with you immediate-ly in the equity liquidation of our contract in fairness to both of us.

I sincerely believe, that as men of goodwill, this problem can be re-solved amicably and in fairness to all concerned, thereby avoiding for both of us any subsequent court action that will be most damaging to both our in-terest as client and contractor.

Sincerely,

(Sgd.) SEVERO J. SANTIAGO"[8]

The lower court did not commit any reversible error.

WHEREFORE, the appealed decision of the Manila Court of First Instance is hereby affirmed, without pronouncement as to costs.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Muñoz Palma, Martin, and Guerrero, JJ., concur.

[1] Resolution of the Court of Appeals, Rollo, pp. 74-86.

[2] Rollo, p. 87.

[3] Resolution of the Court of Appeals, Rollo, pp. 75-76.

[4] Record on Appeal, p. 123.

[5] Record on Appeal, pp. 119-122, Rollo, p. 14.

[6] Record on Appeal, pp. 193-195, Rollo, p. 14.

[7] Luzon Stevedoring Co. Inc. et al. vs. CIR, et al., 8 SCRA 447, 440, 454; Phil. Advertising Counselors Inc. vs. Revilla, 52 SCRA 246, 253-254.

[8] Record on Appeal, pp. 138-142.

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