SHINRYO (PHILIPPINES) COMPANY, INC., PETITIONER, VS. RRN INCORPORATED, RESPONDENT.

G.R. No. 172525. October 20, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

This resolves the Petition for Review on Certiorari under Rule 45 of the Rules of Court, praying that the Decision[1] of the Court of Appeals (CA) dated February 22, 2006, affirming the Decision of the Construction Industry Arbitration Commission (CIAC), and the CA Resolution[2] dated April 26, 2006, denying herein petitioner's motion for reconsideration, be reversed and set aside.

The facts, as accurately narrated in the CA Decision, are as follows.

> Petitioner Shinryo (Philippines) Company, Inc. (hereinafter petitioner) is a domestic corporation organized under Philippine laws. Private respondent RRN Incorporated (hereinafter respondent) is likewise a domestic corporation organized under Philippine laws.
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> Respondent filed a claim for arbitration against petitioner before CIAC for recovery of unpaid account which consists of unpaid portions of the sub-contract, variations and unused materials in the total sum of P5,275,184.17 and legal interest in the amount of P442,014.73. Petitioner filed a counterclaim for overpayment in the amount of P2,512,997.96.
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> The parties admitted several facts before the CIAC. It was shown that petitioner and respondent executed an Agreement and Conditions of Sub-contract (hereafter Agreement signed on June 11, 1996 and June 14, 1996, respectively. Respondent signified its willingness to accept and perform for petitioner in any of its projects, a part or the whole of the works more particularly described in Conditions of Sub-Contract and other Sub-contract documents.
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> On June 11, 2002, the parties executed a "Supply of Manpower, Tools/Equipment, Consumables for the Electrical Works-Power and Equipment Supply, Bus Duct Installation" for the Phillip Morris Greenfield Project (hereafter Project) covered by Purchase Order Nos. 4501200300-000274 and 4501200300-000275 amounting to P15,724,000.00 and P9,276,000.00 respectively, or a total amount of P25,000,000.00. The parties also agreed that respondent will perform variation orders in the Project. In connection with the Project, petitioner supplied manpower chargeable against respondent.
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> Respondent was not able to finish the entire works with petitioner due to financial difficulties. Petitioner paid respondent a total amount of P26,547,624.76. On June 25, 2005 [should read 2003], respondent, through its former counsel sent a letter to petitioner demanding for the payment of its unpaid balance amounting to P5,275,184.17. Petitioner claimed material back charges in the amount of P4,063,633.43. On September 26, 2003, respondent only acknowledged P2,371,895.33 as material back charges. Thereafter, on October 16, 2003, respondent sent another letter to petitioner for them to meet and settle their dispute.
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> On January 8, 2004, respondent sent another letter to petitioner regarding the cost of equipment rental and the use of scaffolding. Thereafter, on August 12, 2004, petitioner sent a letter to respondent denying any unpaid

account and the failure in their negotiations for amicable settlement.

On September 3, 2004, respondent, through its new counsel, advised petitioner of their intention to submit the matter to arbitration. Thereafter, their dispute was submitted to arbitration. During the preliminary conference, the parties agreed in their Terms of Reference to resolve eight issues, to wit:

1. What should be the basis in evaluating the variation cost?
1.1 How much is the variation cost?

2. Is the Respondent (petitioner in the instant case) justified in charging claimant (herein respondent) the equipment rental fee and for the use of the scaffoldings? If so, how much should be charged to Claimant?

3. What should be the basis in evaluating the total cost of materials supplied by Respondent to the Project which is chargeable to Claimant?

3.1 How much is the total cost of materials supply chargeable to Claimant?

4. How much is the value of the remaining works left undone by the Claimant in the project?

5. Is the Claimant's claim for inventory of excess materials valid? If so, how much is the value thereof?

6. Is the Respondent entitled to its claim for an overpayment in the amount of P2,512,997.96?

7. Is Claimant entitled to its claim for interest? If so, how much?

8. Who between the parties shall bear the cost of Arbitration?

The CIAC rendered the assailed decision after the presentation of the parties' evidence. [The dispositive portion of said decision reads as follows:

WHEREFORE, judgment is hereby rendered in favor of the claimant and respondent is ordered to pay claimant its unpaid account in the sum of P3,728,960.54 plus legal interest of 6% reckoned from June 25, 2003 up to the filing of the case on October 11, 2004 and 12% of P3,728,960.54 from the finality of the judgment until fully paid and arbitration cost of P104,333.82 representing claimant's share of the arbitration cost which respondent should reimburse.

SO ORDERED.]

Petitioner accepts the ruling of the CIAC only in Issue No. 1 and Sub-Issue No. 1.1 and in Issue No. 2 in so far as the amount of P440,000.00 awarded as back charges for the use of scaffoldings. x x x[3]

On February 22, 2006, the CA promulgated the assailed Decision affirming the decision of the CIAC. The CA upheld the CIAC ruling that petitioner failed to adduce sufficient proof that the parties had an agreement regarding charges for respondent's use of the manlift. As to the other charges for materials, the CA held that the evidence on record amply supports the CIAC findings. Petitioner moved for reconsideration of said ruling, but the same was denied per Resolution dated April 26, 2006.

Hence, this petition where it is alleged that:

I. THE HONORABLE COURT OF APPEALS COMMITTED GRAVE REVERSIBLE ERROR WHEN IT DENIED PETITIONER'S CLAIM FOR MANLIFT EQUIPMENT RENTAL IN THE AMOUNT OF P511,000.00 DESPITE EVIDENCE ON RECORD THAT RESPONDENT RRN ACTUALLY USED AND BENEFITED FROM THE MANLIFT EQUIPMENT.

II. IN RENDERING THE QUESTIONED DECISION AND QUESTIONED RESOLUTION, THE HONORABLE COURT OF APPEALS HAS DECIDED A QUESTION OF SUBSTANCE NOT IN

ACCORD WITH LAW AND/OR WITH THE APPLICABLE DECISIONS OF THE HONORABLE SUPREME COURT.

III. THE COURT OF APPEALS COMMITTED A GRAVE REVERSIBLE ERROR IN AFFIRMING THE CIAC AWARD FOR THE VALUE OF INVENTORIED MATERIALS CONSIDERING THAT:

A. RESPONDENT RRN ADMITTED THE VALIDITY OF THE DEDUCTIONS ON ACCOUNT OF MATERIAL SUPPLY, WHICH INCLUDED THE INVENTORIED MATERIALS.

B. RESPONDENT RRN HAS NO BASIS TO CLAIM BECAUSE ENGR. BONIFACIO ADMITTED THAT RESPONDENT RRN FAILED TO ESTABLISH WHETHER THE MATERIALS CAME FROM RESPONDENT RRN OR FROM PETITIONER AND THAT IT WAS PETITIONER THAT ACTUALLY INSTALLED THE SAID MATERIALS AS PART OF REMAINING WORKS THAT PETITIONER TOOK OVER FROM RESPONDENT RRN.

C. THE CLAIM FOR THE VALUE OF INVENTORIED MATERIALS IS A DOUBLE CLAIM OR DOUBLE ENTRY BECAUSE IN THE COMPUTATION OF THE FINAL ACCOUNT, RESPONDENT RRN WAS CREDITED THE FULL CONTRACT PRICE AND THE COST OF VARIATIONS, WHICH INCLUDED THE INVENTORIED MATERIALS.

IV. IN RENDERING THE QUESTIONED DECISION AND QUESTIONED RESOLUTION, THE COURT OF APPEALS COMMITTED A GRAVE REVERSIBLE ERROR IN THAT IT COMPLETELY DISREGARDED THE PROVISION OF THE SUBCONTRACT, WHICH ALLOWED PAYMENT OF ACTUAL COST INCURRED BY PETITIONER IN COMPLETING THE REMAINING WORKS THAT PRIVATE RESPONDENT ADMITTEDLY FAILED TO COMPLETE.

V. THE COURT OF APPEALS COMMITTED A GRAVE REVERSIBLE ERROR WHEN IT COMPLETELY DISREGARDED THE EVIDENCE ON ACTUAL COST INCURRED BY PETITIONER IN COMPLETING THE REMAINING WORKS.

VI. THE COURT OF APPEALS COMMITTED GRAVE REVERSIBLE ERROR WHEN IT AFFIRMED THE CIAC AWARD FOR INTERESTS AND ARBITRATION COSTS IN FAVOR OF RESPONDENT RRN.[4]

The petition is bereft of merit.

Despite petitioner's attempts to make it appear that it is advancing questions of law, it is quite clear that what petitioner seeks is for this Court to recalibrate the evidence it has presented before the CIAC. It insists that its evidence sufficiently proves that it is entitled to payment for respondent's use of its manlift equipment, and even absent proof of the supposed agreement on the charges petitioner may impose on respondent for the use of said equipment, respondent should be made to pay based on the principle of unjust enrichment. Petitioner also questions the amounts awarded by the CIAC for inventoried materials, and costs incurred by petitioner for completing the work left unfinished by respondent.

As reiterated by the Court in IBEX International, Inc. v. Government Service Insurance System,[5] to wit:

It is settled that findings of fact of quasi-judicial bodies, which have acquired expertise because their jurisdiction is confined to specific matters, are generally accorded not only respect, but also finality, especially when affirmed by the Court of Appeals. In particular, factual findings of construction arbitrators are final and conclusive and not reviewable by this Court on appeal.

This rule, however, admits of certain exceptions. In Uniwide Sales Realty and Resources Corporation v. Titan-Ikeda Construction and Development Corporation, we said:

In David v. Construction Industry and Arbitration Commission, we ruled that, as exceptions, factual findings

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> of construction arbitrators may be reviewed by this Court when the petitioner proves affirmatively that: (1) the award was procured by corruption, fraud or other undue means; (2) there was evident partiality or corruption of the arbitrators or any of them; (3) the arbitrators were guilty of misconduct in refusing to hear evidence pertinent and material to the controversy; (4) one or more of the arbitrators were disqualified to act as such under Section nine of Republic Act No. 876 and willfully refrained from disclosing such disqualifications or of any other misbehavior by which the rights of any party have been materially prejudiced; or (5) the arbitrators exceeded their powers, or so imperfectly executed them, that a mutual, final and definite award upon the subject matter submitted to them was not made.
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> Other recognized exceptions are as follows: (1) when there is a very clear showing of grave abuse of discretion resulting in lack or loss of jurisdiction as when a party was deprived of a fair opportunity to present its position before the Arbitral Tribunal or when an award is obtained through fraud or the corruption of arbitrators, (2) when the findings of the Court of Appeals are contrary to those of the CIAC, and (3) when a party is deprived of administrative due process.[6]

A perusal of the records would reveal that none of the aforementioned circumstances, which would justify exemption of this case from the general rule, are present here. Such being the case, the Court, not being a trier of facts, is not duty-bound to examine, appraise and analyze anew the evidence presented before the arbitration body.[7]

Petitioner's reliance on the principle of unjust enrichment is likewise misplaced. The ruling of the Court in University of the Philippines v. Philab Industries, Inc.[8] is highly instructive, thus:

> Unjust enrichment claims do not lie simply because one party benefits from the efforts or obligations of others, but instead it must be shown that a party was unjustly enriched in the sense that the term unjustly could mean illegally or unlawfully.
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> Moreover, to substantiate a claim for unjust enrichment, the claimant must unequivocally prove that another party knowingly received something of value to which he was not entitled and that the state of affairs are such that it would be unjust for the person to keep the benefit. Unjust enrichment is a term used to depict result or effect of failure to make remuneration of or for property or benefits received under circumstances that give rise to legal or equitable obligation to account for them; to be entitled to remuneration, one must confer benefit by mistake, fraud, coercion, or request. Unjust enrichment is not itself a theory of reconvey. Rather, it is a prerequisite for the enforcement of the doctrine of restitution.
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> Article 22 of the New Civil Code reads:
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> Every person who, through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him.

In order that accion in rem verso may prosper, the essential elements must be present: (1) that the defendant has been enriched, (2) that the plaintiff has suffered a loss, (3) that the enrichment of the defendant is without just or legal ground, and (4) that the plaintiff has no other action based on contract, quasi-contract, crime or quasi-delict.

An accion in rem verso is considered merely an auxiliary action, available only when there is no other remedy on contract, quasi-contract, crime, and quasi-delict. If there is an obtainable action under any other institution of positive law, that action must be resorted to, and the principle of accion in rem verso will not lie.[9]

As found by both the CIAC and affirmed by the CA, petitioner failed to prove that respondent's free use of the manlift was without legal ground based on the provisions of their contract. Thus, the third requisite, i.e., that the enrichment of respondent is without just or legal ground, is missing. In addition, petitioner's claim is based on contract, hence, the fourth requisite – that the plaintiff has no other action based on contract, quasi-contract, crime

or quasi-delict – is also absent. Clearly, the principle of unjust enrichment is not applicable in this case.

The other issues raised by petitioner all boil down to whether the CIAC or the CA erred in rejecting its claims for costs of some materials.

Again, these issues are purely factual and cannot be properly addressed in this petition for review on certiorari. In Hanjin Heavy Industries and Construction Co., Ltd. v. Dynamic Planners and Construction Corp.,[10] it was emphasized that mathematical computations, the propriety of arbitral awards, claims for "other costs" and "abandonment" are factual questions. Since the discussions of the CIAC and the CA in their respective Decisions show that its factual findings are supported by substantial evidence, there is no reason why this Court should not accord finality to said findings. Verily, to accede to petitioner's request for a recalibration of its evidence, which had been thoroughly studied by both the CIAC and the CA would result in negating the objective of Executive Order No. 1008, which created an arbitration body to ensure the prompt and efficient settlement of disputes in the construction industry. Thus, the Court held in Uniwide Sales Realty and Resources Corporation v. Titan-Ikeda Construction and Development Corporation,[11] that:

> x x x The Court will not review the factual findings of an arbitral tribunal upon the artful allegation that such body had "misapprehended facts" and will not pass upon issues which are, at bottom, issues of fact, no matter how cleverly disguised they might be as "legal questions." The parties here had recourse to arbitration and chose the arbitrators themselves; they must have had confidence in such arbitrators. The Court will not, therefore, permit the parties to relitigate before it the issues of facts previously presented and argued before the Arbitral Tribunal, save only where a clear showing is made that, in reaching its factual conclusions, the Arbitral Tribunal committed an error so egregious and hurtful to one party as to constitute a grave abuse of discretion resulting in lack or loss of jurisdiction.[12]

As discussed above, there is nothing in the records that point to any grave abuse of discretion committed by the CIAC.

The awards for interests and arbitration costs are, likewise, correct as they are in keeping with prevailing jurisprudence.[13]

IN VIEW OF THE FOREGOING, the Petition is DENIED. The Decision of the Court of Appeals dated February 22, 2006 and its Resolution dated April 26, 2006 are AFFIRMED.

SO ORDERED.

Carpio, (Chairperson), Velasco, Jr.,[**] Leonardo-De Castro,[***]and Mendoza, JJ., concur.

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[*] The Court of Appeals, Construction Industry Arbitration Commission, the Honorable Beda G. Fajardo, Joel J. Marciano and Guillermo Claridad, in their capacities as Chairman and Member of the Arbitral Tribunal, who were initially included as respondents in the petition should not be included as such pursuant to Section 4, Rule 45 of the Rules of Court.

[**] Designated as an additional member in lieu of Associate Justice Antonio Eduardo B. Nachura, per raffle dated October 20, 2010.

*** Designated as an additional member in lieu of Associate Justice Roberto A. Abad, per Special Order No. 905, dated October 5, 2010.

[1] Penned by Associate Justice Juan Q. Enriquez, Jr., with Associate Justices Godardo A. Jacinto and Vicente Q. Roxas, concurring; rollo, pp. 66-76..

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[2] Id. at 78-79.

[3] Id. at 66-69.

[4] Id. at 17-19.

[5] G.R. No. 162095, October 12, 2009, 603 SCRA 306.

[6] Id. at 314-315. (Emphasis supplied.)

[7] Diesel Construction v. UPSI Property Holdings, Inc. G.R. No. 154885, March 24, 2008, 549 SCRA 12, ---30.

[8] 482 Phil. 693 (2004)

[9] Id. at 709-711. (Emphasis and underscoring supplied.)

[10] G.R. Nos. 169408 & 170144, April 30, 2008, 553 SCRA 541, 558, 565, 568.

[11] G.R. No. 126619, December 20, 2006 (quoting David v. Construction Industry Arbitration Commission, 479 Phil. 578 [2004]), 511 SCRA 335.

[12] Id. at 362.

[13] See Hanjin Heavy Industries and Construction Co., Ltd. v. Dynamic Planners and Construction Corp., supra note 10, at 576.

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