

Title: Querubin, Akol, and Lagman v. Commission on Elections and Smartmatic Joint Venture (G.R. No. 221960)

Facts:

The Commission on Elections (COMELEC) released bidding documents on October 27, 2014, for the “Two-Stage Competitive Bidding for the Lease of Election Management System (EMS) and Precinct-Based Optical Mark Reader (OMR) or Optical Scan (OP-SCAN) System” to be used in the 2016 National and Local Elections. An invitation to bid was published outlining the project’s details, and December 4, 2014, was set as the deadline for the submission of eligibility requirements and initial technical proposals.

Three entities responded to the call: Smartmatic-TIM Corporation (SMTC), Indra Sistemas, S.A. (Indra), and MIRU Systems Co. Ltd. However, only SMTC and Indra submitted their bids. During the opening, SMTC stated that it had a pending application with the SEC to amend its Articles of Incorporation (AOI), which were approved on December 10, 2014.

After the first stage of the bidding process, SMTC and Indra were both declared eligible but were disqualified in the second stage for non-compliance. Smartmatic JV filed a motion for reconsideration and a subsequent protest with the COMELEC En Banc, seeking another technical demonstration to prove compliance with technical requirements.

Upon reassessment and further testing, the Technical Evaluation Committee (TEC) found the Smartmatic JV’s OMR+ compliant. The COMELEC En Banc granted Smartmatic JV’s protest in a decision promulgated on June 29, 2015, declaring Smartmatic JV as the bidder with the lowest calculated responsive bid and canceling the scheduled opening of financial proposals for the second round of bidding.

Petitioners Querubin, Akol, and Lagman, claiming to be taxpayers and voters, filed a petition with the SC questioning the COMELEC En Banc’s Decision. They alleged that COMELEC acted with grave abuse of discretion, violating the Corporation Code and Government Procurement Reform Act, for declaring Smartmatic JV eligible despite the initial non-compliance via SMTC’s AOI.

Issues:

1. Whether the petition is the proper remedial vehicle to assail the COMELEC En Banc’s decision.
2. Whether the SC has the right and duty to entertain the petition.
3. Whether a justiciable case or controversy exists.

4. Whether the case is ripe for judicial adjudication.
5. Whether the rule on “hierarchy of courts” may be dispensed with.
6. Whether petitioners possess locus standi.
7. Whether COMELEC En Banc committed grave abuse of discretion in granting the protest and declaring Smartmatic JV as the bidder with the lowest calculated responsive bid.
8. Whether a writ of preliminary injunction or temporary restraining order should be issued.

Court’s Decision:

The SC dismissed the petition for lack of merit and affirmed the COMELEC En Banc’s June 29, 2015, Decision. The Court clarified that the submission of an Articles of Incorporation was not an eligibility requirement either in the pre-qualification or post-qualification stage. It also concluded that SMTC’s participation in the bidding, even considering its AOI stating its purpose as for the 2010 elections, was not beyond its corporate purpose, and the subsequent amendment of the AOI mooted any arguments against its eligibility. Furthermore, the SC held that Smartmatic JV was not ineligible due to SMTC’s nationality, as no sufficient evidence was offered to establish that SMTC or the Smartmatic JV did not meet the 60% Filipino ownership requirement.

Doctrine:

The doctrine laid out in this case reiterates that the submission of an Articles of Incorporation is not an eligibility criterion for determining the eligibility of a bidder in government procurement projects unless specifically required by the bidding documents. Additionally, the Court held that the nationality of a joint venture partner does not automatically render the joint venture ineligible as long as the joint venture itself meets the required Filipino ownership.

Class Notes:

- A petition for certiorari under Rule 64 in combination with Rule 65 can only be brought against the COMELEC En Banc for its actions in the exercise of quasi-judicial functions, not when it acts in a purely administrative or executive capacity.

Historical Background:

This case provides insights into the procurement process undertaken by the Philippine government’s COMELEC for election-related activities and highlights legal challenges and intricacies surrounding eligibility and compliance in competitive public bidding. It also underscores the evolving nature of corporate participation in government contracts, involving amendments to corporate purposes to align with ongoing and future projects.