

Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.: A Reflection on Judicial Statutory Construction

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I. INTRODUCTION

Under the 1987 Constitution, the Supreme Court is vested with judicial power to not only settle actual cases or controversies, but also, and more importantly, the power of expanded judicial review, which allows the Court to act as a check on the existence of grave abuse of discretion amounting to lack or excess in jurisdiction on the part of any branch or instrumentality of the Philippine Government.¹ Judicial power, however, must be exercised with utmost caution.² The Court must ensure that the exercise of judicial power is limited to applying the law how it is stated.³ The exercise of such power must not amount to judicial legislation, in keeping with the constitutional principle of separation of powers.⁴ Thus, in one case interpreting the Constitution, the Court stated —

Finally, while the Court finds wisdom in respondents' contention that both the Senate and the House of Representatives should be equally represented in the JBC, the Court is not in a position to stamp its imprimatur on such a construction at the risk of expanding the meaning of the Constitution as currently worded. Needless to state, the remedy lies in the amendment of this constitutional provision. *The courts merely give effect to the lawgiver's intent. The solemn power and duty of the Court to interpret and apply the law does not include the power to correct[] by reading into the law what is not written therein.*⁵

In another case which interpreted the provisions of the Civil Code, the Court held —

We are sympathetic to the plea of equity of counsel considering the fact that petitioners had taken custody of the child and had reared and educated him as their own much prior to the approval of the new Civil Code and that all this was done with the consent of the natural parents to promote the welfare and happiness of the child, but the [inexorable] mandate of the law forbids us from adopting a different course of action. *Our duty is to interpret and apply the law as we see it in accordance with sound rules of statutory construction.*⁶

More recently, the Supreme Court had the opportunity to apply the principles of statutory construction in determining the proper exercise of

1. PHIL. CONST. art. VIII, § 1.

2. *Estrada v. Sandiganbayan*, G.R. No. 148560, 369 SCRA 394, 431 (2001).

3. *Id.* at 502.

4. *Id.* at 561-62.

5. *Chavez v. Judicial and Bar Council*, G.R. No. 202242, 676 SCRA 579, 608-09 (2012) (emphasis supplied).

6. *In Re: Adoption of Resaba*, 95 Phil. 244, 248 (1954) (emphasis supplied).

judicial power, particularly its power of judicial review, over construction arbitration awards in *Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.*⁷

A. The Case of Global Medical Center of Laguna, Inc. v. Ross Systems International, Inc.

The case of *Global Medical Center of Laguna, Inc.* (GMCLI) arose from an arbitration dispute between GMCLI and Ross Systems International, Inc. (RSII) where RSII sought to claim from GMCLI the balance of the total amount that it should have been paid under its latest progress billings.⁸ When RSII submitted its progress billings to GMCLI, the latter discovered through its internal audit that it failed to withhold and remit the creditable withholding tax (CWT) on RSII's prior progress billings.⁹ Upon noticing its failure, GMCLI withheld the CWT from all of RSII's progress billings.¹⁰ This, however, caused a discrepancy between GMCLI's computation of what RSII was entitled to receive and what RSII had computed for its receipt.¹¹ GMCLI did not heed RSII's claim, prompting the latter to seek recourse before the Construction Industry Arbitration Commission (CIAC).¹²

The CIAC held that GMCLI had no authority to withhold and remit the CWT to RSII.¹³ Still, the CIAC held that RSII was not entitled to the release of CWT considering that "at the time the same was remitted to the Bureau of Internal Revenue, RSII had not yet paid income taxes on the payments from Progress Billings Nos. 1 to 15."¹⁴ Aggrieved by the CIAC ruling, RSII filed a petition for review under Rule 43¹⁵ before the Court of Appeals (CA).¹⁶ In partially granting RSII's appeal, the CA sustained the CIAC finding

7. *Global Medical Center of Laguna, Inc. v. Ross Systems International Inc.*, G.R. Nos. 230112 & 230119, May 11, 2021, available at <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67423>.

8. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 3-4.

9. *Id.*

10. *Id.* at 3.

11. *Id.*

12. *Id.* at 4.

13. *Id.*

14. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 5.

15. 1997 RULES OF CIVIL PROCEDURE, rule 43.

16. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 5.

on the issue of the CWT.¹⁷ Nevertheless, it recomputed the arbitral award and held that RSII was entitled to ₱1,088,214.83 despite RSII insisting that it was entitled to ₱3,815,996.50, which was allegedly equivalent to the unremitted CWT.¹⁸ Dissatisfied with the partial grant in favor of RSII, both GMCLI and RSII filed their respective petitions for review on *certiorari* before the Supreme Court.¹⁹

In resolving GMCLI and RSII's respective petitions, the Supreme Court had the opportunity to address the issue of whether the CA had jurisdiction to entertain a petition for review before it.²⁰ In deciding this issue, the Court created the following guidelines regarding the modes of judicial review vis-à-vis CIAC arbitral awards:

- (1) For appeals from CIAC arbitral awards that have already been filed and are currently pending before the CA under Rule 43, the prior availability of the appeal on matters of fact and law thereon applies. This is only proper since the parties resorted to this mode of review as it was the existing procedural rules at the time of filing, prior to the instant amendment.
- (2) For future appeals from CIAC arbitral awards that will be filed after the promulgation of this Decision:
 - (a) If the issue to be raised by the parties is a pure question of law, the appeal should be filed directly and exclusively with the Court through a petition for review under Rule 45.
 - (b) If the parties will appeal factual issues, the appeal may be filed with the CA, but only on the limited grounds that pertain to either a challenge on the integrity of the CIAC arbitral tribunal (i.e., allegations of corruption, fraud, misconduct, evident partiality, incapacity[,], or excess of powers within the tribunal) or an allegation that the arbitral tribunal violated the Constitution or positive law in the conduct of the arbitral process, through the special civil action of a petition for *certiorari* under Rule 65, on grounds of grave abuse of discretion amounting to lack or excess in jurisdiction. The CA may conduct a factual review only upon sufficient and demonstrable showing that the integrity of the CIAC arbitral tribunal had

17. *Id.* at 6.

18. *Id.* at 7.

19. *Id.* at 2.

20. *Id.* at 29.

indeed been compromised, or that it committed unconstitutional or illegal acts in the conduct of the arbitration.

- (c) Under no other circumstances other than the limited grounds provided above may parties appeal to the CA a CIAC arbitral award.²¹

In formulating the guidelines, the Court applied principles of statutory construction, such as the principles of implied repeal,²² *lex specialis derogat generali*,²³ and *ratio legis est anima*²⁴ in relation to the arbitration laws and decisions regarding the judicial review of CIAC arbitral awards.²⁵ In particular, the Court in applying Section 19 of Executive Order (E.O.) No. 1008²⁶ held that the CA had no jurisdiction to entertain appeals involving CIAC arbitral awards.²⁷ Nonetheless, the Court ruled that a CIAC arbitral award may also be challenged through petition for *certiorari* under Rule 65²⁸ of the Rules of Court.²⁹ According to the majority, aggrieved parties should assail the arbitral award when there is grave abuse of discretion which must particularly refer to

21. *Id.* at 55-56.

22. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 33 (citing *Tomawis v. Balindong*, G.R. No. 182434, 614 SCRA 354, 367-68 (2010)).

23. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 25 (citing *Morales v. Court of Appeals*, G.R. No. 126623, 283 SCRA 211, 226 (1997)). “General legislation must give way to special legislation.” *Jalosjos v. Commission on Elections*, G.R. No. 205033, 698 SCRA 742, 762 (2013).

24. *See Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 12-13. “The reason of the law is its soul.” *Solar Resources, Inc. v. Inland Trailways, Inc.*, G.R. No. 173566, 557 SCRA 277, 288 n. 32 (2008).

25. *See generally Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 12-13.

26. Office of the President, Creating an Arbitration Machinery for the Philippine Construction Industry [Construction Industry Arbitration Law], Executive Order No. 1008, § 19 (Feb. 4, 1985). “SECTION 19. Finality of Awards. - The arbitral award shall be binding upon the parties. It shall be final and [u]nappealable except on questions of law[,] which shall be appealable to the Supreme Court.” *Id.*

27. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 16-17 (citing *Fruehauf Electronics Philippines Corporation v. Technology Electronics Assembly and Management Pacific Corporation*, G.R. No. 204197, 810 SCRA 280, 319 (2016)).

28. 1997 RULES OF CIVIL PROCEDURE, rule 65.

29. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 39.

the “integrity of the arbitral tribunal.”³⁰ In so ruling, the Court held that the qualification was a necessary contraction of the concept of grave abuse of discretion as warranted by the “unequivocal intent”³¹ of the pertinent laws of CIAC arbitration.³² Thus, the majority identified the grounds for a petition for *certiorari* involving CIAC arbitral awards follows: there must be (a) a challenge on the integrity of the arbitral tribunal;³³ and (b) an allegation of the arbitral tribunal’s violation of the Constitution or positive law.³⁴

A cursory reading of the *ponencia* would reveal that it would have been possible for the Court to stop and say that judicial review of CIAC arbitral awards may only be done through an appeal before the Supreme Court, following the maxim of *verba legis*.³⁵ Nevertheless, pursuant to its constitutional mandate to exercise its power of expanded judicial review, and considering the nature of CIAC as an institution, the Court proceeded to provide a second remedy for parties and confining the grounds of review to those affecting the integrity of the arbitral tribunal to ensure the substantive right of parties, which the Author submits to have been an application of the maxim *ratio legis est anima*.³⁶

As can be observed, the Court used two maxims that may be at odds with each other and thus gives rise to a question of whether these two maxims may co-exist in harmony with one another. To answer this question, this Comment aims to examine the Court’s ruling in *Global Medical Center of Laguna, Inc.*, particularly in its use of three common statutory construction

30. *Id.* at 54.

31. *Id.* at 49.

32. *Id.*

33. *Id.* at 20.

34. *Id.* at 21.

35. *Verba legis* is also known as the plain meaning rule. It is “derived from the maxim *index animi sermo est* (speech is the index of intention) [and] rests on the valid presumption that the words employed by the legislature in a statute correctly express its intent or will and preclude the court from construing it differently.” *Globe-Mackay Cable and Radio Corporation v. NLRC*, G.R. No. 82511, 206 SCRA 701, 711 (1992) (citing RUBEN E. AGPALO, STATUTORY CONSTRUCTION 94 (1990)).

36. See generally *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 41.

rules, namely: (1) the literal rule;³⁷ (2) the golden rule;³⁸ and (3) the mischief rule.³⁹ In dissecting the case of *Global Medical Center of Laguna, Inc.* under the said framework, this Comment shall first present in detail the relevant laws and cases used by the *ponencia* and the Court's analysis of the same. Afterwards, it will discuss the theoretical framework of the principles of statutory construction and apply the same to the present case to determine whether the Court has abided by said rules. This Comment will also discuss the consequences of the Court's decision. Through this endeavor, the Author hopes to develop the understanding and application of the rules of statutory construction for its readers, particularly students of the law.

II. THE EVOLUTION OF JUDICIAL REVIEW OF CIAC ARBITRAL AWARDS PRIOR TO *GMCLI*

In setting out the guidelines for the judicial review of CIAC arbitral awards, the Supreme Court took the opportunity to review relevant statutory and case

37. “[W]hen a statute is clear, plain[,] and free from ambiguity or absurdity, it must be given its plain, ordinary[,] or literal meaning and applied without attempted interpretation.” Emmanuel Q. Fernando, *Canons of Statutory Construction: A Comparative Analysis*, 75 PHIL. L.J. 203, 214 (2000).

38. *Id.* at 220.

Given these classic formulations, several essential characteristics or requisites of the golden rule in its orthodox sense can be discerned to form a strict and somewhat technically precise rendition of it. First, the literal rule is given primacy, and is absolutely [] applied in the absence of any equivocation, ambiguity, absurdity, repugnance, incongruity, inconsistency[,] and the like, no matter the consequences. This is called the [‘]literal primacy requisite[’]. [Second], the statutory words must at least be capable of bearing some secondary or less usual meaning, which must be a reasonable further interpretation of those words. This is referred to as the ‘secondary meaning’ requisite. Finally, the non[–]application of the literal rule[,] in deference to a more reasonable interpretation[,] is dependent on certain other strictly specified conditions first being fulfilled, usually that of the just mentioned resulting absurdity, repugnance, incongruity and inconsistency, and the like. This is the ‘prior anomaly’ requisite.

Id.

39. “The mischief rule is a canon of statutory construction[,] which openly and directly appeals to the evil or mischief that the statute is intended to address, or more generally to its purpose or objective, in the process of interpretation.” *Id.* at 237.

law related to construction arbitration.⁴⁰ In particular, the Court presented the history of remedies found in the different arbitration laws available to aggrieved parties to determine whether CA has jurisdiction over CIAC arbitral tribunals.⁴¹ The Court also recounted the origins of the grounds for the judicial review of CIAC arbitral awards through a petition for *certiorari* under Rule 65 of the Rules of Court, as established by case law.⁴² The relevant statutes and cases shall be discussed in this Chapter in detail.

A. Republic Act No. 876 or the Arbitration Law

Republic Act No. 876 or the Arbitration Law is the first law in the Philippines, which provided for the review and enforcement of arbitral awards.⁴³ Under

40. See generally *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 8-22.

41. *Id.*

42. *Id.* at 56-57.

43. An Act to Authorize the Making of Arbitration and Submission Agreements, to Provide for the Appointment of Arbitrators, and the Procedure for Arbitration in Civil Controversies, and for Other Purposes [The Arbitration Law], Republic Act No. 876 (1953).

R.A. No. 876, the review of arbitral awards (i.e., vacation and modification) could be made pursuant to Sections 24⁴⁴ and 25⁴⁵ of the law.

44. *Id.* § 24. Section 24 provides —

Section 24. Grounds for Vacating Award. — In any one of the following cases, the court must make an order vacating the award upon the petition of any party to the controversy when such party proves affirmatively that in the arbitration proceedings:

- (a) The award was procured by corruption, fraud, or other undue means; or
- (b) That there was evident partiality or corruption in the arbitrators or any of them; or
- (c) That the arbitrators were guilty of misconduct in refusing to postpone the hearing upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; that one or more of the arbitrators was disqualified to act as such under section nine hereof, and willfully refrained from disclosing such disqualifications or of any other misbehavior by which the rights of any party have been materially prejudiced; or
- (d) That 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.

Id.

45. *Id.* § 25. Section 25 provides —

Section 25. Grounds for Modifying or Correcting Award. — In any one of the following cases, the court must make an order modifying or correcting the award, upon the application of any party to the controversy which was arbitrated:

- (a) Where there was an evident miscalculation of figures, or an evident mistake in the description of any person, thing[,] or property referred to in the award; or
- (b) Where the arbitrators have awarded upon a matter not submitted to them, not affecting the merits of the decision upon the matter submitted; or
- (c) Where the award is imperfect in a matter of form not affecting the merits of the controversy, and if it had been a commissioner's report, the defect could have been amended or disregarded by the court.

The order may modify and correct the award so as to effect the intent thereof and promote justice between the parties.

Id.

If a party is unsatisfied with the judgement setting aside or modifying an arbitral award, the aggrieved party may appeal the same through the courts via *certiorari* proceedings, which shall only be limited to questions of law.⁴⁶ The foregoing provisions would serve as the guideposts in the modification of arbitral awards in general until the enactment of Presidential Decree (P.D.) No. 1746, which created the Construction Industry Authority of the Philippines,⁴⁷ and E.O. No. 1008, which created the Construction Industry Arbitration Commission (CIAC) as the arbitration machinery for the Philippine construction industry.⁴⁸

B. E.O. No. 1008 and the CIAC Rules

Compared to the provisions of R.A. No. 876, which allows for the modification or setting aside of an arbitral award,⁴⁹ E.O. No. 1008 only provides the aggrieved parties with a single remedy that may be availed of— thus rendering CIAC awards to be more decisive and conclusive, viz. —

Section 19. Finality of Awards. – The arbitral award shall be binding upon the parties. It shall be final and [u]nappealable[,] except on questions of law[,] which shall be appealable to the Supreme Court.

Section 20. Execution and Enforcement of Awards – As soon as a decision, order[,] or award has become final and executory, the Arbitral Tribunal or the single arbitrator[,] with the [concurrence] of the CIAC[,] shall [*motu proprio*] or on motion of any interested party, issue a writ of execution requiring any sheriff or other proper officer to execute said decision, order[,] or award.⁵⁰

As provided under the presidential issuance, the court that has jurisdiction to entertain questions regarding the arbitral award is the Supreme Court.⁵¹ The issuance further qualifies that only questions of law may be raised in assailing an arbitral award.⁵²

46. *Id.* § 29.

47. Creating the Construction Industry Authority of the Philippines (CIAP), Presidential Decree No. 1746 (1980).

48. Creating an Arbitration Machinery for the Philippine Construction Industry [Construction Industry Arbitration Law], Executive Order No. 1008 (1985).

49. The Arbitration Law, §§ 24–26.

50. Construction Industry Arbitration Law, §§ 19 & 20.

51. *Id.* § 19.

52. *Id.*

While the E.O. does not provide for remedies that may be availed by an aggrieved party in modifying or setting aside an arbitral award, the CIAC took it upon itself to issue its own rules of procedure to provide parties with the said remedies.⁵³ Under its Revised Rules of Procedure Governing Construction Arbitration (CIAC Rules),⁵⁴ the modification of a CIAC award is the only remedy available to an aggrieved party before the CIAC.⁵⁵

Section 17.1 Motion for Correction of Final Award. — Any of the parties may file a motion for correction of the Final Award within fifteen (15) days from receipt thereof upon any of the following grounds:

- (a) [A]n evident miscalculation of figures, a typographical or arithmetical error;
- (b) [A]n evident mistake on the description of any person, date, amount, thing[,] or property referred to in the award;
- (c) [W]here the arbitrators have awarded upon a matter not submitted to them, not affecting the merits of the decision upon the matter submitted;
- (d) [W]here the arbitrators have failed or omitted to resolve certain issue/s formulated by the parties in the Terms of Reference (TOR) and submitted to them for resolution; and
- (e) [W]here the award is imperfect in a matter of form not affecting the merits of the controversy.⁵⁶

The above provision resembles the provision of modifying an arbitral award under Section 25 of the Arbitration Law.⁵⁷

Interestingly, the CIAC Rules provides for a different venue in case a party seeks the intervention of the courts. Compared to E.O. No. 1008,⁵⁸

53. See Construction Industry Arbitration Commission, CIAC Revised Rules of Procedure Governing Construction Arbitration (June 22, 2019).

54. *Id.*

55. See *id.* § 17.1.

56. *Id.* § 17.1.

57. An Act to Institutionalize the Use of an Alternative Dispute Resolution System in the Philippines and to Establish the Office for Alternative Dispute Resolution, and for Other Purposes [Alternative Dispute Resolution Act of 2004], Republic Act No. 9285 (2004).

58. Construction Industry Arbitration Law, § 19. “SECTION 19. Finality of Awards — The arbitral award shall be binding upon the parties. It shall be final and

parties seeking to appeal a CIAC arbitral award may do so before the Court of Appeals via a petition for review. Section 18.2 of the CIAC Revised Rules of Procedure Governing Construction Arbitration provides — “A petition for review from a final award may be taken by any of the parties within 15 days from receipt thereof in accordance with the provisions of Rule 43 of the Rules of Court.”⁵⁹

The seeming inconsistency between E.O. No. 1008 and the CIAC Rules, particularly on the appellate review by the judiciary of CIAC arbitral awards, could be attributed to Revised Administrative Circular No. 1-15,⁶⁰ which included the CIAC as a quasi-judicial agency whose decision may be appealed to the Court of Appeals.⁶¹

C. *ADR Act and Its IRR*

Under R.A. No. 9285 or the Alternative Dispute Resolution Act of 2004 (ADR Act),⁶² the law reiterates that E.O. No. 1008 shall still be the law governing construction arbitration.⁶³ Although the law does not provide for the remedies of setting aside or modifying CIAC arbitral award,⁶⁴ the law, however, amends the remedies found in R.A. No. 876 with the changes to the grounds by which a party may question an arbitral award with the goal of vacating the same, viz. —

Section 41. Vacation Award. — A party to a domestic arbitration may question the arbitral award with the appropriate Regional Trial Court in accordance with rules of procedure to be promulgated by the Supreme Court only on those grounds enumerated in Section 25 of Republic Act No. 876.

[un]appealable except on questions of law which shall be appealable to the Supreme Court.” *Id.*

59. CIAC Revised Rules of Procedure Governing Construction Arbitration, § 18.2.

60. Supreme Court, Rules Governing Appeals to the Court of Appeals from Judgment or Final Orders of the Court of Tax Appeals and Quasi-Judicial Agencies, Revised Administrative Circular No. 1-95 [SC Rev. Admin. Circ. No. 1-95] (May 16, 1995).

61. *Id.* ¶ 1.

62. An Act to Institutionalize the Use of an Alternative Dispute Resolution System in the Philippines and to Establish the Office For Alternative Dispute Resolution, and For Other Purposes [Alternative Dispute Resolution Act of 2004], Republic Act No. 9285 (2004).

63. *Id.* § 34.

64. See generally Alternative Dispute Resolution Act of 2004.

Any other ground raised against a domestic arbitral award shall be disregarded by the Regional Trial Court.⁶⁵

The law's implementing rules and regulations likewise reiterates that the CIAC has the original and exclusive jurisdiction over these disputes, and provides that the CIAC shall promulgate its own Implementing Rules and Regulations incorporating pertinent provisions of the ADR Act.⁶⁶

D. A.M. No. 07-11-08-SC or the Special Rules of Court on Alternative Dispute Resolution (Special ADR Rules)

Not long after the enactment of the ADR Act, the Supreme Court issued the Special ADR Rules on 1 September 2009.⁶⁷ While not directly applied to construction arbitration, the Special ADR Rules now provides for guidance regarding the exercise of judicial review over arbitral awards. In particular, the rules state that parties to an arbitration are now precluded from questioning the merits of an arbitral award, viz —

Rule 19.7. *No appeal or certiorari on the merits of an arbitral award.* – An agreement to refer a dispute to arbitration shall mean that the arbitral award shall be final and binding. Consequently, a party to an arbitration is precluded from filing an appeal or a petition for *certiorari* questioning the merits of an arbitral award.⁶⁸

Despite the language of the above-cited provision, which bars parties from availing of an appeal or a petition for *certiorari* with regard to the merits, Rule 19.10 nonetheless provides an exception. Under Rule 19.10, courts may vacate or set aside the decision of an arbitral award provided that certain grounds exist, viz —

Rule 19.10. *Rule on judicial review on arbitration in the Philippines.* – As a general rule, the court can only vacate or set aside the decision of an arbitral tribunal upon a clear showing that the award suffers from *any of the infirmities or grounds for vacating an arbitral award under Section 24 of Republic Act No. 876 or under Rule 34 of the Model Law in a domestic arbitration, or for setting aside an award in*

65. *Id.* § 41 (emphasis supplied).

66. Department of Justice, Rules and Regulations Implementing the Alternative Dispute Resolution Act of 2004, Republic Act No. 9285, ch. 6, para. 1 (2009).

67. SPECIAL RULES OF COURT ON ALTERNATIVE DISPUTE RESOLUTION, A.M. No. 07-11-08-SC, rule 19.7 (Sept. 1, 2009).

68. *Id.*

an international arbitration under Article 34 of the Model Law, or for such other grounds provided under these Special Rules.

If the Regional Trial Court is asked to set aside an arbitral award in a domestic or international arbitration on any ground other than those provided in the Special ADR Rules, the court shall entertain such ground for the setting aside or non-recognition of the arbitral award only if the same amounts to a violation of public policy.

The court shall not set aside or vacate the award of the arbitral tribunal merely on the ground that the arbitral tribunal committed errors of fact, or of law, or of fact and law, as the court cannot substitute its judgment for that of the arbitral tribunal.⁶⁹

Interestingly, Rule 19.10 of the Special ADR Rules still relied on the grounds to vacate under Section 24 of R.A. No. 876⁷⁰ despite having been issued a few years after the enactment of the ADR Act, which now provides for a different set of grounds to modify an arbitral award.⁷¹

Based on the foregoing laws and issuances, it can be observed that there seems to be no particular rule observed when it comes to the judicial review of CIAC arbitral awards. The Special ADR Rules may offer a glimpse into how the Supreme Court has exercised its power of judicial review in determining an arbitral award is to be vacated. Fortunately, the Supreme Court had numerous occasions to provide guidance as to how a CIAC arbitral award may be set aside prior to the present case.

E. Prior Supreme Court Decisions on the Review of CIAC Arbitral Awards

In *Asian Construction and Development Corporation v. CIAC*,⁷² the Court had the occasion to state, albeit indirectly, the availability of a petition for *certiorari* to reverse or modify a decision of the CIAC. The Court explained how and why a petition for *certiorari* may be availed of by aggrieved parties in construction arbitration in the following manner —

We find no justification for the modification or reversal of the disputed decision of the respondent Arbitration Commission. Nor do we find any reason to give due course to the petition. The issues raised in the petition are mainly factual and there is no showing that the said issues have been

69. *Id.* rule 19.10 (emphasis supplied).

70. The Arbitration Law, § 24.

71. *Id.* § 25.

72. *Asian Construction and Development Corporation v. Construction Industry Arbitration Commission*, G.R. No. 100149, 218 SCRA 529 (1993).

resolved arbitrarily or without basis; on the contrary, the findings of the said Arbitration Commission are supported by evidence of record. Settled is the rule that in petitions for *certiorari*, as a mode of appeal, only questions of law distinctly set forth may be raised. Such questions have been defined as those that do not call for any examination of the probative value of the evidence presented by the parties. A petition for *certiorari* 'will lie only where a grave abuse of discretion or an act without or in excess of jurisdiction on the part of the Voluntary Arbitrator is clearly shown. It must be borne in mind that the writ of *certiorari* is an extraordinary remedy and that *certiorari* jurisdiction is not to be equated with appellate jurisdiction. In a special civil action of *certiorari*, the Court will not engage in a review of the *facts found nor even of the law as interpreted or applied by the Arbitrator unless the supposed errors of fact or of law are so patent and gross and prejudicial as to amount to a grave abuse of discretion or an excess de pouvoir on the part of the Arbitrator.*' Since the issues raised by the petitioner in its assignment of errors are mainly factual as it would necessitate an examination and re-evaluation of the evidence on which the arbitrators based their decision, the petition may not be given due course.⁷³

In the case of *Hi-Precision Steel Center Inc., v. Lim Kee Steel Builders*,⁷⁴ the Court discussed what grounds should be raised prior to subjecting a CIAC arbitral awards under judicial review.⁷⁵ While the Court underscored that E.O. No. 1008 limits judicial review via an appeal on questions of law, it nevertheless held that parties may be permitted to relitigate the dispute when an arbitral tribunal, such as in the CIAC, committed grave abuse of discretion.⁷⁶ In expounding on the earlier ruling in *Asian Construction and Development Corporation*, the Court discussed scenarios that would amount to grave abuse of discretion committed by arbitral tribunals, viz —

Aware of the objective of voluntary arbitration in the labor field, in the construction industry, and in any other area for that matter, the Court will not assist one or the other or even both parties in any effort to subvert or defeat that objective for their private purposes. The Court will not review the factual findings of an arbitral tribunal upon the artful allegation that such body had 'misapprehended the 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

73. *Id.* at 532-33 (emphasis supplied).

74. *Hi-Precision Steel Center, Inc. v. Lim Kim Steel Builders, Inc.*, G.R. No. 110434, 228 SCRA 397 (1993).

75. *Id.* at 405.

76. *Id.*

issues of facts previously presented and argued before the Arbitral Tribunal, save only where a very 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. *Prototypical examples would be factual conclusions of the Tribunal which resulted in deprivation of one or the other party of a fair opportunity to present its position before the Arbitral Tribunal, and an award obtained through fraud or the corruption of arbitrators. Any other, more relaxed, rule would result in setting at naught the basic objective of a voluntary arbitration and would reduce arbitration to a largely inutile institution.*⁷⁷

It should be noted that the enumeration by the Court of the prototypical examples warranting the setting aside of an arbitral award were based on Section 24 of the Arbitral Law.⁷⁸

The same rule espoused in *Hi-Precision Steel Center Inc.* would be reiterated by the Court in subsequent decisions assailing CIAC arbitral awards as found in *Spouses David v. Construction Industry and Arbitration Commission*,⁷⁹ *R.V. Santos Company, Inc. v. Belle Corporation*,⁸⁰ *CE Construction Corp. v. Araneta Center, Inc.*,⁸¹ *Metro Rail Transit Development Corporation v. Gammon Philippines, Inc.*,⁸² *Metro Bottled Water Corporation v. Andrada Construction & Development Corporation, Inc.*,⁸³ *Tondo Medical Center v. Rante*,⁸⁴ and *Camp John Hay Development Corporation v. Charter Chemical and Coating Corporation*.⁸⁵

77. *Id.* at 405-07 (citing The Arbitral Law, § 24) (emphasis supplied).

78. *Hi-Precision Steel Center, Inc.*, 228 SCRA at 406 n. 23.

79. *David v. Construction Industry and Arbitration Commission*, G.R. No. 159795, 435 SCRA 654, 666-67 (2004).

80. *R.V. Santos Company, Inc. v. Belle Corporation*, G.R. Nos. 159561-62, 682 SCRA 219, 233-34 (2012).

81. *CE Construction Corporation v. Araneta Center, Inc.*, G.R. No. 192725, 836 SCRA 181, 220-21 (2017).

82. *Metro Rail Transit Development Corporation v. Gammon Philippines, Inc.*, G.R. No. 200401, 851 SCRA 378, 405-06 (2018).

83. *Metro Bottled Water Corporation v. Andrada Construction & Development Corporation, Inc.*, G.R. No. 202430, 895 SCRA 217, 243-44 (2019).

84. *Tondo Medical Center v. Rante*, G.R. No. 230645, 907 SCRA 13, 23 (2019).

85. *Camp John Hay Development Corporation v. Charter Chemical and Coating Corporation*, G.R. No. 198849, Aug. 7, 2019, available at <http://web.archive.org/web/20191005055918/http://sc.judiciary.go.ph/6600>.

Of the cited cases, *Spouses David* and *CE Construction Corp* warrant special attention. In particular, *Spouses David* went a step further and formally enumerated the grounds under Section 24 of the Arbitration Law as the exception to the limitation under Section 19 of E.O. No. 1008.⁸⁶ On the other hand, in *CE Construction Corp.*, the Court couched the grounds under Section 24 of the Arbitration Law as haphazard and immodest conduct that will imperil the “most basic integrity of arbitral process.”⁸⁷

Despite the evolution of what may be considered as a grave abuse of discretion that would subject CIAC arbitral awards to judicial review, the Court in the case of *Shinryo (Phils.) Company, Inc. v. RRN, Inc.*⁸⁸ nonetheless provided grounds other than those found in Section 24 of the Arbitration Law, such as

- (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.⁸⁹

The additional circumstances would also be cited in the 2020 case of *Department of Public Works and Highways v. Italian-Thai Development Public Company, Ltd.*⁹⁰

III. THE PARADIGM SHIFT IN JUDICIAL REVIEW OF CIAC ARBITRAL AWARDS IN *GMCLI*

Following the presentation of the authorities used by the Court, as earlier discussed, the Court made the following pronouncements on the following

86. *David*, 435 SCRA at 666 (citing The Arbitration Law, § 24).

87. *CE Construction Corporation*, 836 SCRA at 222-23 (citing The Arbitration Law, § 24).

88. *Shinryo (Philippines) Company, Inc. v. RPN Incorporated*, G.R. No. 172525, 634 SCRA 123, 131 (2010).

89. *Id.* at 131 (citing *Ibex International Inc. v. Government Service Insurance System*, G.R. No. 162095, 603 SCRA 306, 314-15 (2009)).

90. *Department of Public Works and Highways v. Italian-Thai Development Public Company, Ltd.*, G.R. No. 235853, 942 SCRA 401, 415 (2020) (citing *Shinryo (Phils.) Company, Inc.*, 634 SCRA at 131).

matters: (a) the power of the CA to entertain appeals from the CIAC;⁹¹ and (b) the availability of the remedy of *certiorari* against CIAC arbitral awards.⁹² This part of the Comment will discuss the Court's rationale and analysis in detail.

A. The Power of the Court of Appeals to Entertain Appeals from the CIAC

Preliminarily, the Supreme Court first determined whether the direct appeal of CIAC awards would be contrary to the constitutional proscription of increasing its appellate jurisdiction without its advice and concurrence.⁹³ In ruling in the negative, the Court ruled that it already had jurisdiction over appeals from CIAC awards prior to the 1987 Constitution, considering that E.O. No. 1008 was passed prior to the former.⁹⁴ It reasoned that the same could not run afoul the Constitution because the 1973 Constitution did not have such condition of the Court's advice and concurrence before the increase of its jurisdiction.⁹⁵

While Rule 45 of the Rules of Court⁹⁶ contemplates only appeals from final judgments and orders of lower courts and does not include quasi-judicial bodies or agencies,⁹⁷ the Court proceeded to determine whether the CA had jurisdiction over CIAC arbitral awards pursuant to Batas Pambansa (B.P.) Blg. 129.⁹⁸ As discussed earlier in this Comment, the Court applied principles of statutory construction in resolving the foregoing issue, particularly the principles of precedence of specific laws over general laws, and later laws over earlier laws.⁹⁹ Regarding the principle of precedence of later laws over earlier laws, the Court considered how E.O. No. 1008 was promulgated five years after B.P. Blg. 129, and how R.A. No. 9285 was issued in 2004 — thus, this is meant to be understood as carving out CIAC awards as an exception to the

91. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119 & 230119, at 34.

92. *Id.* at 39.

93. *Id.* at 24.

94. *Id.* at 26.

95. *Id.*

96. 1997 RULES OF CIVIL PROCEDURE, rule 45.

97. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 29.

98. *Id.* at 32.

99. See generally *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 31.

CA's appellate jurisdiction over appeals from quasi-judicial agencies.¹⁰⁰ On the other hand, applying the principle of precedence of specific laws over the general laws,¹⁰¹ the Court observed that the general rules of jurisdiction and procedure found in B.P. Blg. 129 should yield to the more specific laws in E.O. No. 1008, as reiterated in R.A. No. 9285, which distinctively pertain to the CIAC and other alternative modes of arbitration.¹⁰² Considering the application of these two principles, the Court concluded that the provisions on construction arbitration under E.O. No. 1008 and R.A. No. 9285 must be read as exceptions carved out of the general provisions of B.P. Blg. 129.¹⁰³

Aside from these two principles of construction, the Court likewise considered the power of Congress "to define, prescribe, and apportion the jurisdiction of the various courts"¹⁰⁴ vis-à-vis the Court's rule-making powers¹⁰⁵ under the Constitution.¹⁰⁶ It held that allowing the CIAC awards before the CA, instead of the direct recourse to it under E.O. No. 1008 would diminish "substantive rights of parties who, pre-conflict, had elected arbitration as their speedier recourse in case of dispute."¹⁰⁷ In this relation, the Court explained that continuing the same would amount to an overreach of its rule-making powers because the same would be contrary to the limitations

100. *Id.* at 32.

101. *Id.* As explained by the *ponencia*,

[G]eneralia specialibus non derogant pertains to a general law does not nullify a specific or special law, which provides that where two statutes are of equal theoretical application to a particular case, the one designed therefor should prevail. It is a rule of statutory construction that a special law prevails over a general law — regardless of their dates of passage — and the special law is to be considered as an exception to the general law.

Id. (citing *Laureano v. Court of Appeals*, G.R. No. 114776, 324 SCRA 414, 421 (2000) & *Lopez, Jr. v. Civil Service Commission*, G.R. No. 87119, 195 SCRA 777, 782 (1991)). See also *Butuan Sawmill, Inc. v. City of Butuan*, G.R. No. L-021516, 16 SCRA 755 (1966).

102. *Id.*

103. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 34.

104. PHIL. CONST. art. VIII, § 2.

105. PHIL. CONST. art. VIII, § 2.

106. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 25.

107. *Id.* at 37.

under Section 5 (5), Article VIII of the Constitution, which prevents the Court from modifying substantive rights through its rule-making powers.¹⁰⁸

B. The Availability of Petition for Certiorari

While questions of law over CIAC arbitral awards may be questioned before the Supreme Court through an appeal under Rule 45, the Court nonetheless held that the CIAC arbitral tribunal's findings of fact may be allowed through a petition for *certiorari* under Rule 65 before the CA by alleging only either two premises: (a) when the party is "assailing the very integrity of the composition of the tribunal"¹⁰⁹ as enumerated in Section 24 of R.A. No. 876; or (b) when there is an allegation of the arbitral tribunal's violation of the Constitution or positive law.¹¹⁰ The Court held that the aforementioned grounds partake imputations of grave abuse of discretion, which fall within the ambit of a petition for *certiorari* under Rule 65.¹¹¹ In so doing, the Court discussed that the enumerated grounds, particularly those arising from Section 24 of General Arbitration Law, were distilled from the jurisprudence on construction arbitration.¹¹² The distillation was made to prevent the dilution of the basic object of voluntary arbitration as well as ensuring the finality of CIAC arbitral awards.¹¹³

In further explaining why the Court limited the grounds against CIAC arbitral awards under a petition for *certiorari* under Rule 65, the Court likewise held that the concept of grave abuse of discretion must be understood to be flexible and dynamic in nature to be in keeping with the legislative intent behind E.O. No. 1008. The contraction is consistent with the Court's constitutionally-vested rule making power, viz —

However, far from being static, the very contours of what constitutes grave abuse of discretion have always been traced by the Court in a judicious but fragmentary manner, as called for by each case in jurisprudence. Distinctively, therefore, although the remedy of petition for *certiorari*, as the procedural vehicle, is purposefully rigid and unyielding in order to avoid overextension of the same over situations that do not raise an error of jurisdiction, the concept of grave abuse of discretion[,] which must be alleged

108. *Id.*

109. *Id.* at 39.

110. *Id.*

111. *Id.* at 42.

112. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 42.

113. *Id.*

to avail of the *certiorari* remedy is, in the same degree, deliberately flexible, in order to enable it to capture a whole spectrum of permutations of grave abuse. If the case were otherwise, i.e., if the concept of grave abuse were rigid, and the *certiorari* remedy loose, the same would be exposed to the possibility of having a clear act of whim and caprice placed beyond the ambit of the court's *certiorari* power because of a definitional discomfiture in the legal procedure.¹¹⁴

On point is the case of *Oposa v. Factoran, Jr.*,¹¹⁵ where the Court, citing Justice Isagani A. Cruz, described the dynamic property of the concept of grave abuse in the context of the expanded judicial review power, and succinctly described it thus —

As worded, the new provision vests in the judiciary, and particularly the Supreme Court, the power to rule upon even the wisdom of the decisions of the executive and the legislature and to declare their acts invalid for lack or excess of jurisdiction because tainted with grave abuse of discretion. The catch, of course, is the meaning of 'grave abuse of discretion,' which is a very elastic phrase that can expand or contract according to the disposition of the judiciary.¹¹⁶

"The elasticity of the Court's use of its power of judicial review under the 'grave abuse of discretion' standard has also been suggested as that which significantly depends on a variety of considerations, even including the 'rationality, predispositions, and value judgments'"¹¹⁷ of the Court's members. This conceptual malleability of grave abuse of discretion allows it to stretch as it needs to cover vast permutations of grave abuse, but also contracts, as the Court here deems it fit, so as not to negate categorical legislative intent as provided for by E.O. No. 1008.¹¹⁸

The Court likewise explained that while E.O. No. 1008 and the general laws of arbitration provide for distinct frameworks, they are nonetheless related in the sphere of arbitration law.¹¹⁹ In particular, the Court discussed how the ADR Act "expressly references E.O. No. 1008 as the rules of

114. *Id.* at 45.

115. *Oposa v. Factoran, Jr.*, G.R. No. 101083, 224 SCRA 792 (1993).

116. *Id.* at 810 (citing ISAGANI A. CRUZ, PHILIPPINE POLITICAL LAW 226-27 (1991)).

117. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 45 (citing DIANE A. DESIERTO, A UNIVERSALIST HISTORY OF THE 1987 CONSTITUTION (II) 433 (2010)).

118. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 45.

119. *Id.* at 50.

procedure that will apply in construction disputes.”¹²⁰ Similarly, the Special ADR Rules refer to R.A. No. 876 in laying down the grounds for which the court may vacate or set aside the decision of an arbitral tribunal.¹²¹ Aside from the above-cited authorities, the Court likewise cited the case of *LM Power Engineering Corporation v. Capitol Industrial Construction Groups Inc.*,¹²² where it held that there is no impediment in applying R.A. No. 876 in a suppletory nature to an otherwise purely CIAC-governed dispute.¹²³

Based on the discussion and reasoning of the Court, it can be observed that it analyzed the available laws and cases through different methods of construction in creating the guidelines for the judicial review of CIAC arbitral awards. With respect to the proper court who may take cognizance of an appeal raising questions of law, the Court took note of the following factors: (a) the substantive rights affected by the remedy of an appeal;¹²⁴ (b) the more recent law which provides for the remedy of appeals;¹²⁵ (c) the more specific law applicable to construction arbitration disputes;¹²⁶ and (d) the constitutional provisions on the increase or decrease of jurisdiction of the Supreme Court as well as its rule-making powers.¹²⁷

On the other hand, the Court rationalized the availability of a petition for *certiorari* under Rule 65 and the available grounds thereto by considering the following: (a) the elastic and dynamic nature of the concept of grave abuse of discretion as evidenced by case law;¹²⁸ (b) the suppletory application of the Arbitration Law and Special ADR Rules to construction arbitration;¹²⁹ and (c) the jurisprudential development of judicial review CIAC arbitral awards, particularly the applicability of Section 24 of the Arbitration Law to a petition for *certiorari*.¹³⁰ In view of the various considerations of the Court in

120. *Id.*

121. *Id.* at 51.

122. *LM Power Engineering Corporation v. Capitol Industrial Construction Groups Inc.*, G.R. No. 141833, 399 SCRA 562 (2003).

123. *Id.* at 571-72.

124. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 54.

125. *Id.* at 45.

126. *Id.* at 31.

127. *Id.* at 29.

128. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 42.

129. *Id.* at 52.

130. *Id.*

rationalizing the guidelines that it created, it is respectfully submitted that it may be necessary to understand the orthodox rules of statutory construction to further understand the Court's methodology as will be discussed below.

IV. DECONSTRUCTING THE RULES OF STATUTORY CONSTRUCTION

In the application of statutory construction, common-law jurisdictions use these following rules: the literal rule; the golden rule; and the mischief rule.¹³¹ These three rules, however, are applied in a linear manner, where the application of the three rules move from one end to another with the literal and mischief rules being two ends of the spectrum of statutory construction.¹³² Professor Emmanuel Q. Fernando explains that there are two modes in viewing the linear spectrum of the rules of statutory construction — the formalist and anti-formalist view.¹³³ The formalist view determines the intent of the law by means of the law's letter or text while the anti-formalist view is guided by the law's spirit which may also refer to the law's "purpose," "policy," "rationale," or even "mischief" and "equity."¹³⁴

The literal rule has been considered as the orthodox view of statutory construction.¹³⁵ The rule dictates that "when a statute is clear, plain[,] and free from ambiguity or absurdity, it must be given its plain, ordinary[,] or literal meaning and applied without attempted interpretation."¹³⁶ This would mean that words in a statute must be read in accordance to how it was used and if the same is plain in meaning then courts have the duty to enforce it according to its terms.¹³⁷ This rule is also expressed under the Latin term *verba legis non est recedendum* — from the words of a statute there should be no departure.¹³⁸

131. Fernando, *supra* note 37, at 245.

132. *Id.* at 205.

133. *Id.*

134. *Id.* at 208.

135. *Id.* at 214 (citing *U.S. v. Missouri Pacific Railroad Company*, 278 US 269, 278 (1929)).

136. Fernando, *supra* note 37, at 214. *See also* *Chavez v. Judicial and Bar Council*, G.R. No. 202242, 676 SCRA 579 (2012) (citing *National Food Authority (NFA) v. Masada Security Agency, Inc.*, G.R. No. 163448, 453 SCRA 70, 79 (2005)).

137. Fernando, *supra* note 37, at 214 (citing *Caminetti v. U.S.*, 242 U.S. 470, 471 (1916)).

138. *Chavez*, 676 SCRA at 598 (*Francisco, Jr. v. Nagmamalaskit na mga Manananggol ng mga Manggagawang Pilipino, Inc.*, G.R. No. 160261, 415 SCRA 44, 126 (2003)).

As discussed by Professor Fernando, the literal rule may be applied in its extreme form — where courts are not allowed to go beyond the words of the law even if the result of such application results into absurdity.¹³⁹ Only the legislature can resolve any absurdity that would result from such interpretation in deference to the principle of separation of powers.¹⁴⁰ As noted by retired Senior Associate Justice Estela M. Perlas-Bernabe in her Concurring Opinion in the case of *People v. Pulido*,¹⁴¹ which dealt with the criminal concept of bigamy vis-à-vis its civil concept, viz —

However, I deem it apt to highlight that the Court's present interpretation of Article 349 of the RPC creates a legal incongruence between the criminal law and civil law treatments of Bigamy. On one hand, insofar as criminal law is concerned, a person who contracted a first marriage which is void *ab initio*, and thereafter, contracted a second marriage, cannot be held criminally liable for Bigamy; whereas, on the other hand, under the lens of the Family Code, the second marriage will be considered void *ab initio* for being bigamous for failure to comply with the requirement stated in Article 40 thereof.

Despite this disparity, it nonetheless remains that Article 349 of the RPC has not been amended since its passage in 1930; hence, the Court is constrained to interpret and apply the same as written and intended. It is well-settled that the criminalization of acts is a policy matter that belongs to the legislative branch of the government. Therefore, the solution to bridge this apparent gap in our laws is remedial legislation, which is left to the Congress' prerogative.¹⁴²

The rule has also been applied more leniently by allowing the use of extraneous sources beyond the law but in a limited degree.¹⁴³

The golden rule, on the other hand, adopts both the formalist and anti-formalist views of statutory construction.¹⁴⁴ This means that when the word or status is clear, plain, and free from ambiguity or absurdity, then the letter of the law should be applied by the courts; otherwise, the substantive

139. Fernando, *supra* note 37, at 217.

140. *Id.*

141. Luisito G. Pulido v. People of the Philippines, G.R. No. 220149, July 27, 2021, available at <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67720> (J. Perlas-Bernabe, concurring opinion).

142. *Id.* at 4.

143. Fernando, *supra* note 37, at 216 (citing *Rome v. Lowenthal*, 290 Md. 33, 41 (Md. 1981) (U.S.)).

144. Fernando, *supra* note 37, at 219.

considerations such as purpose should be consulted.¹⁴⁵ In its orthodox use, the use of the golden rule is applied when the following steps are made: *first*, the literal rule must be applied when there is no ambiguity, absurdity, repugnance, inconsistency, and the like; *second*, the statutory words must at least be capable of bearing a secondary or less usual meaning; and *lastly*, the disregard of the literal rule for a more reasonable interpretation requires the existence of ambiguity, absurdity, repugnance, inconsistency, and the like.¹⁴⁶ In its broad formulation, the golden rule “requires only that between a number of possible interpretations, the unreasonable ones are to be rejected and the reasonable one chosen;”¹⁴⁷ and the literal rule need not be previously applied.¹⁴⁸

While not attributing the application of the golden rule, it is the Author’s observation that the Court in *Aquino v. Aquino*¹⁴⁹ that the said rule was applied in determining the proper construction of Article 992¹⁵⁰ of the Civil Code.¹⁵¹ Prior to the promulgation of the decision, the Court in *Diaz v. Intermediate Appellate Court*,¹⁵² applying Article 992 of the Civil Code held that non-marital children cannot inherit from their grandparents via intestate succession due to the animosity and antagonism between the legitimate and illegitimate descendants of the deceased.¹⁵³ Thus, it held that Article 982 of the Civil Code¹⁵⁴ cannot apply as it is the general rule, while Article 992 serves as the

145. *Id.*

146. *Id.* at 220.

147. *Id.* at 236.

148. *Id.*

149. *Aquino v. Aquino*, G.R. Nos. 208912 & 209018, Dec. 7, 2021, available at <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/68154> (last accessed July 31, 2022).

150. An Act to Ordain and Institute the Civil Code of the Philippines [CIVIL CODE], Republic Act No. 386, art. 992 (1949). “An illegitimate child has no right to inherit *ab intestato* from the legitimate children and relatives of his father or mother; nor shall such children or relatives inherit in the same manner from the illegitimate child.” *Id.*

151. *See generally id.*

152. *Diaz v. Intermediate Appellate Court*, G.R. No. L-66574, 150 SCRA 645 (1990).

153. *Id.* at 650.

154. CIVIL CODE, art. 982. “The grandchildren and other descendants shall inherit by right of representation, and if any one of them should have died, leaving several heirs, the portion pertaining to him shall be divided among the latter in equal portions.” *Id.*

exception.¹⁵⁵ The Court, however, held that the interpretation in *Diaz* does not hold water inasmuch as the alleged resentment and hostility presumed under Article 992 is non-existent and considering that the best interest of the child should prevail pursuant to the Constitution, laws, and international obligations.¹⁵⁶ Moreover, as observed by Senior Associate Justice Perlas-Bernabe in her Separate Concurring Opinion, the Code Commission likewise interpreted that Article 982 allows non-marital children to inherit by right of representation from their grandparents in order to give more rights to non-marital children on the basis of justice and equity.¹⁵⁷ Thus, it can be observed in the foregoing decision of the Court that in such an instance where there is an ambiguity in the construction of the law, the Court will take the more reasonable approach in its interpretation (i.e., placing primacy on the best interests of the child for purposes of justice and equity).¹⁵⁸

Lastly, the mischief rule allows the courts to construe a word or statute in accordance with its purpose, objective, or the evil sought to be remedied by the statute.¹⁵⁹ It is similar to the broad understanding of the golden rule except that it “is intended to apply only as a supplement to the literal rule.”¹⁶⁰ Professor Fernando explains the process of the mischief rule as follows —

The procedure with which the mischief rule renders the literal rule subordinate may now be more elaborately specified. The purpose or objective of the statute is first determined, by adopting the perspective of the legislative draftsman, so as to discover why, or for what purpose, the statute was enacted. Thus, the background context, which may include considerations extrinsic and not just intrinsic to the statute in accordance with the appropriate linguistic register, is probed and surveyed. After the statutory purpose has been so ascertained, then the particular provision requiring interpretation is to be examined so as to determine its literal or plain meaning. The literal meaning is thereafter to be construed in the light of this statutory objective. Thus, the determination of the literal meaning ultimately rests on the appropriate linguistic register, the background context and the purpose.¹⁶¹

155. *See Diaz*, 150 SCRA at 650.

156. *Aquino*, G.R. Nos. 208912 & 209018, at 35.

157. *Id.* at 11 (J. Perlas-Bernabe, concurring opinion).

158. *See generally id.*

159. Fernando, *supra* note 37, at 264.

160. *Id.* at 268.

161. *Id.* at 241-42.

It is observed that a recent example where the mischief rule was applied can be found in *Tan-Andal v. Andal*.¹⁶² In abandoning the *Molina* doctrine¹⁶³ that determined the existence of psychological incapacity under Article 36 of the Family Code, the Court emphasized that the ground of psychological incapacity to nullify a marriage was meant to protect the family as a basic autonomous social institution.¹⁶⁴ Thus, it took the opportunity to refer to the original intent by the Family Code Revision Committee, as well as referring to Canon Law, to define the concept of psychological incapacity — “which consists of clear acts of dysfunctionality that show a lack of understanding and concomitant compliance with one’s essential marital obligations due to psychic causes.”¹⁶⁵ It could be observed that the Court neither applied the literal rule nor the golden rule because it took note that the Code Committee deliberately refused to define the term psychological incapacity “to allow some resiliency.”¹⁶⁶

As can be observed from the discussion above, the methods of statutory construction, particularly the three rules of construction — the literal, golden, and mischief rules, have been previously applied by the Supreme Court, albeit indirectly, in resolving issues before it. This shows that the Court exercises some form of flexibility in the construction of statutes depending on circumstances of each case as can be seen in the three recent decisions by the Court *en banc* as discussed herein.

V. RATIONALIZING THE RATIONALE IN *GMCLI* USING THE THREE RULES OF STATUTORY CONSTRUCTION

As earlier mentioned in this Comment, statutory construction follows a linear path which begins by first applying the literal rule (formalist perspective) before the mischief rule (anti-formalist perspective).¹⁶⁷ Based on the observations of Professor Fernando, it could be assumed that the formalist

162. *Tan-Andal v. Andal*, G.R. No. 196359, May 11, 2021, available at <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/68507> (last accessed July 31, 2022).

163. *Id.* at 31.

164. *Id.*

165. *Id.* at 40.

166. *Id.* at 21 (citing *Santos v. Court of Appeals*, G.R. No. 112019, 240 SCRA 20, 31 (1995)).

167. Fernando, *supra* note 37, at 205.

perspective enjoys dominance in the application of judicial writing.¹⁶⁸ This, however, does not mean that the formalist perspective is the general rule applied in judicial decision-making. As observed by Professor Fernando, the Philippine legal system does not provide for a unitary approach of statutory construction in judicial interpretation.¹⁶⁹

Considering the foregoing observations on the present status of statutory construction in the Philippines, the Author respectfully submits that the Court's discussion in *Global Medical Center of Laguna, Inc.* anent the judicial review of CIAC arbitral awards reveals the continuing trend of the application of the formalist perspective of statutory construction in the Philippine judicial construction and decision-making. This Comment becomes relevant in the said case considering how the issues before the Court required it to make an introspection concerning the limits of its powers under the Constitution.

As earlier discussed, the literal rule must take primacy in the formalist perspective of statutory construction.¹⁷⁰ This would mean that the words and phrases in the statute must be applied without any form of interpretation.¹⁷¹ In applying this rule in the present case, the Author respectfully submits that the Supreme Court should have and could have stopped at Section 19 of E.O. No. 1008 in the resolution of the issue anent the judicial remedy against CIAC arbitral awards. This would mean that the one and only remedy that may be availed of by the parties is an appeal filed before the Supreme Court raising questions of law about the CIAC arbitral award. As discussed in one of the preceding parts of this Comment, the Supreme Court's jurisdiction as provided in Section 19 is clear even when applying the maxims that state that the later law prevails over the earlier law¹⁷² (i.e., R.A. No. 9285 being the latest law acknowledging the applicability of E.O. No. 1008 in construction dispute) and specific law prevails over the general law¹⁷³ (i.e., E.O. No. 1008 specifically dealing with construction arbitration). This becomes clearer when considering the constitutional proscription in decreasing the jurisdiction of the

168. *Id.*

169. *Id.* at 278.

170. *Id.* at 220.

171. *Id.* at 214.

172. *Commissioner of Internal Revenue v. Semirara Mining Corporation*, G.R. No. 202534, 888 SCRA 301, 311 (2018).

173. *Abella v. Abella*, G.R. No. 195166, 762 SCRA 221, 222 (2015) (This case categorically cites the said rule of statutory construction.).

Supreme Court (i.e., the grant of jurisdiction to the Court was made prior to the 1987 Constitution).¹⁷⁴

The Author, however, notes that the application of the literal rule (i.e., limiting remedies to questions of law) creates an absurd situation, which clips off the Supreme Court's expanded power of judicial review granted by the 1987 Constitution. Applying the golden rule, it is submitted that, as discussed by the Court in *Global Medical Center of Laguna, Inc.*, the availability of a petition for *certiorari* under Rule 65 as another remedy for aggrieved parties is a more reasonable interpretation in comparison to the mere application of the literal rule. This is so considering the nature of Court's expanded judicial power as found in Article VIII, Section 1 of the 1987 Constitution, to wit —

Judicial power includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government.¹⁷⁵

In *Araullo v. Aquino III*,¹⁷⁶ the Court explained that a petition for *certiorari* is one of the remedies “to set right, undo[,] and restrain any act of grave abuse of discretion amounting to lack or excess of jurisdiction by any branch or instrumentality of the Government, even if the latter does not exercise judicial, quasi-judicial[,] or ministerial functions.”¹⁷⁷

As seen above, the Court's expanded judicial power allows it to determine the existence of grave abuse of discretion on the part of any branch or instrumentality of the Government,¹⁷⁸ and the Author submits that CIAC arbitral awards likewise falls within the ambit of the Court's expanded judicial power. In *Freuhauf Electronics Philippines Corporation v. Technology Electronics Assembly and Management Pacific Corporation*,¹⁷⁹ the Court had the opportunity to capture the difference between commercial arbitration proceedings vis-à-

174. PHIL. CONST. art. VIII, § 1 & *Aquino*, G.R. Nos. 208912 & 209018, at 26.

175. PHIL. CONST. art. VIII, § 1 (emphasis supplied).

176. *Araullo v. Aquino III*, G.R. No. 209287, July 1, 2014, available at <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/57044> (last accessed July 31, 2022).

177. *Id.*

178. *Id.*

179. *Freuhauf Electronics Philippines Corporation v. Technology Electronics Assembly and Management Pacific Corporation*, G.R. No. 204197, 810 SCRA 280 (2016).

vis arbitration proceedings whose subject matter has been conferred by law.¹⁸⁰ There, the Court explained that one key comparison between commercial arbitration and specialized arbitration relates to the nature of their proceedings.¹⁸¹ While private parties and agreements confer jurisdiction in commercial arbitration, specialized arbitration is conferred by law with quasi-judicial authority due to a “compelling state interest that would justify state interference into the autonomy of contracts.”¹⁸²

Applying *Freuhauf*, it would be unreasonable for the Court to remove CIAC arbitral tribunals from the ambit of judicial review on the sole basis that arbitral tribunals are distinct entities from CIAC. While it is true that the subject-matter jurisdiction of construction arbitrations has been conferred to CIAC as a government entity, CIAC arbitral tribunals’ power to settle disputes between parties are limited by and emanate from E.O. No. 1008.¹⁸³ Echoing *Freuhauf*, CIAC arbitral tribunals are specialized tribunals under a government instrumentality created to settle construction disputes due to compelling state interests.¹⁸⁴ Without E.O. No. 1008, these tribunals would be stripped of their limited quasi-judicial powers to resolve disputes under the auspices of CIAC. That said, it is submitted that CIAC arbitral tribunals are covered by the remedy of *certiorari* under Rule 65 considering that they exercise quasi-judicial functions under E.O. No. 1008.

As seen in the discussion above, the Court’s analysis in *Global Medical Center of Laguna, Inc.* about the available remedies to aggrieved parties questioning a CIAC arbitral award conforms with the prevailing method of statutory construction (i.e., the formalist perspective). However, it is observed that the anti-formalist perspective (i.e., the immediate application of the mischief rule) was applied anent the grounds for judicial review under Rule 65 despite the application of the formalist perspective as previously discussed in this part of the Comment. It is observed that this may have been done by the *Court* to ensure that the intent behind construction arbitration and the substantive rights of the parties to an arbitration are properly safeguarded from unnecessary judicial scrutiny.

Due to the existence and application of both perspectives in the decision, it is thus essential to determine which perspective should have been applied

180. *Id.* at 308.

181. *Id.*

182. *Id.*

183. *Id.* at 316.

184. *Id.*

throughout the Court's analysis. If one were to consider applying the anti-formalist perspective, it is submitted that it would lead to an interpretation similar to the Author's discussion on the application of the literal rule *per se*. Considering that the intent behind construction arbitration as well as the safeguarding of the substantive rights of private parties to an arbitration, it would be appropriate to suggest that the only remedy available for the parties would be an appeal under Section 19 of E.O. No. 1008. This interpretation, however, creates that same absurdity as earlier discussed in this part of the Comment. In comparison, it is respectfully submitted that applying the formalist perspective of statutory construction would lead to a result similar, if not close, to that of the decision in *Global Medical Center of Laguna, Inc.*

Coming back from the application of the golden rule resulting in the availability of a petition for *certiorari* under Rule 65 of the Rules of Court, it is necessary to determine the proper construction of the term 'grave abuse of discretion' in relation to construction arbitration. The Author respectfully forwards that applying the literal rule would be sufficient in determining the definition of 'grave abuse of discretion' contrary to the view in *Global Medical Center of Laguna, Inc.* that grave abuse of discretion must be limited to grounds of "challenging the integrity ... of the composition of the arbitral tribunal[.]"¹⁸⁵ which may be found under Section 24 of R.A. 876 and an allegation of the violation of the Constitution and positive law.¹⁸⁶

As discussed by the Court itself in the same case, the term "covers a multitude of scenarios, with *operative definition colored with caprice or whim, but fleshed out in a variety of commissions[.]*"¹⁸⁷ To the Author, this would mean that the Court can exercise its expanded power of judicial review provided that any act colored with caprice or whim was committed by a government branch or instrumentality. On the other hand, it is humbly submitted that the Court's use of a secondary interpretation (i.e., limiting the grounds) is less reasonable than the orthodox and plain understanding of grave abuse of discretion.

First, the Court's reliance on Section 24 of R.A. No. 876 based on the analogy that these grounds to vacate an arbitral award are akin to the understanding of grave abuse of discretion as belied by positive law. This is because the ADR Act has amended the grounds to vacate to those grounds found under Section 25 of R.A. No. 876 (i.e., the grounds to correct/modify

185. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 47.

186. *Id.*

187. *Id.* at 45 (emphasis supplied).

an arbitral awards).¹⁸⁸ To the Author’s mind, the amendment may be more in keeping with the intent of safeguarding the substantive interests of parties to an arbitration because it necessarily and substantively curtails court intervention.

Second, the grounds enumerated may seem to be contradictory with each other. As noted by Senior Associate Justice Perlas-Bernabe in her Separate Concurring and Dissenting Opinion on the case, the ground of violation of the Constitution or positive law is a “reiteration of the traditional notion of grave abuse of discretion”¹⁸⁹ as “grave abuse of discretion arises when a lower court or tribunal patently violates the Constitution, the law[,] or existing jurisprudence.”¹⁹⁰ Senior Associate Justice Perlas-Bernabe expounds on this position, to wit —

Thus, as may be gleaned from the above-cited passage in the *ponencia*, it, on the one hand, purports to contract grave abuse of discretion into very limited grounds (i.e., challenge on the integrity of the arbitral tribunal) but in the same breath, recognizes that a CIAC arbitral award may nonetheless be assailed by the general and traditional conception of grave abuse of discretion (i.e., allegation of the arbitral tribunal’s violation of the Constitution or positive law). With all due respect, this approach is clearly inconsistent, as it begs the question [—] Is the Rule 65 ground to assail a CIAC arbitral award, (1) a specifically contracted ground (i.e., challenge on the integrity of the arbitral tribunal); (2) a general ground as grave abuse of discretion has been understood to apply in all other cases in general (i.e., allegation of the arbitral tribunal’s violation of the Constitution or positive law); or (3) is it both? More so, it is observed that if the *ponencia* already recognizes that CIAC arbitral awards can already be assailed by the traditional conception of grave abuse of discretion, then there is no more practical value to contract/calibrate grave abuse of discretion into a limited ground.¹⁹¹

Thus, Senior Associate Justice Perlas-Bernabe posits that the traditional understanding of grave abuse of discretion must still be applied in construction

188. The Arbitration Law, § 25.

189. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 6 (J. Perlas-Bernabe, concurring and dissenting opinion).

190. *Id.* n. 10 (citing *Ifurung v. Carpio-Morales*, G.R. No. 232131, 862 SCRA 684, 701 (2018)).

191. *Global Medical Center of Laguna, Inc.*, G.R. Nos. 230112 & 230119, at 6-7 (J. Perlas-Bernabe, concurring and dissenting opinion) (emphases supplied).

arbitration cases absent any positive law providing for specific grounds of grave abuse of discretion.¹⁹²

Considering the foregoing, the Author respectfully suggests that the guidelines under the second remedy (i.e., filing a petition for *certiorari* under Rule 65) should be revised to merely cite the grounds under Section 24 of the Arbitration Law as prototypical examples and to serve as guideposts for the courts in deciding the existence of grave abuse of discretion, while at the same time reinforcing the terms understanding in the traditional sense. To the Author's mind, allowing a more fluid definition of grave abuse of discretion in construction arbitration serves to fulfill the intent of expanding the Court's power of judicial review as it allows the courts to protect individuals from any government deprivation of rights within their constitutionally guaranteed rights to life, liberty, and due process. Moreover, it likewise ensures that the intent of E.O. No. 1008 and substantive rights of private parties to an arbitration are safeguarded as the remedy ensures that right to due process of the parties is respected.

Considering the foregoing discussion as well as the re-assessment and reformulation of the guidelines in *Global Medical Center of Laguna, Inc.*, it is respectfully submitted that there have been minute changes from the time of Professor Fernando's assessment up until the writing of this Comment with respect to the adoption of a unitary perspective of statutory construction. Nonetheless, the Author respectfully posits that some form of development is better than having none at all. As the discussion in this Comment would show, there seems to be a continuing trajectory towards the application of the formalist perspective in statutory construction found in Philippine case law. Perhaps, from the time between this Comment and a succeeding piece in the re-assessment of statutory construction, there would be some form of crystallization of a unitary approach of statutory construction in judicial interpretation that can be found in the Philippine legal system to ensure efficiency and predictability in judicial decision-making.

192. *Id.* at 12.