SECOND DIVISION

[G.R. No. 269981. April 02, 2025]

WILLIAM GOLANGCO CONSTRUCTION CORPORATION PETITIONER, VS. PHILIPPINE COMMERCIAL AND INTERNATIONAL BANK (NOW BANCO DE ORO UNIBANK, INC.), RESPONDENT.

D E C I S I O N

LOPEZ, J., J.:

This Court resolves a Petition for Review on *Certiorari*[1] assailing the Order[2] and the Omnibus Order[3] of the Construction Industry Arbitration Commission (CIAC), which denied the Motion for Consignation of Philippine Commercial and International Bank (PCIB), now Banco De Oro Unibank, Inc. (BDO), and ordered BDO to pay PHP 8,630,646.46 to the remaining stockholders of William Golangco Construction Corporation (WGCC) and/or their successors-in-interest.[4]

The Antecedents

WGCC was incorporated on May 6, 1963 with a term of 50 years from incorporation or until May 6, 2013.[5] WGCC and PCIB, now BDO, entered into a contract for the construction of the PCIB Tower II extension on October 20, 1989. The project included, among others, the application of a granite wash-out finish on the exterior walls of the building.[6] WGCC turned over the completed work to PCIB on June 1, 1992. In compliance with the construction contract,[7] WGCC submitted a guarantee bond issued by Malayan Insurance Company, Inc. to answer for any defect that may arise within one year.[8]

In 1993, portions of the granite wash-out finish of the building's exterior walls peeled off and fell. WGCC made minor repairs to rectify the construction defects. The following year, PCIB entered into a contract with Brains and Brawn Construction and Development Corporation to re-do the entire task after WGCC manifested that it was "not in a position to do the new finishing work," though it was willing to share part of the cost. PCIB incurred PHP 11,665,000.00 for the repair work.[9]

PCIB then filed a request for arbitration with the CIAC for the reimbursement of its expenses for the repairs made by another contractor. Meanwhile, WGCC interposed a

counterclaim in the amount of PHP 5,777,157.84 for material cost adjustment.[10]

In its Decision, the CIAC ruled that PCIB was entitled to recover PHP 9,741,829.00 from WGCC, representing cost of repairs done by another contractor on the project. It also awarded WGCC's counterclaim in the amount of PHP 5,777,157.84.[11]

Subsequently, WGCC filed a Motion for Execution praying for the inclusion of 6% legal interest computed from June 21, 1996.[12]

On January 22, 2007, the CIAC issued a Writ of Execution for the principal award of PHP 5,777,157.84, without mention of the 6% legal interest sought by WGCC.[13]

WGCC then filed a Motion to Amend the Writ of Execution to include 6% legal interest per annum computed from June 21, 1996 on the principal award and to state that any reference to PCIB includes Equitable-PCI Bank or its succesor/s-in-interest.[14]

In its Order, the CIAC granted WGCC's Motion to Amend the Writ of Execution and it ordered to pay PCIB 12% legal interest on the principal award of PHP 5,777,157.84 computed from April 27, 2006 until full payment.[15]

Afterward, the CIAC issued its Order denying the Motion for Reconsideration of WGCC.[16] Hence, WGCC filed a Petition for Review before the CA.[17]

In its Decision, the CA partially granted the Petition of WGCC. It declared that the Writ of Execution must include 6% legal interest on the principal award to WGCC to be computed from June 21, 1996 until it is fully paid.[18]

WGCC then filed a Motion for Clarification and/or Partial Reconsideration, while PCIB filed a Motion for Reconsideration assailing the interest awarded.[19]

In its Resolution, the CA denied both Motions.[20] Hence, WGCC and PCIB filed their respective Petitions for Review on *Certiorari* to this Court.[21]

As early as March 10, 2009, BDO, for and on behalf of PCIB, issued and delivered two checks to WGCC in the amounts of PHP 1,965,816.45 and PHP 5,777,157.84, or a total of PHP 7,742,974.29.[22]

This Court then rendered its Decision[23] in the case docketed as G.R. Nos. 195372 and 195375 granting the Petition of PCIB and denying the Petition of WGCC. The dispositive portion of the Decision states:

> **WHEREFORE**, the Court **GRANTS** the Petition docketed as G.R. No. 195372, and **DENIES** the Petition docketed as G.R. No. 195375. Thus:

1. The Decision and Resolution respectively dated December 10, 2009 and January 28, 2011 issued by the Court of Appeals, First Division and Special Former First Division, respectively, in CA-G.R. SP No. 106452 are **AFFIRMED**.

2. The Construction Industry Arbitration Commission is hereby **DIRECTED** to compute the remaining liability of Philippine Commercial and International Bank (now Banco de Oro Unibank, Inc.) in accordance with this Decision and effect payment thereof in favor of William Golangco Construction Corporation within thirty (30) days from receipt of the records of this case.

SO ORDERED.[24] (Emphasis in the original)

WGCC then filed a Motion for Clarification and Correction of Dispositive Portion to rectify the respective docket numbers of the two cases mentioned in the dispositive portion of the Decision. Hence, this Court issued a Resolution,[25] the dispositive portion of which states:

> **IN VIEW OF THE FOREGOING**, the Court hereby corrects the dispositive portion of the Decision dated April 10, 2019, to read as follows:
>
> > **WHEREFORE**, the Court **GRANTS** the Petition docketed as **G.R. No. 195375**, and **DENIES** the Petition docketed as **G.R. No. 195372**. Thus:
> >
> > 1. The Decision and Resolution respectively dated December 10, 2009 and January 28, 2011 issued by the Court of Appeals, First Division and Special Former First Division, respectively, in CA-G.R. SP No. 106452 are **AFFIRMED**.
> >
> > 2. The Construction Industry Arbitration Commission is hereby **DIRECTED** to compute the remaining liability of Philippine Commercial and International Bank (now Banco de Oro Unibank, Inc.) in accordance with this Decision and effect payment thereof in favor of William Golangco Construction Corporation within thirty (30) days from receipt of the records of this case.
>
> **SO ORDERED.**[26] (Emphasis in the original)

This Court also issued an Entry of Judgment[27] certifying that the Decision and Resolution in G.R. Nos. 195372 and 195375 have become final and executory on December 27, 2019.[28]

On August 25, 2022, WGCC filed a Manifestation with Motion for Computation of

Liability and Issuance of a Writ of Execution with the CIAC.[29]

In an Order,[30] the CIAC granted WGCC's Manifestation with Motion for Computation of Liability and Issuance of a Writ of Execution. CIAC provided its computation and directed the CIAC ex-officio sheriff to implement and execute the award.[31]

Subsequently, WGCC filed a Motion for Clarification and/or Correction of the October 18, 2022 CIAC Order,[32] and submitted its updated computation as of October 31, 2022.[33] It also filed a Manifestation with Motion to Approve Payment Arrangement[34] disclosing that during the pendency of the case in G.R. Nos. 195372 and 195375, WGCC ceased to legally exist upon the expiration of its corporate term on April 6, 2013, and that WGCC liquidated its assets and paid its 13 stockholders their respective shares.[35] WGCC then provided the names of the stockholders, their respective shares, the names of stockholders' successors-in-interest, and their corresponding *pro rata* percentage of shares in BDO's remaining liability.[36]

In its Order,[37] the CIAC denied the Motion for Consignation. The dispositive portion of the Order states:

> 18. Wherefore, premises considered, the Tribunal hereby orders the following:
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> a) The consignation prayed for is denied;
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> b) Respondent/Recipients, as a group, are ordered within twenty (20) days from receipt hereof to file and submit for approval of the Tribunal (a) a Surety Bond in the amount of [PHP] 8,630,646.46. in favor of Claimant and any third party who may file and substantiate a claim against WGCC/SSPI and/or any deceased stockholders of WGCC/SSPI with the CIAC, and (b) a form for the Release, Waiver and Quitclaim and Indemnification "(RWQI"), copy furnished the Claimant;
>
> c) Claimant is given twenty (20) days from receipt of the above to file its Comment/Opposition to the Surety Bond and the RWQI form;
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> d) After the lapse of the above period given to Claimant, the Tribunal will rule on the acceptability of the Surety Bond and the RWQI form and issue the appropriate order/s to the Parties;
>
> e) After approval of the Surety Bond and the RWQI form, the individual Recipient will be required to sign and submit a Waiver, Release, Quitclaim and Indemnification in favor of Respondent to be deposited with CIAC, copy furnished Claimant; and

f) Upon approved [sic] of the Surety Bond and submission of the RWQI duly executed, the Tribunal will then order Claimant to pay and release the payment to each Recipient in accordance with their respective share as indicated below, to wit:

Individual Recipients	**Individual Recipient's Total Shares in WGCC**	**Percentage Share in WGCC** **Percentage Share in Judgment Award to be Paid by B[D]O** **(Individual Recipient's Total Shares in WGCC/ Total Subscribed WGCC Shares)**	
Marilyn Golangco del Bianco	193,215.28	24.95%	2,153,652.06
Eric U. Golangco	200,757.62	25.92%	2,237,721.88
Rene U. Golangco	187,026.05	24.15%	2,084,664.50
Christopher G. Cu-unjieng	114,956.26	14.84%	1,281,346.82
Melissa Katrina G. Favis	332.31	0.04%	3,704.06
Charlyn G. Cu-unjieng	25,748.56	3.32%	287,003.40
Cherie G. Cu-unjieng	25,748.56	3.32%	287,003.40
Charmaine G. Cu-unjieng	25,748.56	3.32%	287,003.40
Martin Mitchell G. Favis	374.73	0.04%	4,176.89
Conchita Pe	392.06	0.05%	4,370.05
TOTAL	774,300.00	100%	8,630,646.46

SO ORDERED.[38] (Emphasis in the original)

Undaunted, WGCC filed a Motion for Inclusion of Legal Interest Until Full Payment in the Computation of BDO's Remaining Liability, As Decreed by [this] Court.[39] Citing *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*,[40] it argued that apart from the interest from the date of the issuance of the award until the finality of the judgment award, 6% legal interest per annum until full payment should also be

imposed.[41]

In its Omnibus Order,[42] the CIAC denied WGCC's Motion for Inclusion of Legal Interest Until Full Payment.[43] The CIAC resolved the Motion as follows:

> 4. On [November 27, 2019], the Special Second Division of the Supreme Court issued a Resolution which provided as follows:
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> > "In the Decision, the Court held that WGCC is entitled to compensatory interest reckoned from the issuance of the Decision of the Construction Industry Arbitration Commission (CIAC) on June 21, 1996, until finality of the judgment award, *less* [PHP] 7,742,974.29, or the amount previously paid by Banco de Oro Unibank, Inc. (BDO) for and on behalf of Philippine Commercial and International Bank (PCIB). Accordingly, the Court resolved to grant WGCC's Petition for Review on *Certiorari* and directed the CIAC to compute PCIB's remaining liability and effect payment in favor of WGCC thirty (30) days from receipt of the records of the case."
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> . . . .
>
> 5. Please note the underscored portion of this Resolution, to wit: "In the Decision, the Court held that WGCC is entitled to compensatory interest reckoned from the issuance of the Decision of the Construction Industry Arbitration Commission (CIAC) on June 21, 1996 until finality of the [judgment] less [PHP] 7,742,974.29 [..."] The foregoing clearly varied the [April 10, 2019] Decision in that:
>
> > a) the starting date was varied to "from the date of this Decision" to "from the issuance of the Decision of the Construction Industry Arbitration Commission (CIAC) on June 21, 1996[;"] and
> > b) the ending date was reckoned from "until full payment" to "until finality of the judgment[."]
>
> Apparently, none of the parties, Respondent included, sought for a clarification or rectification of these modifications in Resolution dated [November 27, 2019].
>
> 6. Being the latest resolution of the Supreme Court on the matter, this Tribunal has no authority to vary said resolution of the Supreme Court i.e.[,] to reckon the starting date as [June 21, 1996] and the ending date as [December 27, 2019].
>
> . . . .

8. The Order is without prejudice to Respondent's option to pursue in court its additional claims in interest beyond [December 27, 2019].

9. No [M]otion for Reconsideration will be entertained.

SO ORDERED.[44] (Emphasis in the original)

Hence, WGCC filed this Petition.

In the present Petition, WGCC insists that the assailed Orders of the CIAC failed to correctly appreciate the distinction between the concept of compensatory interest and legal interest.[45] WGCC maintains that the directive of the CIAC to exclude the legal interest until full payment in the computation of the total judgment award due to WGCC contravenes this Court's directive that a final award of sum of money becomes a forbearance of credit at the time the judgment becomes final and executory and until its full satisfaction.[46] WGCC stresses that the prevailing 6% legal interest rate per annum shall be computed from the date of finality of judgment until full satisfaction of the judgment award.[47] Thus, WGCC stresses that BDO's remaining liability should be computed to include the legal interest of 6% per annum from the finality of this Court's Decision in G.R. Nos. 195372 and 195375 until full payment.[48]

Meanwhile, in its Comment with Notice of Change of Address,[49] BDO argues that at the time of filing of its Comment to WGCC's Motion for Computation of Liability and Issuance of Writ of Execution in October 2022, it was ready and willing to pay PHP 10,109,650.64 computed with interest until September 30, 2022.[50] BDO posits that the CIAC has no power to determine the alleged heirs of WGCC's deceased stockholders who will directly receive the judgment award.[51] BDO also highlights that the counsel of WGCC, Santos Parungao Aquino & Santos Law Offices, waited 10 years and only disclosed on March 24, 2023 that its corporate existence expired on April 6, 2013.[52] Because of WGCC's belated disclosure of information on the expiration of its corporate term, this led to the delay in the payment of the judgment award as there was a need to settle the issue of whether it was proper for BDO to directly pay WGCC's alleged remaining stockholders.[53] Insisting that the delay in the payment was caused by WGCC's delay in notifying CIAC about the dissolution of the company, BDO claims that WGCC cannot rightfully claim payment of interest "until satisfaction of the judgment award."[54] For BDO, this directive will give rise to unjust enrichment as it stands to suffer more than its adjudged liability.[55] BDO also claims that the Petition for Review merits outright dismissal for the incorrect and misleading Verification and Certification Against Forum Shopping, and for using a Secretary's Certificate of a dissolved corporation.[56] BDO points out that the Joint Verification and Certification Against Forum Shopping was signed by Melissa Katrina G. Favis (Pavis); an alleged stockholder of WGCC, and Atty. Carmi Czarina V. Tugday (Atty. Tugday), one of the lawyers of Santos Parungao Aquino and Santos Law Offices.[57] BDO posits that Favis has no personality in the case as she is not one of the petitioners, nor was she

designated as the authorized representative of WGCC through a Secretary's Certificate or Board Resolution empowering her to file the Petition.[58] BDO also underscores that Atty. Tugday cannot sign the Verification and Certification Against Forum Shopping for WGCC because the Secretary's Certificate executed on December 5, 1995 attached to the Petition was no longer effective as a result of the dissolution of WGCC in 2013.[59]

Incidentally, BDO filed a Manifestation with Leave of Court,[60] informing this Court that partial payments have already been received by several stockholders and successors-in-interest including the following:

Recipient	Date	Amount Received
Marilyn Golangco del Bianco[61]	May 8, 2024	[PHP] 2,153,652.06
Melissa Katrina G. Favis[62]	May 8, 2024	[PHP] 3,704.06
Martin Mitchell G. Favis[63]	May 8, 2024	[PHP] 4,176.89
Cherie G. Cu-unjieng[64]	May 8, 2024	[PHP] 287,003.40
Charlyn Cu-unjieng[65]	May 8, 2024	[PHP] 287,003.40
Christopher G. Cu-unjieng[66]	May 8, 2024	[PHP] 1,281,346.82
Eric U. Golangco[67]	May 8, 2024	[PHP] 2,237,721.88[68]

WGCC then filed its Reply,[69] averring that pursuant to the executory powers of the CIAC, it has authority and power to determine the remaining stockholders and heirs of the deceased stockholders of WGCC, as well as their corresponding share in the judgment award, as these are necessary and related to its execution.[70] WGCC also reiterates that the Decision of this Court in G.R. Nos. 195372 and 195375 imposing 6% legal interest rate per annum until full satisfaction must be upheld.[71] WGCC also counters that Atty. Tugday has the authority to continuously represent WGCC and sign the Verification and Certification Against Non-Forum Shopping.[72]

Issues

The issues to be resolved in this case are:

First, whether the Petition should be dismissed outright for failure to attach the proper Verification and Certification Against Forum Shopping;

Second, whether the Construction Industry Arbitration Commission has authority to determine the rightful recipients of a judgment award of a dissolved corporation; and

Finally, whether the computation of compensatory interest and legal interest due to

petitioner William Golangco Construction Corporation is proper.

This Court's Ruling

The alleged procedural infirmities in the Petition do not warrant the outright dismissal of the case

Preliminarily, this Court addresses the procedural issues raised by respondent. It was alleged that the Verification and Certification of Non-Forum Shopping[73] was signed by Atty. Tugday, a lawyer of Santos Parungao Aquino and Santos Law Offices, the legal counsel of petitioner, and Favis, an alleged stockholder of petitioner.

In resolving the issue involving petitioner's compliance with the requirements of Verification and Certification Against Forum Shopping, it is worth highlighting the guidelines laid down in *Altres v. Empleo*:[74]

> 1) A distinction must be made between [noncompliance] with the requirement on or submission of defective verification, and [noncompliance] with the requirement on or submission of defective certification against forum shopping.
>
> 2) As to verification, [noncompliance] therewith or a defect therein does not necessarily render the pleading fatally defective. The court may order its submission or correction or act on the pleading if the attending circumstances are such that strict compliance with the Rule may be dispensed with in order that the ends of justice may be served thereby.
>
> 3) Verification is deemed *substantially complied* with when one who has ample knowledge to swear to the truth of the allegations in the complaint or petition signs the verification, and when matters alleged in the petition have been made in good faith or are true and correct.
>
> 4) As to certification against forum shopping, [noncompliance] therewith or a defect therein, unlike in verification, is generally not curable by its subsequent submission or correction thereof, unless there is a need to relax the Rule on the ground of "substantial compliance" or presence of "special circumstances or compelling reasons[."]
>
> 5) The certification against forum shopping must be signed by all the plaintiffs or petitioners in a case; otherwise, those who did not sign will be dropped as parties to the case. Under reasonable or justifiable circumstances, however, as when all the plaintiffs or petitioners share a common interest and invoke a common cause of action or defense, the signature of only one of them in the certification against forum shopping

substantially complies with the Rule.

6) Finally, the certification against forum shopping must be executed by the party-pleader, not by his counsel. If, however, for reasonable or justifiable reasons, the party-pleader is unable to sign, he must execute a Special Power of Attorney designating his counsel of record to sign on his behalf. [75] (Emphasis in the original, citations omitted)

The foregoing guidelines must be harmonized with the principles governing the exercise of corporate power under the Corporation Code. It is settled that a corporation exercises its powers and transacts its business through its board of directors or trustees. [76] No corporate power may be exercised by any of the corporation's officers and agents without authority from the board of directors.[77] Thus, for an individual to represent a corporation in a suit, a board resolution authorizing the former to represent the latter is necessary. In certain instances, this Court has also considered a Secretary's Certificate as sufficient proof of authority for a person named in it to represent a corporation in a suit.[78]

Given the precepts discussed above, this Court shall now analyze the authority of Atty. Tugday to execute the Verification and Certification Against Forum Shopping. In this regard, the Secretary's Certificate[79] executed by the corporate secretary of petitioner on December 5, 1995 explicitly states:

RESOLVED, as it is hereby resolved, that the 18:w firm of Santos, Parungao, Aquino and Santos or any of its lawyers be authorized as it is hereby authorized to represent the corporation in CIAC Case No. 07-95 entitled PCIB v. WGCC, to attend the preliminary conference, to stipulate on matters pertaining to the case, to sign the required Terms of Reference, to submit to arbitration, to explore possible avenues for amicable settlement and to enter into compromise agreements under such terms and conditions it may deem proper and in such other matters related to the conduct of the above case.[80]

To stress, the corporation was dissolved in 2013. As a rule, a dissolved corporation is prohibited from continuing its business. Nonetheless, it is allowed to continue with a limited personality to settle and close its affairs. The relevant provision governing this matter is found in Section 122 of Batas Pambansa Blg. 68, otherwise known as the Corporation Code, that was later amended by Republic Act No. 11232:[81]

Section 122. *Corporate Liquidation*. — Every corporation whose charter expires by its own limitation or is annulled by forfeiture or otherwise, or whose corporate existence for other purposes is terminated in any other manner, shall nevertheless be continued as a body corporate for three (3) years after the time when it would have been so dissolved, for the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property and to distribute

> its assets, but not for the purpose of continuing the business for which it was established.
>
> At any time during said three (3) years, said corporation is authorized and empowered to convey all of its property to trustees for the benefit of stockholders, members, creditors, and other persons in interest. From and after any such conveyance by the corporation of its property in trust for the benefit of its stockholders, members, creditors and others in interest, all interest which the corporation had in the property terminates, the legal interest vests in the trustees, and the beneficial interest in the stockholders, members, creditors or other persons in interest.
>
> Upon the winding up of the corporate affairs, any asset distributable to any creditor or stockholder or member who is unknown or cannot be found shall be escheated to the city or municipality where such assets are located.
>
> Except by decrease of capital stock and as otherwise allowed by this Code, no corporation shall distribute any of its assets or property except upon lawful dissolution and after payment of all its debts and liabilities.

Beyond the three-year period provided in Section 122 of the Corporation Code, now reflected in Section 139 of the Revised Corporation Code, a dissolved corporation is not precluded from continuing to prosecute and defend suits that were commenced prior to the expiration of this period. In *Gelano v. Court of Appeals*,[82] this Court squarely addressed the issue of whether a corporation whose corporate life had ceased by the expiration of its term of existence, may continue prosecuting and defending suits after its dissolution and beyond the three-year period:

> [A] corporation that has a pending action which cannot be terminated within the three-year period after its dissolution is authorized under Section 78 to convey all its property to trustees to enable it to prosecute and defend suits by or against the corporation beyond the three-year period. *Although private respondent did not appoint any trustee, yet the counsel who prosecuted and defended the interest of the corporation in the instant case and who in fact appeared in behalf of the corporation may be considered a trustee of the corporation at least with respect to the matter in litigation only*[.][83] (Emphasis supplied)

In the present case, the counsel who signed the Verification and Certification Against Forum Shopping was authorized to execute it through the Secretary's Certificate issued when petitioner was still an existing corporation. While the Secretary's Certificate specifically stated the docket number of the main case brought before the CIAC, Santos Parungao Aquino and Santos Law Offices, through its lawyers, is not precluded from invoking the same Secretary's Certificate in the present Petition. This is because the Petition involves the execution of the arbitral award in the main case which is intrinsically related and necessary for the complete resolution of the main case.

As a lawyer from the law firm vested with authority to represent petitioner in its suit against respondent, Atty. Tugday's signature on the Verification and Certification Against Forum Shopping, by itself, is sufficient to conclude that the Petition conforms with the requirements of Verification and Certification Against Forum Shopping. Nevertheless, this Court considers it an opportunity to clarify whether Favis, an alleged stockholder of petitioner, may represent it even if the corporation has already dissolved.

To emphasize, in *Altres*, this Court declared that a verification is deemed complied with "when one has ample knowledge to swear to the truth of the allegation in the complaint or petition signs the verification, and when matters alleged in the petition have been made in good faith or are true and correct."[84] Likewise, this Court recognized that there are instances where the party-pleader is unable to sign the certification against forum shopping. This Court declared that "for reasonable or justifiable reasons, the party-pleader is unable to sign, [they] must execute a Special Power of Attorney designating [their] counsel of record to sign on [their] behalf."[85]

More, under reasonable or justifiable circumstances such as when all "plaintiffs or petitioners share a common interest and invoke a common cause of action or defense, the signature of only one of them in the certification against forum shopping substantially complies with the [requirement.]"[86] Since Favis claims to be both a stockholder of the dissolved corporation and one of the recipients of the judgment award, her interest in the case's outcome aligns with and is consistent with the other stockholders and recipients of the award sought to be enforced.

Admittedly, Section 122 of the Corporation Code, now Section 139 of the Revised Corporation Code, does not explicitly provide that a stockholder may bring an action to enforce a corporate right beyond the three-year period given to a dissolved corporation to wind up its affairs. However, this does not mean that the stockholders and other successors-in-interest no longer have any remedy to enforce the dissolved corporation's rights in a suit. This apparent gap in the law should be harmonized with the doctrine of necessary implication, which states that:

> No statute can be enacted that can provide all the details involved in its application. There is always an omission that may not meet a particular situation. What is thought, at the time of enactment, to be an all-embracing legislation may be inadequate to provide for the unfolding of events of the future. So-called gaps in the law develop as the law is enforced. One of the rules of statutory construction used to fill in the gap is the doctrine of necessary implication. The doctrine states that what is implied in a statute is as much a part thereof as that which is expressed. **Every statute is understood, by implication, to contain all such provisions as may be necessary to effectuate its object and purpose, or to make effective rights, powers, privileges[,] or jurisdiction which it grants, including all such collateral and subsidiary consequences as may be fairly and logically inferred from its terms. *Ex necessitate legis.* And every statutory grant of power, right[,] or privilege is deemed to include all incidental power, right or privilege.** This is so because the greater includes

> the lesser, expressed in the maxim, *in eo plus sit, simper inest et minus*.[87] (Emphasis in the original, citation omitted)

In the present case, it is not disputed that Favis is not armed with a Board Resolution or a Secretary's Certificate authorizing her to institute the Petition for petitioner. However, this Court cannot expect her to produce a board resolution or secretary's certificate for such purpose when there is no longer a functioning board or even a liquidator after the expiration of its corporate term. Reconciling the Doctrine of Necessary Implication with the principles of justice and equity, this Court finds that Favis is clothed with authority to file the present Petition. To stress, no other entity can act on behalf of the corporation to protect its interest in the enforcement of the arbitral award in favor of its stockholders and successors-in-interest. This is also consistent with the policy of the State to promote speedy and impartial justice and unclog court dockets as it will prevent further prolonging this already protracted lawsuit. It must be emphasized that the controversy arose when the construction work performed by petitioner was discovered to be defective in 1993. Dismissing the case due to the perceived procedural infirmities, at this stage of the proceedings, will only give rise to further delay in the administration of justice.

CIAC has the authority to determine the rightful recipients of a judgment award of a dissolved corporation

In resolving the issue of whether it is within the jurisdiction of the CIAC to determine the rightful recipients of the judgment award in favor of deceased stockholders of a dissolved corporation, it is necessary to discuss the nature of the CIAC—a quasi-judicial agency.[88] The scope of the jurisdiction of CIAC is found in Section 4 of Executive Order No. 1008:

> Section 4. *Jurisdiction*. — The CIAC shall have original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. For the Board to acquire jurisdiction, the parties to a dispute must agree to submit the same to voluntary arbitration.
>
> The jurisdiction of the CIAC may include but is not limited to violation of specifications for materials and workmanship; violation of the terms of agreement; interpretation and/or application of contractual time and delays; maintenance and defects; payment, default of employer or contractor and changes in contract cost.
>
> Excluded from the coverage of this law are disputes arising from employer-

> employee relationships which shall continue to be covered by the Labor Code of the Philippines.

The foregoing provision was iterated in Rule 2, Section 2.1 of the CIAC Revised Rules:

> Section 2.1. *Jurisdiction*. — The CIAC shall have original and exclusive jurisdiction over disputes, which arose from, or is connected with contracts entered into by parties involved in construction in the Philippines whether the dispute arose before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts.
>
> 2.1.1 The jurisdiction of the CIAC may include but is not limited to violation of specifications for materials and workmanship; violation of the terms of agreement; interpretation and/or application of contractual provisions; amount of damages and penalties; commencement time and delays; maintenance and defects; payment default of employer or contractor and changes in contract cost.

Based on the abovementioned provisions, there are three essential requisites for the CIAC to acquire jurisdiction over a case, these include: (1) a dispute arising from or connected with a construction contract; (2) such contract must have been entered into by parties involved in construction in the Philippines; and (3) an agreement by the parties to submit their dispute to arbitration.[89]

In examining whether the CIAC has authority to determine the rightful recipients of a judgment award in favor of petitioner, this Court is guided by Section 18.8 of the CIAC Revised Rules of Procedure Governing Construction Arbitration:

> Section 18.8 Executory Powers. — The Arbitral Tribunal (or the surviving/remaining member/s, or the Commission, if there are no remaining/surviving appointed arbitrators) shall have the authority and power to decide matters and issue appropriate orders which are necessary and related to the execution of the Award, including but not limited to the determination of sufficiency of the bond, approval of the surety or bonding company, satisfaction of the award, quashal of the execution, partial execution, issuance of alias writs, assessment of properties levied, appointment of a quantity surveyor or assessor, examination of, and issuance of subpoena *ad testificandum* and subpoena *duces tecum* to banks, debtors of the judgment debtor[,] and any person holding properties or assets of the judgment debtor.

The foregoing provision enumerated several functions that are covered by the broad executory powers of the CIAC, including the issuance of orders that are necessary and related to its award. Necessarily included in the powers of the CIAC is the authority to determine the entity or individuals to whom the award must be given. In this case, the assets and claims of petitioner, a dissolved corporation, has already been distributed to its stockholders, and necessarily, the successors-in-interest of the deceased

stockholders.

Considering that respondent only challenges the authority of the CIAC to identify the recipients of the judgment award in favor of petitioner and not the accuracy of the stockholders and their respective shares in the judgment award, this Court finds no reason to depart from the determination made by the CIAC. Further, respondent has already made partial payments to several identified recipients, which is an implied admission of the correctness of the CIAC award to the stockholders and their successors-in-interest. Accordingly, this Court upholds the determination of the CIAC that the individuals listed below are the proper recipients of petitioner's judgment award and their corresponding shares:[90]

Individual Recipients	**Individual Recipient's Total Shares in Petitioner**	**Percentage Share in Petitioner** **Percentage Share in Judgment Award to be Paid by Respondent** **(Individual Recipient's Total Shares in WGCC/Total Subscribed WGCC Shares)**
Marilyn Golangco del Bianco	193,215.28	24.95%
Eric U. Golangco	200,757.62	25.92%
Rene U. Golangco	187,026.05	24.15%
Christopher G. Cu-unjieng	114,956.26	14.84%
Melissa Katrina G. Favis	332.31	0.04%
Charlyn G. Cu-unjieng	25,748.56	3.32%
Cherie G. Cu-unjieng	25,748.56	3.32%
Charmaine G. Cu-unjieng	25,748.56	3.32%
Martin Mitchell G. Favis	374.73	0.04%
Conchita Pe	392.06	0.05%
TOTAL amount due	774,300.00	100%[91] [Emphasis in the original]

The foregoing computation of the principal amount due to petitioner's stockholders and successors-in-interest must take into account the partial payments already received by some of petitioner's stockholders and successors-in-interest. This includes the following:

Recipient	Date	Amount Received
Marilyn Golangco del Bianco[92]	May 8, 2024	[PHP] 2,153,652.06
Melissa Katrina G. Favis[93]	May 8, 2024	[PHP] 3,704.06
Martin Mitchell G. Favis[94]	May 8, 2024	[PHP] 4,176.89
Cherie G. Cu-unjieng[95]	May 8, 2024	[PHP] 287,003.40
Charlyn G. Cu-unjieng[96]	May 8, 2024	[PHP] 287,003.40
Christopher G. Cu-unjieng[97]	May 8, 2024	[PHP] 1,281,346.82
Eric U. Golangco[98]	May 8, 2024	[PHP] 2,237,721.88[99] [Emphasis in the original]

There is a need to modify the computation of compensatory interest and legal interest due to petitioner to conform with the prevailing jurisprudence

There is merit to the contention of petitioner that it is entitled to both compensatory interest and legal interest. For clarity, the concept of legal interest is found in Article 2209 of the Civil Code.[100] It is the default interest rate when there is no stipulation regarding interest. On the other hand, compensatory interest is defined as follows:

> *Compensatory interest*, also referred to as *penalty interest, indemnity, or moratory interest*, is the *indemnity for damages* arising from *delay* on the part of the debtor in an obligation consisting in the payment of a sum of money. It is interest allowed by law in the absence of a promise to pay interest as compensation for delay in paying a fixed sum or a delay in assessing and paying damages.[101] (Emphasis in the original)

The award of interest must be in accordance with the ruling in *Lara's Gifts & Decors*, the relevant portion of which states that:

> A. In obligations consisting of loans or forbearances of money, goods or credit:
>
> > 1. The compensatory interest due shall be that which is stipulated by the parties in writing as the penalty or compensatory interest rate, provided it is not unconscionable. In the absence of a

> stipulated penalty or compensatory interest rate, the compensatory interest due shall be that which is stipulated by the parties in writing as the conventional interest rate, provided it is not unconscionable. In the absence of a stipulated penalty or a stipulated conventional interest rate, or if these rates are unconscionable, the compensatory interest shall be the prevailing legal interest rate prescribed by the Bangko Sentral ng Pilipinas. Compensatory interest, in the absence of a stipulated reckoning date, shall be computed from default, i.e., from extrajudicial or judicial demand, until full payment.
>
> 2. Interest on conventional/monetary interest and stipulated compensatory interest shall accrue at the stipulated interest rate (compounded interest) from the stipulated reckoning point or, in the absence thereof, from extrajudicial or judicial demand *until full payment*, provided it is not unconscionable. In the absence of a stipulated compounded interest rate or if this rate is unconscionable, the prevailing legal interest rate prescribed by the Bangko Sentral ng Pilipinas shall apply from the time of judicial demand *until full payment*.[102] (Emphasis in the original, citations omitted)

Considering that a judgment award comprises the value of the material cost adjustment due to petitioner, it is entitled to both compensatory interest and legal interest. As such, the total amount due to petitioner's stockholders and successors-in-interest shall earn 12% interest per annum from June 21, 1996 until June 30, 2013, and 6% interest from July 1, 2013 until full payment. The total monetary awards shall, in turn, earn 6% interest per annum from the finality of this Decision until full payment, in accordance with this Court's ruling in *Lara's Gifts & Decors*.[103]

ACCORDINGLY, the Petition is **GRANTED**. The August 11, 2023 Order and October 19, 2023 Omnibus Order of the Construction Industry Arbitration Commission in CIAC No. 07-95 are **AFFIRMED with MODIFICATION**. Respondent Philippine Commercial and International Bank, now Banco De Oro Unibank (BDO), Inc., is **ORDERED to PAY** petitioner William Golangco Construction Corporation the following:

a. PHP 8,630,646.46 less the partial payments made by BDO to the following individuals: Marilyn Golangco del Bianco, Melissa Katrina G. Favis, Martin Mitchell G. Favis, Cherie G. Cu-unjieng, Charlyn G. Cu-unjieng, Christopher G. Cu-unjieng, and Eric U. Golangco.

b. Interest on the total value of the remaining principal amount in paragraph (a) at the rate of 12% per annum from June 21, 1996 until June 30, 2013, and 6% per annum from July 1, 2013 until full payment.

The total monetary awards shall, in turn, earn 6% interest per annum from the finality of this Decision until full payment.

SO ORDERED.

Leonen, SAJ. (Chairperson), Lazaro-Javier, M. Lopez, and *Kho, Jr., JJ.*, concur.

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[1] *Rollo*, pp. 37-70.

[2] *Id.* at 78-89. The August 11, 2023 Order in CIAC Case No. 07-95 was approved by Chairperson Ernesto S. De Castro and Member Victor P. Lazatin of the Construction Industry Arbitration Commission, Makati City.

[3] *Id.* at 101-106. The October 19, 2023 Omnibus Order in CIAC Case No. 07-95 was approved by Chairperson Ernesto S. De Castro and Member Victor P. Lazatin of the Construction Industry Arbitration Commission, Makati City.

[4] *Id.* at 87-89.

[5] *Id.* at 79.

[6] **Phil. Commercial & International Bank (Now Banco De Oro Unibank, Inc.) v. William Golangco Construction Corp.**, 851 Phil. 497, 501 (2019) [Per J. Caguioa, Second Division].

[7] *Id.*

[8] *Id.*

[9] *Id.*

[10] *Id.*

[11] *Id.*

[12] *Id.* at 502.

[13] *Id.*

[14] *Id.*

[15] *Id.* at 502-503.

[16] *Id.* at 503.

[17] *Id.*

[18] *Id.* at 506.

[19] *Id.*

[20] *Id.*

[21] *Id.*

[22] *Id.* at 514.

[23] *Rollo*, pp. 148-161. The April 10, 2019 Decision in G.R. Nos. 195372 and 195375 was penned by Associate Justice Alfredo Benjamin S. Caguioa and concurred in by Associate Justices Antonio T. Carpio (ret.) and Amy C. Lazaro-Javier of the Second Division of this Court.

[24] *Id.* at 160.

[25] *Id.* at 162-164. Resolution (Notice), October 14, 2019.

[26] *Id.* at 163.

[27] *Id.* at 165-167.

[28] *Id.* at 166-167.

[29] *Id.* at 141-145.

[30] *Id.* at 172-173. The October 18, 2022 Order in CIAC Case No. 07-95 was approved by Chairperson Ernesto S. De Castro and Member Victor P. Lazatin of the Construction Industry Arbitration Commission, Makati City.

[31] *Id.* at 173.

[32] *Id.* at 177-182.

[33] *Id.* at 183.

[34] *Id.* at 184-199.

[35] *Id.* at 187-188, 196.

[36] *Id.* at 197-199.

[37] *Id.* at 78-89. The August 11, 2023 Order in CIAC Case No. 07-95 was approved by Chairperson Ernesto S. De Castro and Member Victor P. Lazatin of the Construction Industry Arbitration Commission, Makati City.

[38] *Id.* at 87-89.

[39] *Id.* at 90-100.

[40] 929 Phil. 754 (2022) [Per J. Leonen, *En Banc*].

[41] *Rollo*, pp. 92-93.

[42] *Id.* at 101-106. The October 19, 2023 Omnibus Order in CIAC Case No. 07-95 was approved by Chairperson Ernesto S. De Castro and Member Victor P. Lazatin of the Construction Industry Arbitration Commission, Makati City.

[43] *Id.* at 104.

[44] *Id.* at 102-106.

[45] *Id.* at 52-55.

[46] *Id.* at 37-38, 55-56.

[47] *Id.* at 56-58.

[48] *Id.* at 60-63.

[49] *Id.* at 749-764.

[50] *Id.* at 753-754.

[51] *Id.* at 754-755.

[52] *Id.* at 754-755, 757.

[53] *Id.* at 754-757.

[54] *Id.* at 756-758.

[55] *Id.* at 757.

[56] *Id.* at 761.

[57] *Id.*

[58] *Id.*

[59] *Id.*

[60] *Id.* at 694-696.

[61] *Id.* at 704.

[62] *Id.* at 706.

[63] *Id.* at 709.

[64] *Id.* at 712.

[65] *Id.* at 714.

[66] *Id.* at 722.

[67] *Id.* at 724.

[68] *Id.*

[69] *Id.* at 734-747.

[70] *Id.* at 734-742.

[71] *Id.* at 742-743.

[72] *Id.* at 743-745.

[73] *Id.* at 66-67.

[74] 594 Phil. 246 (2008) [Per J. Carpio Morales, *En Banc*].

[75] *Id.* 261-262.

[76] CORP. CODE, sec. 23, as amended by Republic Act No. 11232 (2019), sec. 22 states:

Section 22. *The Board of Directors or Trustees of a Corporation; Qualification and Term*. — Unless otherwise provided in this Code, the board of directors or nustees shall exercise the corporate powers, conduct all business, and control all properties of the corporation.

[77] **Manila Metal Container Corp. v. PNB**, 540 Phil. 451, 474 (2006) [Per J. Callejo, Sr., First Division].

[78] **Meatworld International, Inc. v. Hechanova**, 820 Phil. 275, 286 (2017) [Per J. Del Castillo, First Division].

[79] *Rollo*, p. 68.

[80] *Id.*

[81] CORP. CODE, sec. 122, as amended by Republic Act No. 11232 (2019), sec. 139 states:

Section 139. *Corporate Liquidation*. — Except for banks, which shall be covered by the applicable provisions of Republic Act No. 7653, otherwise known as "The New Central Bank Act," as amended, and Republic Act No. 3591, otherwise known as the Philippine Deposit Insurance Corporation Charter, as amended, every corporation whose charter expires pursuant to its articles of incorporation, is annulled by forfeiture, or whose corporate existence is terminated in any other manner, shall nevertheless remain as a body corporate for three (3) years after the effective date of dissolution, for the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, dispose of and convey its property, and distribute its assets, but not for the purpose of continuing the business for which it was established.

At any time during said three (3) years, the corporation is authorized and empowered to convey all of its property to trustees for the benefit of stockholders, members, creditors and other persons in interest. After any such conveyance by the corporatior1 of its property in trust for the benefit of its stockholders, members, creditors[,] and others in interest, all mterest which the corporation had in the property tenninates, the legal interest vests in the trustees, and the beneficial interest in the stockholders, members, creditors[,] or other persons-in-interest.

Except as otherwise provided for in Sections 93 and 94 of this Code, upon the winding up of corporate affairs, any asset distributable to any creditor or stockholder or member who is unknown or cannot be found shall be escheated in favor of the national government.

Except by decrease of capital stock and as otherwise allowed by this Code, no corporation shall distribute any of its assets or property except upon lawful dissolution and after payment of all its debts and liabilities.

[82] 190 Phil. 814 (1981) [Per J. De Castro, First Division].

[83] *Id.* at 825.

[84] 594 Phil. 246, 261 (2008) [Per J. Carpio Morales, *En Banc*]. (Citation omitted)

[85] *Id.* at 262. (Citation omitted)

[86] *Id.*

[87] **Department of Environment and Natural Resources (DENR) v. United Planners Consultants, Inc.** (UPCI), 754 Phil. 513, 530 (2015) [Per J. Perlas-Bernabe, First Division].

[88] **Global Medical Center of Laguna, Inc. v Ross Systems Int'l., Inc.**, 902 Phil. 935, 946 (2021) [Per J. Caguioa, *En Banc*].

[89] **Sps. Ang v. De Venccia**, 870 Phil. 645, 657 (2020) [Per J. A. Reyes, Jr., Second Division].

[90] *Rollo*, pp. 87-89.

[91] *Id.* at 88-89.

[92] *Id.* at 704.

[93] *Id.* at 706.

[94] *Id.* at 709.

[95] *Id.* at 712.

[96] *Id.* at 714.

[97] *Id.* at 722.

[98] *Id.* at 724.

[99] *Id.*

[100] CIVIL CODE, art. 2209 states:

ARTICLE 2209. If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the atsence of stipulation, the legal interest, which is six per cent per annum.

[101] **Romago, Inc. v. Associated Bank (Now United Overseas Bank Phils.), G.R. No. 223450**, February 22, 2023 [Per J. Leonen, Second Division] at 19. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[102] 929 Phil. 754, 779-780 (2022) [Per J. Leonen, *En Banc*].

[103] *Id.* at 784.

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