



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

FLORANTE G. AGUILA,
COMGLASCO AGUILA GLASS
CORPORATION and VALIENTE
SELECT VENTURE, INC.,
Petitioners,

- versus -

PERFECT DIMENSION
CORPORATION, ENGR.
RONALDO S. GUEVARRA** and
ENGR. MARK LUMBAY,
Respondents.

G.R. No. 243317

Present:

GESMUNDO, C.J.,
Chairperson,
HERNANDO,
ZALAMEDA,*
ROSARIO, and
MARQUEZ, JJ.*

Promulgated:

AUG 04 2025

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DECISION

HERNANDO, J.:

This resolves the Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of the Court filed by petitioners Florante G. Aguila (Aguila), Comglasco Aguila Glass Corporation (Comglasco) and Valiente Select Venture, Inc. (Aguila et al.) assailing the Decision² and the Resolution³ of the Court of

* On official business.

** Referred to as "Engr. Ronaldo S. Guevara" in some parts of the *rollo*.

¹ *Rollo* (G.R. No. 243317), pp. 9-26.

² *Id.* at 28-57. The July 31, 2018 Decision in CA-G.R. SP No. 151582 was penned by Associate Justice Stephen C. Cruz and concurred in by Presiding Justice Romeo F. Barza and Associate Justice Carmelita Salandanan Manahan of the First Division, Court of Appeals, Manila.

³ *Id.* at 59-64. The November 12, 2018 Resolution in CA-G.R. SP No. 151582 was penned by Associate Justice Stephen C. Cruz and concurred in by Presiding Justice Romeo F. Barza and Associate Justice Carmelita Salandanan Manahan of the Former First Division, Court of Appeals, Manila.

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Appeals (CA), which affirmed with modification the Final Award⁴ of the Construction Industry Arbitration Commission (CIAC).

The Factual Antecedents

Comglasco engaged the services of Perfect Dimension Corporation (PDC) to provide architectural works, plumbing and sanitary works, as well as electrical works (Works) for Unit 60A, Discovery Primea, Ayala Avenue, Makati City (subject unit), as evidenced by a Letter of Award/Notice to Proceed Fit-Out Package (Letter of Award) dated August 1, 2014, with a total contract price of PHP 7,880,000.00.⁵

Paragraph 4 of the Letter of Award provides that the Works shall be completed within 150 calendar days from the date of release of downpayment. Paragraph 10 also provides that the contractor shall be liable for liquidated damages of 1/10 of 1% to a maximum of 10% of the total contract sum for each day of delay.⁶

On June 25, 2014, Engr. Mark Lumbay (Engr. Lumbay) submitted to Aguila a proposal for Project Management and Quantity Survey Services for the Works of the subject unit, to which Aguila subsequently accepted through an Engagement Letter. Pursuant to the Engagement Letter, Engr. Lumbay received an engagement fee of PHP 100,000.00 and will be paid a monthly fee of PHP 85,000.00.⁷

On July 31, 2014, Aguila et al. paid a downpayment of PHP 2,000,000.00 giving respondent PDC until December 29, 2014 to finish the Works. However, actual work in the subject unit only commenced on November 3, 2014 upon issuance by the administrator of Discovery Primea to PDC of a clearance or certification to proceed. On December 29, 2014, the Works were still unfinished or incomplete. After a year or in December 2015, Aguila et al. terminated the services of PDC because of the unfinished or incomplete Works and hired Century Project Management & Const. Co. (Century) to take over.⁸

Despite several discussions on PDC's inefficiency and mishandling of the Works, and the amount spent by Aguila et al. to hire Century to take over the incomplete and inefficient Works and the replacement costs of materials, the

⁴ *Id.* at 65–109. The June 22, 2017 Final Award in CIAC Case No. 35-2016 was rendered by the Arbitral Tribunal composed of Ricardo Ma. P.G. Ongkiko, as Chairperson and Roberto N. Dio and Beatriz P. Lampas, as Members of the Construction Industry Arbitration Commission, Makati City.

⁵ *Id.* at 30, 66.

⁶ *Id.* at 30–31, 66–67.

⁷ *Id.* at 31, 67.

⁸ *Id.*

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issues remain unresolved. Thus, Aguila et al. sent separate demand letters to PDC and Engr. Ronaldo S. Guevarra (Engr. Guevarra) and Engr. Lumbay (PDC et al.), but their demands remain unheeded.⁹

On July 11, 2016, Aguila et al. filed a Complaint¹⁰ and request for arbitration with the CIAC for the adjudication of its claims against PDC et al.¹¹ amounting to PHP 21,234,076.28, itemized as follows:

1. PHP 2,663,440.00 for liquidated damages due to the delay in the completion of the Works;
2. PHP 8,045,690.03 for actual costs or damages due to the inefficiency and/or mishandling of Works committed by PDC et al.;
3. PHP 1,299,946.25 for cost of labor and consultancy fees paid to Century;
4. PHP 8,000,000.00 for compensatory or indemnification for damages due to unrealized profits;
5. PHP 525,000.00 for the amount to be returned by Engr. Lumbay;
6. PHP 500,000.00 for moral damages; and
7. PHP 200,000.00 for attorney's fees and other legal fees.¹²

In their answer with compulsory counterclaims, PDC and Engr. Guevarra argued that Aguila et al.'s claim for liquidated damages is bereft of merit because the delay cannot solely be attributed to them but also to Aguila et al. who even approved or consented to the delay. They (PDC and Engr. Guevarra) performed their obligations under the Letter of Award in accordance with the approved plan projects, thus, Aguila et al. have no cause of action against them. By way of compulsory counterclaim, PDC and Engr. Guevarra prayed for moral damages and attorney's fees in the amount of PHP 50,000.00 each.¹³

Meanwhile, Engr. Lumbay separately filed an answer with compulsory counterclaim arguing that he complied with and performed his obligations as project manager, consequently, Aguila et al. have no cause of action against him. Thus, he prayed for the dismissal of the complaint against him.¹⁴

⁹ *Id.*

¹⁰ *Id.* at 115-139.

¹¹ *Id.* at 68.

¹² *Id.* at 126-127.

¹³ *Id.* at 32.

¹⁴ *Id.*

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*Ruling of the Construction
Industry Arbitration
Commission*

In a Final Award¹⁵ dated June 22, 2017, the CIAC determined that there was a delay of 373 days¹⁶ of which both Aguila and Comglasco, and PDC are responsible.¹⁷ The approval by Discovery Primea of the commencement of the Works only on October 24, 2014, which translated to a delay of 85 days was due to the belated submission to Discovery Primea of certain documentary requirements. Aguila et al. were responsible for the submission of the construction plans while PDC and Engr. Guevarra were responsible for the National Bureau of Investigation clearance of workers and the Schedule of Work in Gantt chart. Thus, Aguila et al. were responsible for 2/3 of the 85-day delay or 56.67 days, and PDC and Engr. Guevarra were responsible for 1/3 of the 85-day delay or 28.33 days.¹⁸

Of the remaining 288 days of delay, PDC et al. should be excused for 240 days of delay considering that Aguila et al. did not present any evidence to refute the statements and evidence of PDC et al. on the causes of delay, such as change orders by Aguila and the incomplete deliveries of owner supplied materials, for which PDC et al. requested for time extension. Accordingly, PDC et al. shall be liable only for a total of 76.33 days, i.e., 28.33 days plus 48 days.¹⁹

On the issue of alleged defective works, Aguila et al. failed to present sufficient evidence to prove that PDC is liable for defective works. It cannot rely on the certifications issued by Arch. Salamanca²⁰ from Century because he was not presented as a witness; the same is true with the documentary exhibits submitted by Aguila et al. on the damage on the flooring or wall tiles because these were mere certifications and not official commercial documents, and the persons certifying them were not presented as witnesses. The CIAC did not give weight to the testimony of Aguila on the photographs which he offered to prove the alleged defects because these were not properly identified and authenticated.²¹

Lastly, the CIAC held that Engr. Lumbay complied with his obligations under the Engagement Letter. Engr. Lumbay presented sufficient evidence to prove that he carried out his obligations. Meanwhile, Aguila et al. failed to rebut the evidence submitted by Engr. Lumbay and did not provide documentary

¹⁵ *Id.* at 65–109.

¹⁶ *Id.* at 70–71.

¹⁷ *Id.* at 75.

¹⁸ *Id.* at 77–78.

¹⁹ *Id.* at 78–81.

²⁰ The full name of Arch. Salamanca was not mentioned in the *rollo*.

²¹ *Rolla* (G.R. No. 243317), pp. 82–84.

proof of any of the complaints they raised to Engr. Lumbay in the course of his engagement.²²

The Final Award's dispositive portion reads:

WHEREFORE, the Tribunal resolves to:

1. PARTIALLY GRANT Claimants' claim for liquidated damages against Respondents Perfect Dimension and Engr. Guevara and HOLD Respondent Perfect Dimension liable to Mr. Aguila and Comglasco for liquidated damages in the amount of [PHP] 601,480.40;
2. DENY Claimants' claim for actual damages against Respondents Perfect Dimension and Engr. Guevara;
3. DENY Claimants' claims for (a) Cost of labor, consultancy fees and other fees to finish the unfinished works; (b) Compensatory or indemnification for damages due to unrealized profits; (c) Return of payment made to Respondent Engr. Lumbay; (d) moral damages; and (e) Attorney's fees;
4. PARTIALLY GRANT the claim of Perfect Dimension and Engr. Guevara for moral damages and attorney's fees, and HOLD Claimants liable to Engr. Guevara moral damages in the amount of [PHP] 50,000.00 and attorney's fees in the amount of [PHP] 50,000.00;
5. GRANT Perfect Dimension's counterclaims for unpaid billings and HOLD Mr. Aguila and Comglasco liable to Perfect Dimension for accomplished works for [PHP] 2,246,605.80;
6. GRANT Respondent Engr. Lumbay's counterclaims and HOLD Claimants liable to Engr. Lumbay for Attorney's fees of [PHP] 206,000.00, and HOLD Mr. Aguila liable to Engr. Lumbay for Unpaid billings for professional fees of [PHP] 425,000.00;
7. DENY Claimants' claims for costs of arbitration;
8. PARTIALLY GRANT the claim of Perfect Dimension and Engr. Guevara for costs of arbitration, and HOLD Claimants liable to Engr. Guevara for costs of arbitration in the amount of [PHP] 3,109.50; and
9. GRANT Respondent Engr. Lumbay's counterclaim for costs of arbitration and HOLD Claimants liable to Engr. Lumbay for costs of arbitration of [PHP] 19,760.42.

Setting off the amounts of claims or counterclaims granted above to each of the parties, the Tribunal orders:

²² *Id.* at 84-88.

- a. Mr. Aguila and Comglasco to PAY Perfect Dimension the net amount of [PHP] 1,645,125.40;
- b. Claimants to PAY Engr. Guevara the total amount of [PHP] 103,109.50;
- c. Claimants to PAY Engr. Lumbay the total amount of [PHP] 650,760.42;

plus legal interest of 6% per annum from the date of this Final Award until full payment.

This award shall be immediately final.

SO ORDERED.²³ (Emphasis in the original)

Aggrieved, Aguila et al. filed a Petition for Review with Prayer for Preliminary Injunction and Temporary Restraining Order²⁴ under Rule 43 of the Rules of Court before the CA.²⁵

Ruling of the Court of Appeals

In a Decision²⁶ dated July 31, 2018, the appellate court partially granted the petition of Aguila et al. and affirmed with modification the Final Award of the CIAC.²⁷

The CA agreed with the CIAC that delay in the completion of Works is not imputable to PDC et al. alone. However, it found that PDC et al. should be liable for 133 days of delay. Moreover, they are liable to pay PHP 788,000.00 as liquidated damages for the delay in the completion of Works considering that the Letter of Award provides that liquidated damages should not be more than 10% of the total contract price of PHP 7,880,000.00.²⁸

On the issue of alleged defective Works, contrary to the findings of the CIAC, the CA gave probative value to the certifications issued by Arch. Salamanca considering that not only were they notarized but they were substantially corroborated by photographs as well.²⁹ However, the sales invoices and certification presented by Aguila et al. to support its claim for actual damages in the amount of PHP 8,045,690.03 were found insufficient. The said invoices were in the name of Anna Maria Aguila and the materials were to be shipped not to the subject unit. Moreover, the certifications were not

²³ *Id.* at 108–109.

²⁴ *Id.* at 135–187.

²⁵ *Id.* at 28.

²⁶ *Id.* at 28–57.

²⁷ *Id.* at 54.

²⁸ *Id.* at 36–39.

²⁹ *Id.* at 39–41.

considered commercial documents but merely certifications with lists of expenses and without any corresponding official receipts attached.³⁰

Nevertheless, the CA found that the grant of temperate damages is proper considering that Aguila et al. suffered pecuniary losses, but they failed to sufficiently prove the amount. Guided by the principle of *quantum meruit*, the CA awarded the amount of PHP 3,000,000.00 as temperate damages.³¹

The appellate court denied Aguila et al.'s claim for costs of labor, consultancy fees and other fees incurred to complete the unfinished works, considering that when the agreement was terminated, PDC and Engr. Guevarra have already accomplished 76.67% of the Works valued at PHP 6,041,237.54 but they only paid PHP 1,299,946.25 to Century to finish and rectify the defective Works. Thus, Aguila et al. even saved on costs when it replaced PDC and Engr. Guevarra. While Aguila et al. incurred more costs for the materials used to replace and rectify the Works, these have been compensated by the award of temperate damages.³²

The appellate court did not lend credence to Aguila et al.'s insistence that Engr. Lumbay failed to comply with his obligations as project manager. Contrary to Aguila et al.'s contentions that they were not duly informed of the status of the Works, and did not give their consent to the requests for extensions, the appellate court noted that PDC et al. submitted in evidence minutes of several meetings, letters, and emails showing that Aguila et al. or their authorized representatives had knowledge of the status of the Works, and that Engr. Lumbay or his representative informed Aguila et al. of the Work's progress. Apart from bare allegations, no evidence was presented by Aguila et al. to show that during Engr. Lumbay's engagement, they complained about his performance as project manager.³³

The CA similarly denied Aguila et al.'s claim for unrealized profit in the amount of PHP 8,000,000.00. No evidence was presented by Aguila et al. to prove that the timely completion of the Works on the subject unit could have earned them the amount of PHP 500,000.00 per month as rental fee. Moreover, the records are bereft of any showing that the subject unit will be rented out because as shown in the Letter of Award, the subject unit was built for residential purposes and not for tenancy.³⁴

³⁰ *Id.* at 41-43.

³¹ *Id.* at 43-44.

³² *Id.* at 44-45.

³³ *Id.* at 45-46.

³⁴ *Id.* at 46-47.

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The CA also rejected Aguila et al.'s claims for moral damages and agreed with the findings of the CIAC. However, it awarded attorney's fees in the amount of PHP 200,000.00 stating that Aguila et al. had the right to protect their rights because PDC and Engr. Guevarra refused to heed to Aguila et al.'s valid and just claims. Further, it found PDC and Engr. Guevarra liable for the cost of arbitration because had they complied with their obligations, the instant case would not have sprouted.³⁵ The appellate court explained that PDC and Engr. Guevarra were responsible for the delay in the completion of the Works and the defective Works in the subject unit.³⁶

However, Aguila et al. is liable to PDC and Engr. Guevarra for the total amount of PHP 1,628,436.60 corresponding to PHP 618,872.89 as unpaid balance and PHP 1,009,563.71 as cost of change orders. As to the awards granted to Engr. Lumbay, the CA found no reason to deviate from the ruling of the CIAC.³⁷

The dispositive portion of the CA Decision, reads:

WHEREFORE, in view of the foregoing premises, the instant petition is hereby **PARTIALLY GRANTED**. The Final Award promulgated on June 22, 2017 of the Construction Industry Arbitration Commission Arbitral Tribunal, in CIAC Case No. 35-2016, is **AFFIRMED with MODIFICATION**, to read as follows:

1. **PARTIALLY GRANT** claimants' claim for liquidated damages and **HOLD** Perfect Dimension and Engr. Guevara liable to Mr. Aguila and Comglasco for liquidated damages in the amount of [PHP] 788,000.00;
2. **DENY** Claimants' claim for actual damages against Perfect Dimension and Engr. Guevara but **GRANT** them temperate damages and **HOLD** Perfect Dimension and Engr. Guevara liable to Mr. Aguila and Comglasco for temperate damages in the amount of [PHP] 3,000,000.00;
3. **DENY** Claimants' claims for (a) Cost of labor, consultancy fees and other fees to finish the unfinished works; (b) Compensatory or indemnification for damages due to unrealized profits; (c) Return of payment made to Respondent Engr. Lumbay; and (d) moral damages;
4. **GRANT** Claimants' claims for Attorney's fees and **HOLD** Perfect Dimension and Engr. Guevara liable to Claimants in the amount of [PHP] 200,000.00;

³⁵ *Id.* at 47-50.

³⁶ *Id.* at 50.

³⁷ *Id.* at 51-53.

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5. **DENY** the claim of Perfect Dimension and Engr. Guevara for moral damages and attorney's fees;

6. **PARTIALLY GRANT** Perfect Dimension's counterclaims for unpaid billings and **HOLD** Mr. Aguila and Comglasco liable to Perfect Dimension for unpaid billings for accomplished works in the amount of [PHP] 1,628,436.60;

7. **GRANT** Respondent Engr. Lumbay's counterclaims and **HOLD** Claimants liable to Engr. Lumbay for Attorney's fees of [PHP] 206,000.00 and Unpaid billings for professional fees of [PHP] 425,000.00;

8. **PARTIALLY GRANT** Claimants' claims for costs of arbitration and **HOLD** Perfect Dimension and Engr. Guevara liable to Claimants in the amount of [PHP] 427,995.46;

9. **DENY** the claim of Perfect Dimension and Engr. Guevara for costs of arbitration; and

10. **GRANT** Engr. Lumbay's counterclaim for costs of arbitration and **HOLD** Claimants liable to Engr. Lumbay in the amount of [PHP] 19,760.42.

Setting off the amounts of claims or counterclaims granted above to each of the parties, the Tribunal orders:

- a. Perfect Dimension and Engr. Guevara to **PAY** Claimants the net amount of [PHP] 2,787,558.86;
- b. Claimants to **PAY** Engr. Lumbay the total amount of [PHP] 650,760.42;

plus legal interest of 6% per annum from the date of this Final Award until full payment.

This award shall be immediately final.

SO ORDERED.³⁸ (Emphasis in the original)

PDC and Engr. Guevarra filed a Motion for Partial Reconsideration³⁹ on August 31, 2018. Meanwhile, Aguila et al. filed a Motion for Partial Reconsideration with Entry of Appearance.⁴⁰ However, in a Resolution⁴¹ dated November 12, 2018, the CA denied both motions for lack of merit.

³⁸ *Id.* at 54–56.

³⁹ *Id.* at 61.

⁴⁰ *Id.* at 194–206.

⁴¹ *Id.* at 59–64.

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Hence, the present Petition.

Petitioners insist that respondents incurred a delay of 373 days, and that petitioners did not approve and authorize any extension of the contract.⁴² Moreover, respondents are liable for their inefficiency, poor workmanship, and failure to complete the project on time. They maintain that respondent PDC and Engr. Guevarra are not entitled to their unpaid billings, nor respondent Engr. Lumbay, to his salary and award of attorney's fees. Instead, they (petitioners) should be the ones to be indemnified for unrealized profits and petitioner Aguila for moral damages.⁴³ Lastly, petitioners allege that they have substantiated their claim for actual damages. The list of expenses are certifications of payments which are sufficient and competent evidence to prove actual damages.⁴⁴

In a Comment⁴⁵ dated June 14, 2019, respondents PDC and Engr. Guevarra assert that the project owner approved the contract extension. In particular, their requests for extension of time or modification of work completion schedule were approved by petitioners through their project manager, Engr. Lumbay, who was authorized to do all coordination from the start-up date to the project completion. Moreover, during the design coordination meeting on November 24, 2015, it was petitioner Aguila himself who agreed to the modification of the work completion schedule.⁴⁶ Thus, they cannot be held liable for damages since they did not cause the delay but by petitioner Aguila to act promptly on the complaints of respondent PDC and his requests for change orders.⁴⁷

On the alleged defective Works, respondents contend that CIAC's findings are more in accord with law because the evidence presented by petitioners, i.e., photographs and certification from Arch. Salamanca are far from being clear and convincing proof.⁴⁸ Moreover, the ruling of the CA and the CIAC are correct in that petitioners failed to present sufficient evidence to prove its claim for actual damages.⁴⁹

Meanwhile, respondent Engr. Lumbay separately filed a Comment⁵⁰ dated June 24, 2019. He insists that he faithfully complied with his obligations as project manager pursuant to the Engagement Letter. He exerted every effort to balance the needs and wants of petitioner Aguila and respondent PDC. He

⁴² *Id.* at 15-17.

⁴³ *Id.* at 18-20.

⁴⁴ *Id.* at 20-21.

⁴⁵ *Id.* at 255-280.

⁴⁶ *Id.* at 265-267.

⁴⁷ *Id.* at 268-271.

⁴⁸ *Id.* at 271-274.

⁴⁹ *Id.* at 274-275.

⁵⁰ *Id.* at 369-379.

properly documented all stages of the project and apprised petitioner Aguila of respondent PDC's concerns.⁵¹ According to Engr. Lumbay, respondents PDC and Engr. Guevarra are not liable for defective works, and petitioners are not entitled to their claims for damages.⁵² He claims entitlement to his counterclaim and that petitioners must bear the cost of arbitration for filing a malicious and unfounded suit.⁵³

In a Reply⁵⁴ dated September 7, 2020, petitioners point out that in G.R. No. 243145, titled *Perfect Dimension Corp., and Engr. Ronaldo S. Guevara v. Florante G. Aguila, Comglasco Aguila Glass Corporation and/or Valiente Select Venture, Inc.*, the CA decision dated July 31, 2018 have become final and an Entry of Judgment⁵⁵ was issued after the petition for review and motion for reconsideration filed by respondents PDC and Engr. Guevarra were denied with finality,⁵⁶ and respondent Engr. Lumbay did not file any motion or petition to assail the CA decision.⁵⁷ They reiterate that the arguments and discussions of respondents in their respective comments seek to refute the final findings of the CA. Thus, these should be disregarded. Since it was established that respondents breached the contract, the award of PHP 1,628,436.60 to respondent PDC should be deleted and instead, they should be entitled to damages for their pecuniary losses.⁵⁸

In a Supplemental Comment to the Petition for Review⁵⁹ dated June 23, 2022, respondents PDC and Engr. Guevarra assail the Decision and the Resolution of the CA and argue that it committed grave error when it: (1) ordered respondents PDC and Engr. Guevarra to pay petitioners PHP 788,000.00 as liquidated damages; (2) ordered them to pay petitioners PHP 3,000,000.00 by way of temperate or moderate damages; (3) granted petitioners' claims for attorney's fees and held them liable for PHP 200,000.00; (4) denied the claim of respondents for moral damages and attorney's fees; and (5) granted petitioners' claim for costs of arbitration and held them liable to pay PHP 425,000.00, and denied their claim for costs of arbitration.⁶⁰

⁵¹ *Id.* at 373–374.

⁵² *Id.* at 374–375.

⁵³ *Id.* at 375–376.

⁵⁴ *Id.* at 408–414.

⁵⁵ *Id.* at 417–418.

⁵⁶ *Id.* at 415–416.

⁵⁷ *Id.* at 408.

⁵⁸ *Id.* at 410–411.

⁵⁹ *Id.* at 464–481.

⁶⁰ *Id.* at 464–475.

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Respondents PDC and Engr. Guevarra also manifest that they separately filed a petition for review on *certiorari* docketed as G.R. No. 243145 assailing the July 31, 2018 Decision and the November 12, 2018 Resolution of the CA. However, the Court denied the same with finality due to a procedural infirmity.⁶¹

In a Resolution⁶² dated August 16, 2023, the Court resolved to give due course to the petition and treated the comments of the parties as answers. Moreover, it required the parties to submit their respective memoranda.⁶³

In a Memorandum⁶⁴ dated March 17, 2024, respondent Engr. Lumbay raises the following issues: (1) whether the issues raised by petitioners are questions of law; (2) whether the petition is an exception to the rule that only questions of law can be appealed to the Court to assail the arbitral award; and (3) whether the CA erred in modifying the CIAC's Final Award.⁶⁵ He argues that the instant petition failed to raise any genuine issue of law because petitioners' issues are essentially questions of fact which require an examination of the probative value of the evidence. Moreover, petitioners failed to show that the petition falls under any of the exceptions to the rule that only questions of law may be raised. Lastly, the CA erred in modifying the CIAC's Final Award because of the limited scope of review of the arbitral tribunal's factual findings.⁶⁶

Respondents PDC and Engr. Guevarra also filed their Memorandum⁶⁷ dated April 15, 2024 and present whether: (1) the issues raised by petitioners are questions of fact, prohibited in a Rule 45 petition; (2) this petition is an exception to the rule that only questions of law can be appealed to the Court to assail the CIAC's Arbitral Award; (3) the CA erred in modifying the CIAC's Final Award; (4) the CA erred when it ordered respondents PDC and Engr. Guevarra to pay petitioners the amount of PHP 3,000,000.00 by way of temperate damages; (5) the CA gravely and seriously erred when it granted petitioners' claims for attorney's fees and held them liable for PHP 200,000.00; and (6) the CA gravely and seriously erred when it denied respondents' claim for moral damages and attorney's fees.⁶⁸

They similarly argue that the issues raised by petitioners are questions of fact which are prohibited in a Rule 45 petition, and that none of the exceptions are present in this case that would warrant the review of the factual findings of

⁶¹ *Id.* at 475-477.

⁶² *Id.* at 500-501.

⁶³ *Id.* at 500.

⁶⁴ *Id.* at 508-520.

⁶⁵ *Id.* at 514.

⁶⁶ *Id.* at 514-516.

⁶⁷ *Id.* at 528-539.

⁶⁸ *Id.* at 539-540.

the CIAC.⁶⁹ They point out as well that the CA erred in modifying the CIAC's Final Award. The CA's review of the factual findings of the CIAC is erroneous because it pertains to errors of facts and law, and not on the arbitrator's conduct and qualifications or integrity of the arbitral process pursuant to jurisprudence.⁷⁰ Respondents PDC and Engr. Guevarra add that it was erroneous for the CA to award petitioners temperate damages, attorney's fees, and costs of arbitration, and to deny their claim for moral damages and attorney's fees.⁷¹

Issues

- (1) Whether a contract extension binds a party who did not approve it;
- (2) Whether contractors and project managers are liable for damages for the delays and inefficiencies in the performance of their undertakings; and
- (3) Whether payment certifications and certified list of expenses can be classified as commercial documents and used as evidence to prove damages.⁷²

Our Ruling

The petition must be denied.

At the outset, it is emphasized that the jurisdiction of the Court in a petition for review on *certiorari* under Rule 45 of the Rules of Court is generally limited to errors of law, as the Court is not a trier of facts.⁷³ A question of law arises when there is doubt or difference as to what the law is on a certain set of facts. Meanwhile, a question of fact exists when the doubt or difference arises as to the truth or falsehood of the alleged facts.⁷⁴ Questions of fact which require the re-examination of the evidence presented by the parties are beyond the scope of Rule 45 of the Rules of Court.⁷⁵

In this case, a cursory reading of the petition reveals that the issues raised by petitioners involve questions of fact. The resolution of the issues concerning contract extension, delays and inefficiencies in the performance of the undertakings, and the payment certifications and certified list of expenses, would require the Court to analyze and reevaluate once again the evidence presented. This is clearly outside the province of a Rule 45 petition. To be sure,

⁶⁹ *Id.* at 540–543.

⁷⁰ *Id.* at 543–548.

⁷¹ *Id.* at 548–555.

⁷² *Id.* at 14.

⁷³ *Lopez v. Saludo*, 910 Phil. 600, 605 (2021) [Per J. Hernando, Second Division].

⁷⁴ *Id.* at 606, citing *Miro v. Vda. de Edereros*, 721 Phil. 772, 785–786 (2013) [Per J. Brion, Second Division].

⁷⁵ *Id.* at 605, citing *Gatan v. Vinarao*, 820 Phil. 257, 265 (2017) [Per J. Leonardo-De Castro, First Division].

while there are recognized exceptions to this rule,⁷⁶ We find that none is present in this case.

Further, the issues raised in the petition being more than questions of fact, these have been already adjudicated upon.

The Court is not unaware that in G.R. No. 243145 titled *Perfect Dimension Corp., and Engr. Ronaldo S. Guevara v. Florante G. Aguila, Comglasco Aguila Glass Corporation and/or Valiente Select Venture, Inc.*, which was raffled to the Court's Third Division, a Minute Resolution⁷⁷ dated January 28, 2019 was issued, which reads:

The Court **DENIES** petitioners' motion for an extension of fifteen (15) days within which to file a petition for review on [*certiorari*] as the affidavit of service of the motion is defective, the same having been notarized prior to the actual service thereof upon the Court of Appeals and adverse parties in violation of Section 13, Rule 13 of the 1997 Rules of Civil Procedure, as amended (Rules), in relation to the 2004 Rules on Notarial Practice.

In view thereof, said petition for review on [*certiorari*] assailing the Decision and Resolution dated July 31, 2018 and November 12, 2018, respectively, of the Court of Appeals, Manila, in CA-G.R. SP No. 151582, is likewise **DENIED** for having been filed beyond the reglementary period of fifteen (15) days fixed in Section 2, Rule 45, in relation to Section 5(a), Rule 56 of the Rules.

In any case, the petitioners failed to show any reversible error in the challenged decision and resolution as to warrant the exercise of the Court's discretionary appellate jurisdiction. Besides, the issues raised therein are substantially factual.⁷⁸ (Emphasis in the original)

⁷⁶ The general rule for petitions filed under Rule 45 admits exceptions, to wit: (1) when the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) where there is a grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) the findings of the Court of Appeals are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) the finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record. (*Miano v. Manila Electric Co.*, 800 Phil. 118, 123 (2016) [Per J. Leonen, Second Division]). (Citation omitted)

⁷⁷ *Rollo* (G.R. No. 243145), pp. 360–361.

⁷⁸ *Id.*

In another Minute Resolution⁷⁹ dated July 29, 2019, the Court denied the motion for reconsideration filed by respondents PDC and Engr. Guevarra. The Court resolved, thus:

Acting on petitioners' motion for reconsideration of the Resolution dated January 28, 2019 which denied petitioners' motion for extension of fifteen (15) days within which to file petition for review on [*certiorari*] as the affidavit of service of the motion is defective, and likewise denied the petition, the Court resolves to **DENY** the motion with **FINALITY**, as no substantial arguments were raised to warrant its reconsideration.

No further pleadings, motions, letters or other communications shall be entertained in this case. Let an entry of judgment be issued immediately.⁸⁰ (Emphasis in the original)

Consequently, the Court issued an Entry of Judgment⁸¹ in G.R. No. 243145.

Notably, in *Philippine Health Care Providers, Inc. v. Commissioner of Internal Revenue*,⁸² the Court discussed the binding nature of minute resolutions. It explained that:

It is true that, although contained in a minute resolution, our dismissal of the petition was a disposition of the merits of the case. When we dismissed the petition, we effectively affirmed the CA ruling being questioned. As a result, our ruling in that case has already become final. When a minute resolution denies or dismisses a petition for failure to comply with formal and substantive requirements, the challenged decision, together with its findings of fact and legal conclusions, are deemed sustained. *But what is its effect on other cases?*

*With respect to the same subject matter and the same issues concerning the same parties, it constitutes res judicata. However, if other parties or another subject matter (even with the same parties and issues) is involved, the minute resolution is not a binding precedent.*⁸³ (Emphasis supplied, citations omitted)

Here, the Court finds that the minute resolution in G.R. No. 243145 is a binding precedent that constitutes *res judicata* to the present case.

Res judicata literally means "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment." It lays the rule that a final judgment or decree on the merits by a court of competent jurisdiction is conclusive of the rights of the parties or their privies in all later suits on points and matters determined in the former suit.⁸⁴

⁷⁹ *Id.* at 374-375.

⁸⁰ *Id.* at 374.

⁸¹ *Id.* at 391-392.

⁸² 616 Phil. 387 (2009) [Per J. Corona, Special First Division].

⁸³ *Id.* at 420-421.

⁸⁴ *Heirs of Gabule v. Jumud*, 887 Phil. 575, 589 (2020) [Per J. Gesmundo, Third Division].

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Rule 39, Section 47 of the Rules of Court provides for the principle of *res judicata*, which states:

Section 47. *Effect of judgments or final orders.* — The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:

....

(b) In other cases, the judgment or final order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest, by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity; and

(c) In any other litigation between the same parties or their successors in interest, that only is deemed to have been adjudged in a former judgment or final order which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto. (49a)

Based on the foregoing provision, *res judicata* embraces two concepts: (1) bar by prior judgment as enunciated in Rule 39, Section 47(b); and (2) conclusiveness of judgment in Rule 39, Section 47(c).⁸⁵ The Court, in *Spouses Ocampo v. Heirs of Dionisio*,⁸⁶ discussed these concepts, thus:

There is “bar by prior judgment” when, as between the first case where the judgment was rendered and the second case that is sought to be barred, there is identity of parties, subject matter, and causes of action. In this instance, the judgment in the first case constitutes an absolute bar to the second action. Otherwise put, the judgment or decree of the court of competent jurisdiction on the merits concludes the litigation between the parties, as well as their privies, and constitutes a bar to a new action or suit involving the same cause of action before the same or other tribunal.

But where there is identity of parties in the first and second cases, but no identity of causes of action, the first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein. This is the concept of *res judicata* known as “conclusiveness of judgment.” Stated differently, any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies whether or not the claim, demand, purpose, or subject matter of the two actions is the same.⁸⁷

⁸⁵ *Monterona v. Coca-Cola Bottlers Philippines, Inc.*, 845 Phil. 556, 564 (2019) [Per J. Reyes, J., Jr., Second Division].

⁸⁶ 744 Phil. 716 (2014) [Per J. Reyes, Third Division].

⁸⁷ *Id.* at 726–727, citing *Judge Abelita III v. P/Supt. Doria*, 612 Phil. 1127, 1137–1138 (2009) [Per J. Carpio, First Division].

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In order for *res judicata* in the concept of bar by prior judgment to apply, the following elements must be present: (1) finality of the former judgment; (2) the court which rendered it had jurisdiction over the subject matter and the parties; (3) it must be a judgment on the merits; and (4) there must be, between the first and second actions, identity of parties, subject matter, and causes of action.⁸⁸

In the present case, *res judicata* in the concept of bar by prior judgment applies because all the elements are present.

The minute resolution dated January 28, 2019 had long attained finality and an entry of judgment was already issued.⁸⁹ As to respondents PDC and Engr. Guevarra, and petitioners, the case became final when this Court denied respondents PDC and Engr. Guevarra's motion for reconsideration.⁹⁰ With respect to respondent Engr. Lumbay, who is one of the parties and respondents in the instant case, the case became final when he did not file a motion for reconsideration to assail the CA decision.

Likewise, it is undisputable that the case was rendered by a court having jurisdiction over the subject matter and the parties. The resolution was rendered by this Court in the exercise of its appellate jurisdiction, and it was a judgment on the merits. To reiterate, minute resolutions dismissing actions filed before the Court constitutes actual adjudication on the merits.⁹¹ Lastly, there is identity of parties, subject matter, and cause of action in the two cases.

The first and second cases involve the same parties, subject matter, and causes of action. The parties, PDC and Engr. Guevarra on the one hand, and Aguila et al. on the other, are both petitioners-respondents in the cases. Moreover, both cases arose from the same cause of action which is the breach of the Letter of Award, and involve the same subject matter which is the Works in the subject unit.

In G.R. No. 243145, respondents PDC and Engr. Guevarra insist that the appellate court erred when it partially granted petitioners' claim for liquidated damages and ordered them to pay PHP 788,000.00 considering that the delay in the commencement of the work was not their fault and can be attributed to circumstances beyond their control. They also claim that the CA committed error when it found them liable for temperate damages in the amount of PHP

⁸⁸ *Id.* at 727, citing *Spouses Selga v. Brar*, 673 Phil. 581, 593 (2011) [Per J. Leonardo-De Castro, First Division].

⁸⁹ *Rollo* (G.R. No. 243145), pp. 391-392.

⁹⁰ *Id.* at 374-375.

⁹¹ *Agoy v. Araneta Center, Inc.*, 685 Phil. 246, 251 (2012) [Per J. Abad, Third Division], citing *Smith Bell & Co. (Phils.), Inc. v. Court of Appeals*, 274 Phil. 472, 479 (1991) [Per J. Feliciano, *En Banc*].

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3,000,000.00. They maintain that the factual findings of the CIAC which declared that petitioners failed to prove that they incurred damages due to the defective works is final and conclusive. Thus, the award of temperate damages has no legal basis.⁹²

Respondents PDC and Engr. Guevarra likewise assail the ruling of the CA granting petitioners' claims for attorney's fees and holding them liable in the amount of PHP 200,000.00, and claims for costs of arbitration and holding them liable to pay PHP 425,000.00. Meanwhile, respondents insist that the CA's denial of their claims for moral damages, attorney's fees, and costs of arbitration, was not in accord with law or with applicable decisions of the Court.⁹³

To restate, in the present case, petitioners contend that respondents are liable for their inefficiency, poor workmanship, and failure to complete the project on time. They claim that respondents should be held liable for 373 days of delay because they did not approve the supposed contract extension. Further, petitioners argue that respondents PDC and Engr. Guevarra are not entitled to their unpaid billings, and that respondent Engr. Lumbay is not entitled to his salary and award of attorney's fees. They maintain that they should be indemnified for unrealized profits and awarded actual and moral damages.⁹⁴

It is worth noting that the two cases ultimately sought the review of the factual findings of the CA and its ruling with respect to the monetary awards granted in favor of both parties.

Significantly, the principle of *res judicata* does not require that there is absolute identity of causes of action. The test to determine whether the causes of action are identical is to ascertain whether the same evidence will sustain both actions, or whether there is an identity in the facts essential to the maintenance of the two actions. If the same facts or evidence would sustain both, the two actions are considered the same, and a judgment in the first case is a bar to the subsequent action.⁹⁵

Here, *res judicata* has set in because there is absolute identity of causes of action. Both proceedings have the same set of factual circumstances and require the same evidence to be considered. Consequently, the resolution of the issues in G.R. No. 243145 prevents this Court from resolving the same issues again.

⁹² *Rollo* (G.R. No. 243145), pp. 25–31.

⁹³ *Id.* at 31–36.

⁹⁴ *Rollo* (G.R. No. 243317), pp. 15–21.

⁹⁵ *Heirs of Arania v. Intestate Estate of Sangalang*, 822 Phil. 643, 665–666 (2017) [Per J. Martires, Third Division], citing *Cruz v. Court of Appeals*, 517 Phil. 572, 585 (2006) [Per J. Chico-Nazario, First Division].

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As declared in *Monterona v. Coca-Coca Bottlers Philippines, Inc.*,⁹⁶ “[r]es *judicata* requires that stability be accorded to judgments. Controversies once decided on the merits shall remain in repose for there should be an end to litigation which, without the doctrine, would be endless.”⁹⁷

Likewise, it bears stressing that the issues raised by petitioners are anchored on the same subject matter and causes of action which were already considered and judiciously passed upon in G.R. No. 243145. Thus, pursuant to the doctrine of finality and immutability of judgment, it becomes unnecessary for the Court to delve into these matters.

The principle of immutability of judgment instructs that once a decision has attained finality, it becomes immutable and unalterable, it may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact or law, and whether it will be made by the court that rendered it or by the highest court of the land. Upon finality of judgment, the Court loses its jurisdiction to amend, modify, or alter the same.⁹⁸

True, this principle admits of several exceptions such as: “(1) the correction of clerical errors; (2) the so-called *nunc pro tunc* entries which cause no prejudice to any party; (3) void judgments; and (4) whenever circumstances transpire after the finality of the decision rendering its execution unjust and equitable,”⁹⁹ however, the instant case does not fall under any of the aforesaid exceptions.

In fine, while this could have been avoided had the two petitions been consolidated, petitioners, knowing that there was a pending petition filed by respondents PDC and Engr. Guevarra, should have moved to consolidate the petition with that of the petition in G.R. No. 243145. Unfortunately, they did not. Thus, the Court is left with no alternative but to dismiss the instant petition on the ground of *res judicata*.

ACCORDINGLY, the Petition for Review on *Certiorari* is **DENIED**. The July 31, 2018 Decision and the November 12, 2018 Resolution of the Court of Appeals in CA-G.R. SP No. 151582, are **AFFIRMED**.

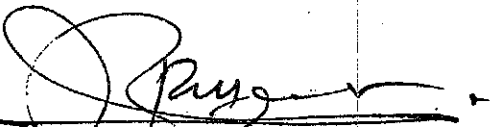
⁹⁶ 845 Phil. 556 (2019) [Per J. Reyes, J., Jr., Second Division].

⁹⁷ *Id.* at 566–567, citing *Nacuray v. National Labor Relations Commission*, 336 Phil. 749, 757 (1997) [Per J. Bellosillo, First Division].

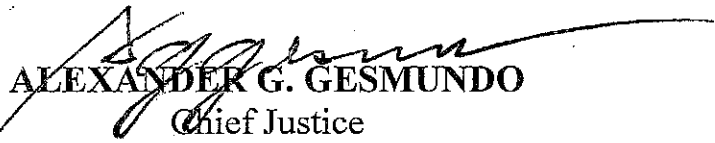
⁹⁸ *Republic v. Dagondon*, 785 Phil. 210, 215 (2016) [Per J. Perlas-Bernabe, First Division], citing *Sumbilla v. Matrix Finance Corp.*, 762 Phil. 130, 137 (2015) [Per J. Villarama, Jr., Third Division].

⁹⁹ *Republic v. Heirs of Gotengco*, 824 Phil. 568, 578 (2018) [Per J. Gesmundo, Third Division]. (Citation omitted)

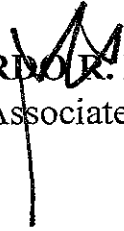
SO ORDERED.


RAMON PAUL L. HERNANDO
Associate Justice
Working Chairperson

WE CONCUR:


ALEXANDER G. GESMUNDO
Chief Justice
Chairperson

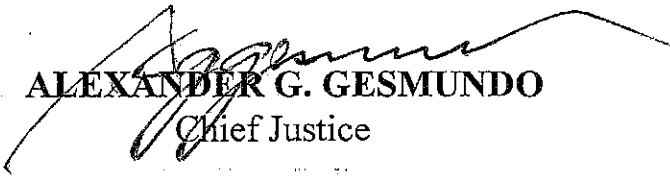
(on official business)
RODIL V. ZALAMEDA
Associate Justice


RICARDO R. ROSARIO
Associate Justice

(on official business)
JOSE MIDAS P. MARQUEZ
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice