

Arbitral Autonomy Principle in Philippine Jurisprudence

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This Note examines the Principle of Arbitral Autonomy in the Philippines. A discussion of the current state of arbitration in the country is presented, specifically delving into the controversy surrounding *Agan v. Philippine International Air Terminals Co., Inc. (PIATCO)*. The legal issues that arose from this case must be explored as it involves resolving disputes in state contracts entered into by the State with non-state entities. The implications of such kind of contractual relationship bring to the fore issues regarding state sovereignty on commercial practice in the Philippines.

Arbitration is one of the means relied upon by contracting parties to resolve contractual disputes involving the provisions of their contractual agreement. The Philippines has long utilized this method as an effective means of resolving disputes. Lawmakers have even enacted the Alternative Dispute Resolution Law, recognizing the need to regulate such method. Arbitration, however, is not limited to domestic application as there are international bodies for dispute settlement.

These developments were clearly reflected in previous decisions of the Supreme Court, when it recognized the principle of arbitral autonomy. The question as to whether the principle contract is valid is cognizable by an arbitrator or arbitral tribunal for as long as there is a valid and binding arbitral agreement. However, where the legal existence of the arbitral agreement is itself disputed, such issue then becomes cognizable by regular courts. This recognition of arbitral autonomy, however, was ignored by the Supreme Court in the *PIATCO* case, where it stressed the supremacy of the Judiciary over other bodies for resolving disputes arising from contractual relations, notwithstanding the existence of an arbitration agreement.

The Author expressly states that *PIATCO* is a case of contract dispute that is well within the jurisdiction and competence of arbitration institutions. A contracting party must not be deprived of its right to avail of arbitral proceedings pursuant to a valid and binding agreement. Note that the very purpose of an arbitral agreement is to avoid the unnecessary danger that a contractual dispute might be submitted to a forum that is hostile to the interest of one of the parties or that is unfamiliar with the problem area involved.