

A.C. ENTERPRISES, INC., PETITIONER, VS. CONSTRUCTION INDUSTRY ARBITRATION COMMISSION AND DEE CONSTRUCTION CORPORATION, RESPONDENTS.

G.R. No. 101444. May 09, 1995

Ponente: QUIASON, J.

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QUIASON, J.:

In their Second Motion For Partial Reconsideration, private respondent insists that it is entitled to interest at the rate of 12% per annum on the monetary award given them by the Construction Industry Arbitration Commission (CIAC). It contends that under Executive Order No. 1008 dated February 4, 1985 and the Rules of Procedure Governing Construction Arbitration, arbitral awards are final and "inappealable (sic)" and pursuant to our ruling in *Eastern Shipping Lines, Inc. v. Court of Appeals*, 234 SCRA 78 (1994), monetary awards in all judgments that became final and executory, regardless of the nature of the obligation, shall bear legal interest of 12% per annum.

The obligation that was breached in the arbitration case at bench was not based on a loan or forbearance of money, and therefore was not covered by Central Bank Circular No. 416.

In *Reformina v. Tomol, Jr.*, 139 SCRA 260 (1985), we made clear that the award of legal interest at 12% per annum under said Central Bank Circular shall be adjudged only in cases involving the loan or forbearance of money (See also *Pilipinas Bank v. Court of Appeals*, 225 SCRA 268 [1993]). However, in *Eastern Shipping Lines, Inc.*, we held that when the judgment awarding a sum of money becomes final and executory, the monetary award shall earn interest at 12% per annum from the date of such finality until its satisfaction, regardless of whether the case involves a loan or forbearance of money. The reason is that this interim period is deemed to be by then equivalent to a forbearance of credit. We quote from *Eastern Shipping Lines, Inc.*, supra., at pp. 95-97:

"II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:

"1. When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

"2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal

interest shall, in any case, be on the amount finally adjudged.

"3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit" (*Italics supplied*).

It appears that private respondent equated, and wrongly at that, the term "final and inappealable (sic)" as used in E.O. No. 1008 and the Rules of Procedure Governing Construction Arbitration with the term "final and executory" as used in *Eastern Shipping Lines, Inc.*

Section 19 of E.O. No. 1008 dated February 4, 1985 provides as follows:

"Finality of Awards - The arbitral award shall be binding upon the parties. It shall be final and inappealable (sic) except on questions of law which shall be appealable to the Supreme Court" (*Underscoring supplied*).

Section 2 of Article XVI of the Rules of Procedure Governing Construction Arbitration provides as follows:

"Appeals - Pursuant to Section 19 of Executive Order No. 1008 dated 4 February 1985, arbitral awards are final and inappealable (sic) except on questions of law which shall be appealable to the Supreme Court before the award becomes final. An appeal shall not stay the award unless the Supreme Court shall direct otherwise upon such terms as it may deem just. An appeal from an arbitral award or an order/decision of the CIAC shall be perfected by filing with the CIAC a notice of appeal and with the Supreme Court twelve (12) copies of a petition for review of the award, order, or decision complained of within 30 days from notice of such award, order, or decision" (*Underscoring supplied*).

A "final and inappealable (sic)" judgment is not the same as a "final and executory" one. The former becomes executory only as in the case of an award by the CIAC after the lapse of 30 days from receipt of notice thereof and no petition for review to the Supreme Court is made (Rules of Procedure Governing Construction Arbitration, Art. XVI, Sec. 1).

While the petition for review does not automatically suspend the execution of the award of the CIAC, the Supreme Court may direct a stay of the execution. In the case at bench, the Court issued a temporary restraining order to stay the execution of the award (Resolution, October 14, 1991).

The CIAC award did not become "final and executory" until after service of a copy of the Resolution dated April 8, 1992 of this Court, denying the motion for reconsideration. The award was fully paid to private respondent on May 6, 1992 (Rollo, p. 456). We consider the interest that accrued from April 8 to May 6, 1992, a period of less than a month, as de minimis as to warrant its charging against the award.

IN VIEW OF THE FOREGOING, the Court RESOLVED:

(1) to GRANT private respondent's Motion for Leave to File and Admit Attached Second Motion for Partial Reconsideration; and

(2) to DENY the Second Motion for Partial Reconsideration.

Narvasa, C.J., Padilla, Regalado, Davide, Jr., Romero, Bellosillo, Melo, Puno, Vitug, Kapunan, Mendoza, and Francisco, JJ., concur.

Feliciano, J., no part.

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