EURO-MED LABORATORIES, PHIL., INC., REPRESENTED BY LEONARDO H. TORIBIO, PETITIONER, VS. THE PROVINCE OF BATANGAS, REPRESENTED BY ITS GOVERNOR, HON. HERMILANDO I. MANDANAS, RESPO...

G.R. NO. 148106. July 17, 2006

Ponente: CORONA, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-148106/

CORONA, J.:

Before the Court is a petition for review on certiorari[1] assailing, on pure questions of law, the March 7 and May 16, 2001 orders of the Regional Trial Court (RTC) of Batangas City[2] in Civil Case No. 5300.

Civil Case No. 5300 was a complaint for sum of money[3] filed by petitioner Euro-Med Laboratories, Phil., Inc. against respondent Province of Batangas. The pertinent portions of the complaint read:

> 3. On several occasions, particularly from the period of 19 August 1992 to 11 August 1998, defendant [respondent here], thru its various authorized representatives of the government hospitals identified and listed below, purchased various Intravenous Fluids (IVF) products from the plaintiff [petitioner here], with an unpaid balance of Four Hundred Eighty Seven Thousand Six Hundred Sixty-Two Pesos and Eighty Centavos (P487,662.80), as of 28 February 1998, broken down as follows: x x x x which purchases were evidenced by invoices duly received and signed by defendant's authorized representatives, upon delivery of the merchandise listed in said invoices.
>
> 4. Under the terms and conditions of the aforesaid invoices, defendant agreed and covenanted to pay plaintiff, without need of demand, its obligations in the above-enumerated invoices on various terms indicated therein.
>
> 5. Plaintiff made several demands for defendant to pay its accountabilities, including setting up several dialogues with plaintiff's representatives, but these proved fruitless.
>
> 6. Despite repeated demands by plaintiff for defendant to pay and settle its unpaid and outstanding accounts under the aforementioned invoices, said defendant has failed and still fails to comply therewith.[4]

In its answer,[5] respondent admitted most of the allegations in the complaint, denying only those relating to the unpaid balance supposedly still due petitioner. Respondent alleged that some payments it had already made were not reflected in the computation set forth in the complaint and that it was continuously exerting genuine and earnest efforts "to find out the true and actual amount owed."[6] Pre-trial and trial followed.

At the conclusion of petitioner's presentation of evidence, respondent filed a motion to dismiss[7] the complaint on the ground that the primary jurisdiction over petitioner's money claim was lodged with the Commission on Audit (COA). Respondent pointed out that petitioner's claim, arising as it did from a series of procurement transactions with the province, was governed by the Local Government Code provisions and COA rules and regulations on supply and property management in local governments. Respondent argued that the case called for a determination of whether these provisions and rules were complied with, and that was within the exclusive

domain of COA to make.

Finding the motion to be well-taken, the RTC issued on March 7, 2001 an order[8] dismissing petitioner's complaint without prejudice to the filing of the proper money claim with the COA. In a subsequent order dated May 16, 2001,[9] the RTC denied petitioner's motion for reconsideration. Hence, this petition.

The resolution of this case turns on whether it is the COA or the RTC which has primary jurisdiction to pass upon petitioner's money claim against the Province of Batangas. We rule that it is the COA which does. Therefore, we deny the petition.

The doctrine of primary jurisdiction holds that if a case is such that its determination requires the expertise, specialized training and knowledge of an administrative body, relief must first be obtained in an administrative proceeding before resort to the courts is had even if the matter may well be within their proper jurisdiction.[10] It applies where a claim is originally cognizable in the courts and comes into play whenever enforcement of the claim requires the resolution of issues which, under a regulatory scheme, have been placed within the special competence of an administrative agency. In such a case, the court in which the claim is sought to be enforced may suspend the judicial process pending referral of such issues to the administrative body for its view[11] or, if the parties would not be unfairly disadvantaged, dismiss the case without prejudice.[12]

This case is one over which the doctrine of primary jurisdiction clearly held sway for although petitioner's collection suit for P487,662.80 was within the jurisdiction of the RTC,[13] the circumstances surrounding petitioner's claim brought it clearly within the ambit of the COA's jurisdiction.

First, petitioner was seeking the enforcement of a claim for a certain amount of money against a local government unit. This brought the case within the COA's domain to pass upon money claims against the government or any subdivision thereof under Section 26 of the Government Auditing Code of the Philippines:[14]

> The authority and powers of the Commission [on Audit] shall extend to and comprehend all matters relating to x x x x the examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies, and instrumentalities. x x x x.

The scope of the COA's authority to take cognizance of claims is circumscribed, however, by an unbroken line of cases holding statutes of similar import to mean only liquidated claims, or those determined or readily determinable from vouchers, invoices, and such other papers within reach of accounting officers.[15] Petitioner's claim was for a fixed amount and although respondent took issue with the accuracy of petitioner's summation of its accountabilities, the amount thereof was readily determinable from the receipts, invoices and other documents. Thus, the claim was well within the COA's jurisdiction under the Government Auditing Code of the Philippines.

Second, petitioner's money claim was founded on a series of purchases for the medical supplies of respondent's public hospitals. Both parties agreed that these transactions were governed by the Local Government Code provisions on supply and property management[16] and their implementing rules and regulations promulgated by the COA[17] pursuant to Section 383 of said Code.[18] Petitioner's claim therefore involved compliance with applicable auditing laws and rules on procurement. Such matters are not within the usual area of knowledge, experience and expertise of most judges but within the special competence of COA auditors and accountants. Thus, it was but proper, out of fidelity to the doctrine of primary jurisdiction, for the RTC to dismiss petitioner's complaint.

Petitioner argues, however, that respondent could no longer question the RTC's jurisdiction over the matter after it had filed its answer and participated in the subsequent proceedings. To this, we need only state that the court may raise the issue of primary jurisdiction sua sponte and its invocation cannot be waived by the failure of the parties

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

to argue it as the doctrine exists for the proper distribution of power between judicial and administrative bodies and not for the convenience of the parties.[19]

WHEREFORE, the petition is hereby DENIED. The March 7, and May 16, 2001 orders of the Regional Trial Court of Batangas City are hereby AFFIRMED.

Costs against petitioner.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Azcuna, and Garcia, JJ., concur.

---

[1] Under Rule 45 in relation to Rule 41, Sec. 2 (c) of the Rules of Court. The petition was captioned erroneously as a petition for certiorari. Rollo, pp. 60-71.

[2] Branch 84, presided over by Executive Judge Paterno V. Tac-an.

[3] Rollo, pp. 28-32.

[4] Id.

[5] Id., pp. 33-34.

[6] Id.

[7] Id., pp. 89-92.

[8] Id., pp. 23-25.

[9] Id., p. 26.

[10] Industrial Enterprises, Inc. v. Court of Appeals, G.R. No. 88550, 18 April 1990, 184 SCRA 426, 431-432.

[11] Id. at 432.

[12] 2 Am Jur 2d, Administrative Law - 513. See also Aircraft & Diesel Equipment Corp. v. Hirsch, 331 U.S. 752, 767 (1947): " The very purpose of providing either an exclusive or an initial and preliminary administrative determination is to secure the administrative judgment either, in the one case, in substitution for judicial decision or, in the other, as foundation for or perchance to make unnecessary later judicial proceedings."

[13] BP 129, Sec. 19 (8), as amended by RA 7691, confers on the RTC jurisdiction in civil cases "in which the demand, exclusive of interests, damages of whatever kind, attorney's fees, litigation expenses, and costs x x x x exceeds [P300,000] or, in such other cases in Metro Manila, where the demand, exclusive of the abovementioned items exceeds [P400,000].

[14] PD 1445.

[15] Compañia General de Tabacos v. French and Unson, 39 Phil. 34 (1918); Philippine Operations, Inc. v. Auditor General, 94 Phil. 868 (1954); Insurance Company of North America v. Republic, 128 Phil. 44 (1967); Firemen's Fund Insurance Co. v. Republic, 128 Phil. 494 (1967).

[16] These provisions are found in Title VI, Book II of the Local Government Code.

[17] COA Circular No. 92-386.

[18] Section 383. Implementing Rules and Regulations. - The Chairman of the Commission on Audit shall promulgate the rules and regulations necessary to effectively implement the provisions of this Title, including requirements as to testing, inspection, and standardization of supply and property.

[19] 2 Am Jur 2d, Administrative Law § 513.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.