

THIRD DIVISION

[G.R. No. 162095, October 12, 2009]

**IBEX INTERNATIONAL, INC., PETITIONER, VS. GOVERNMENT
SERVICE INSURANCE SYSTEM AND COURT OF APPEALS,
RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review^[1] of the 30 October 2003 Decision^[2] and 6 February 2004 Resolution^[3] of the Court of Appeals in CA-G.R. SP No. 68606. In its 30 October 2003 Decision, the Court of Appeals dismissed petitioner IBEX International, Inc.'s (IBEX) petition for lack of merit and affirmed the 3 January 2002 Decision^[4] of the Construction Industry Arbitration Commission (CIAC). In its 6 February 2004 Resolution, the Court of Appeals denied IBEX's motion for reconsideration.

The Facts

Sometime in 1984, respondent Government Service Insurance System (GSIS), through its project manager, Design Coordinates, Inc. (Design Coordinates), requested IBEX to submit a proposal for the graphic signage requirements of the then on-going construction of the GSIS Headquarters Building (GSIS Building). In their Contract Agreement^[5] dated 23 February 1984, IBEX undertook to supply and install the interior and exterior graphic signage requirements of the GSIS Building for P11,500,000. IBEX and GSIS also agreed on 26 May 1986 as the delivery date.

In a letter^[6] dated 24 March 1986, Design Coordinates, in accordance with the instructions of Benigno Zialcita III, GSIS Officer-in-Charge, informed IBEX that, effective 1 April 1986, all operations in the construction of the GSIS Building would be suspended until further notice.

In two letters dated 25 January 1988^[7] and 5 August 1988,^[8] IBEX informed GSIS of its interest in resuming the work on the signage project.

In a letter^[9] dated 3 April 1991, GSIS advised IBEX that the GSIS Board of Trustees created an Executive Committee to resolve all pending contracts relative to the GSIS Building. The letter also mentioned that, on 2 October 1984, GSIS had released the downpayment of P1,725,000, or 15% of the contract price of P11,500,000, to IBEX under Check No. 319185.

In a letter^[10] dated 19 April 1991, IBEX reiterated that it was still interested and

willing to finish the contract. IBEX also clarified that only 10% of the total contract price, not 15%, was released as downpayment.

Sometime in March 1994, GSIS informed IBEX that it intended to hold a bidding for the Parking and Directional Signs and Graphic Signage of the GSIS Building. In a letter^[11] dated 24 March 1994, IBEX reminded GSIS that their contract had neither been rescinded nor abrogated and that the said bidding would encroach on certain provisions of their contract. IBEX insisted that there was no need for it to pre-qualify since its contract with GSIS was still valid and existing.

In a letter^[12] dated 10 June 1994, GSIS explained that it had to take-over the contract because of IBEX's failure to meet the deadline for the submission of the requirements for all contractors with suspended contracts.

On 28 December 1999, IBEX filed a complaint with the CIAC.^[13] IBEX alleged that the unilateral take-over of GSIS of their contract constituted a breach of its contractual obligation. IBEX prayed that GSIS be ordered to pay actual damages of P13,941,664.38 plus one percent interest per month starting March 1987 and attorney's fees of 25% of the actual damages awarded.

On 18 January 2000, GSIS filed its answer with compulsory counterclaim for actual and liquidated damages including attorney's fees.

On 28 February 2000, a preliminary conference was held and the Terms of Reference^[14] (TOR) limited the issues to be resolved by the CIAC to the following:

1. Was the project completed?
 - 1.1 If so, when?
 - 1.2 If so, was there a delay in accepting delivery of the completed Project?
 - 1.3 If not, what percentage of accomplishment was reached by the Claimant on 1 April 1986 when the operations were suspended?
 - 1.4 If not, was there delay in the completion of the project in accordance with the contract?
 - 1.5 If there was delay, is Respondent entitled to liquidated damages under the contract?
2. How much was Claimant paid by way of down-payment?
3. Was the Contract Agreement between the Claimant and the Respondent dated 23 February 1984 validly rescinded or abrogated?
4. Is Claimant entitled to its claim for actual damages plus 1% interest per month?^[15]

In its 3 January 2002 Decision, the CIAC dismissed IBEX's complaint for being barred by laches and extinctive prescription.

IBEX appealed to the Court of Appeals. In its 30 October 2003 Decision, the Court of Appeals dismissed the petition for lack of merit and affirmed the CIAC's 3 January 2002 Decision.

IBEX filed a motion for reconsideration. In its 6 February 2004 Resolution, the Court of Appeals denied the motion.

Hence, this petition.

The Ruling of the CIAC

According to the CIAC, IBEX's cause of action accrued on 24 March 1986, when GSIS sent IBEX the letter informing them of the suspension of the contract. Since IBEX filed the complaint only on 28 December 1999, or 13 years and 9 months after the cause of action accrued, the CIAC ruled that the complaint was now barred by prescription. The CIAC added that, even assuming that IBEX's letters dated 25 January 1988 and 5 August 1988 interrupted the prescriptive period, laches had set in because of IBEX's unexplained inaction to sue GSIS after GSIS took over the project in 1994. Accordingly, the CIAC denied IBEX's claim for actual damages.

However, the CIAC still discussed the issues raised in the TOR. First, the CIAC ruled that the project was not completed because IBEX, through its President Percival F. Cruz, admitted that the project "had been partly executed" and expressed "interest in resuming the work." According to the CIAC, this inferred an incomplete work. The CIAC noted that IBEX gave three contradictory claims of accomplishment ranging from 30% to 100%. The CIAC also found that IBEX failed to submit monthly progress billings in violation of the contract. The CIAC denied GSIS's claim for liquidated damages as there was no factual or legal basis to support GSIS's claim.

Second, the CIAC declared that GSIS paid IBEX P1,725,000, or 15% of the contract price, as stated in the contract. The CIAC said IBEX failed to present any proof that GSIS gave only 10% of the contract price as downpayment.

Lastly, the CIAC declared that GSIS terminated the contract because of the findings of the Commission on Audit of graft and corruption committed through the negotiated contracts that President Ferdinand E. Marcos had authorized GSIS President/General Manager Roman Cruz, Jr. to enter into in lieu of the normal bidded contracts.

The Ruling of the Court of Appeals

While the Court of Appeals agreed with the CIAC that IBEX's cause of action accrued when GSIS indefinitely suspended the contract without legal justification, the Court of Appeals ruled that prescription had not set in because the running of the prescriptive period was interrupted by IBEX's 24 March 1994 letter reminding GSIS of the existence of a valid contract. The Court of Appeals said that this can be considered as an extrajudicial demand under Article 1155^[16] of the Civil Code sufficient to toll the running of the prescriptive period. Accordingly, the Court of Appeals also declared that laches had not set in.

The Court of Appeals affirmed the CIAC's findings that IBEX never completed the project and that IBEX received 15% of the contract price as downpayment. The Court of Appeals also ruled that IBEX was not entitled to actual damages because (1) GSIS took over the signage contract because of IBEX's failure to submit the necessary requirements for contractors with suspended contracts; (2) the project

was not completed; (3) IBEX failed to liquidate the downpayment; and (4) not a single signage manufactured by IBEX was actually used and installed in the GSIS Building. The Court of Appeals also said that the CIAC did not commit any reversible error when it took the inconsistencies in the percentage of work accomplishment against IBEX. According to the Court of Appeals, the percentage of completion at the time of the suspension of the project was very much material to IBEX's cause of action considering that the complaint was for actual damages and interest.

The Issues

IBEX raises the following issues:

I.

Whether or not [sic] the Court of Appeals committed a grave error and abuse of discretion when it failed to consider certain relevant facts which, if properly considered, will justify a different conclusion;

* In not finding that the takeover of the contract packaged VII.E was unjustified and constitute [sic] breach of contract.

II.

Whether or not [sic] the Court of Appeals committed a grave error and abuse of discretion when it finds [sic] that there was no completed project, since the petitioner was never able to convincingly demonstrate that the project was in fact accomplished.

III.

Whether or not [sic] the Court of Appeals committed a grave error and abuse of discretion when it made its findings, beyond the issues of the case, and which findings are contrary to what were put forward as issues by the parties' terms of reference (tor).^[17]

GSIS opposes IBEX's petition on the ground that it raised questions of fact.

The Ruling of the Court

The petition has no merit.

At the outset, we note that IBEX is raising factual issues. A petition for review under Rule 45 of the 1997 Rules of Court should cover only questions of law.^[18] A question of law exists when the doubt or difference centers on what the law is on a certain state of facts.^[19] A question of fact exists if the doubt centers on the truth or falsity of the alleged facts.^[20] We note that matters pertaining to the takeover, completion and delivery of the project are factual issues which had been exhaustively discussed and ruled upon by the CIAC.

It is settled that findings of fact of quasi-judicial bodies, which have acquired