

**LUPO L. LUPANGCO, RAYMOND S. MUNGKAL, NORMAN A. MESINA,  
ALEXANDER R. REGUYAL, JOCELYN P. CATAPANG, ENRICO V.  
REGALADO, JEROME O. ARCEGA, ERNESTO C. BLAS, JR., ELPIDIO M.  
ALMAZAN...**

*G.R. No. 77372. April 29, 1988*

Ponente: GANCAYCO, J.

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**GANCAYCO, J.**

Is the Regional Trial Court of the same category as the Professional Regulation Commission so that it cannot pass upon the validity of the administrative acts of the latter? Can this Commission lawfully prohibit the examinees from attending review classes, receiving handout materials, tips or the like three (3) days before the date of examination? These are the issues presented to the court by this petition for certiorari to review the decision of the Court of Appeals promulgated on January 13, 1987, in CA-G.R. SP No. 10591, [\*\*] declaring null and void the Order dated October 21, 1986 issued by the Regional Trial Court of Manila, Branch 32 in Civil Case No. 86-37950 entitled "Lupo L. Lupangco, et al. vs. Professional Regulation Commission."

The records show the following undisputed facts:

On or about October 6, 1986, herein respondent Professional Regulation Commission (PRC) issued Resolution No. 105 as part of its "Additional Instructions to Examinees," to all those applying for admission to take the licensure examinations in accountancy. The resolution embodied the following pertinent provisions:

"No examinee shall attend any review class, briefing, conference or the like conducted by, or shall receive any hand-out, review material, or any tip from any school, college or university, or any review center or the like or any reviewer, lecturer, instructor official or employee of any of the aforementioned or similar institutions during the three days immediately preceding every examination day including the examination day.

"Any examinee violating this instruction shall be subject to the sanctions prescribed by Sec. 8, Art. III of the Rules and Regulations of the Commission." [1]

On October 16, 1986, herein petitioners, all reviewees preparing to take the licensure examinations in accountancy scheduled on October 25 and November 2 of the same year, filed in their own behalf and in behalf of all others similarly situated like them, with the Regional Trial Court of Manila, Branch XXXII, a complaint for injunction with a prayer for the issuance of a writ of preliminary injunction against respondent PRC to restrain the latter from enforcing the above-mentioned resolution and to declare the same unconstitutional.

Respondent PRC filed a motion to dismiss on October 21, 1987 on the ground that the lower court had no jurisdiction to review and to enjoin the enforcement of its resolution. In an Order of October 21, 1987, the lower court declared that it had jurisdiction to try the case and enjoined the respondent commission from enforcing and giving effect to Resolution No. 105 which it found to be unconstitutional.

Not satisfied therewith, respondent PRC, on November 10, 1986, filed with the Court of Appeals a petition for the nullification of the above Order of the lower court. Said petition was granted in the Decision of the Court of Appeals promulgated on January 13, 1987, to wit:

"WHEREFORE, finding the petition meritorious the same is hereby GRANTED and the order dated October 21, 1986 issued by respondent court is declared null and void. The respondent court is further directed to dismiss with prejudice Civil Case No. 86-37950 for want of jurisdiction over the subject matter thereof. No costs in this instance.

SO ORDERED."[2]

Hence, this petition.

The Court of Appeals, in deciding that the Regional Trial Court of Manila had no jurisdiction to entertain the case and to enjoin the enforcement of Resolution No. 105, stated as its basis its conclusion that the Professional Regulation Commission and the Regional Trial Court are co-equal bodies. Thus it held—

"That the petitioner Professional Regulatory Commission is at least a co-equal body with the Regional Trial Court is beyond question, and co-equal bodies have no power to control each other or interfere with each other's acts."[3]

To strengthen its position, the Court of Appeals relied heavily on *National Electrification Administration vs. Mendoza*,[4] which cites *Pineda vs. Lantin*[5] and *Philippine Pacific Fishing, Inc. vs. Luna*,[6] where this Court held that a Court of First Instance cannot interfere with the orders of the Securities and Exchange Commission, the two being co-equal bodies.

After a close scrutiny of the facts and the record of this case, We rule in favor of the petitioner.

The cases cited by respondent court are not in point. It is glaringly apparent that the reason why this Court ruled that the Court of First Instance could not interfere with the orders of the Securities and Exchange Commission was that this was so provided for by the law. In *Pineda vs. Lantin*, We explained that whenever a party is aggrieved by or disagrees with an order or ruling of the Securities and Exchange Commission, he cannot seek relief from courts of general jurisdiction since under the Rules of Court and Commonwealth Act No. 83, as amended by Republic Act No. 635, creating and setting forth the powers and functions of the old Securities and Exchange Commission, his remedy is to go to the Supreme Court on a petition for review. Likewise, in *Philippine Pacific Fishing Co., Inc. vs. Luna*, it was stressed that if an order of the Securities and Exchange Commission is erroneous, the appropriate remedy to take is first, within the Commission itself, then, to the Supreme Court as mandated in Presidential Decree No. 902-A, the law creating the new Securities and Exchange Commission. Nowhere in the said cases was it held that a Court of First Instance has no jurisdiction over all other government agencies. On the contrary, the ruling was specifically limited to the Securities and Exchange Commission.

The respondent court erred when it placed the Securities and Exchange Commission and the Professional Regulation Commission in the same category. As already mentioned, with respect to the Securities and Exchange Commission, the laws cited explicitly provide for the procedure that need be taken when one is aggrieved by its order or ruling. Upon the other hand, there is no law providing for the next course of action for a party who wants to question a ruling or order of the Professional Regulation Commission. Unlike Commonwealth Act No. 83 and Presidential Decree No. 902-A, there is no provision in Presidential Decree No. 223, the law creating the Professional Regulation Commission, that orders or resolutions of the Commission are appealable either to the Court of Appeals or to the Supreme Court. Consequently, Civil Case No. 86-37950, which was filed in order to enjoin the enforcement of a resolution of the respondent Professional Regulation Commission alleged to be

unconstitutional, should fall within the general jurisdiction of the Court of First Instance, now the Regional Trial Court.[7]

What is clear from Presidential Decree No. 223 is that the Professional Regulation Commission is attached to the Office of the President for general direction and coordination.[8] Well settled in our jurisprudence is the view that even acts of the Office of the President may be reviewed by the Court of First Instance (now the Regional Trial Court). In *Medalla vs. Sayo*,[9] this rule was thoroughly propounded on, to wit:

"In so far as jurisdiction of the Court below to review by Certiorari decisions and/or resolutions of the Civil Service Commission and of the Presidential Executive Assistant is concerned, there should be no question but that the power of judicial review should be upheld. The following rulings buttress this conclusion:

"The objection to a judicial review of a Presidential act arises from a failure to recognize the most important principle in our system of government, i.e., the separation of powers into three co-equal departments, the executives, the legislative and the judicial, each supreme within its own assigned powers and duties. When a presidential act is challenged before the courts of justice, it is not to be implied therefrom that the Executive is being made subject and subordinate to the courts. The legality of his acts are under judicial review, not because the Executive is inferior to the courts, but because the law is above the Chief Executive himself, and the courts seek only to interpret, apply or implement it (the law). A judicial review of the President's decision on a case of an employee decided by the Civil Service Board of Appeals should be viewed in this light and the bringing of the case to the Courts should be governed by the same principles as govern the judicial review of all administrative acts of all administrative officers."[10]

*Republic vs. Presiding Judge, CFI of Lanao del Norte, Br. II*,[11] is another case in point. Here, "the Executive Office" of the Department of Education and Culture issued Memorandum Order No. 93 under the authority of then Secretary of Education Juan Manuel. As in this case, a complaint for injunction was filed with the Court of First Instance of Lanao del Norte because, allegedly, the enforcement of the circular would impair some contracts already entered into by public school teachers. It was the contention of petitioner therein that "the Court of First Instance is not empowered to amend, reverse and modify what is otherwise the clear and explicit provision of the memorandum circular issued by the Executive Office which has the force and effect of law." In resolving the issue, We held:

"xxx, We definitely state that respondent Court lawfully acquired jurisdiction in Civil Case No. 11-240 (8) because the plaintiff therein asked the lower court for relief, in the form of injunction, in defense of a legal right (freedom to enter into contracts) . . . Hence there is a clear infringement of private respondent's constitutional right to enter into agreements not contrary to law, which might ran the risk of being violated by the threatened implementation of Executive Office Memorandum Circular No. 93, dated February 5, 1968, which prohibits, with certain exceptions, cashiers and disbursing officers from honoring special powers of attorney executed by the payee employees. The respondent Court is not only right but duty bound to take cognizance of cases of this nature wherein a constitutional and statutory right is allegedly infringed by the administrative action of a government office. Courts of First Instance have original jurisdiction over all civil actions in which the subject of the litigation is not capable of pecuniary estimation (Sec. 44, Republic Act 296, as amended)."[12] (*Italics supplied.*)

In *San Miguel Corporation vs. Avelino*,[13] We ruled that a judge of the Court of First Instance has the authority to decide on the validity of a city tax ordinance even after its validity had been contested before the Secretary of Justice and an opinion thereon had been rendered.

In view of the foregoing, We find no cogent reason why Resolution No. 105, issued by the respondent Professional Regulation Commission, should be exempted from the general jurisdiction of the Regional Trial Court.

Respondent PRC, on the other hand, contends that under Section 9, paragraph 3 of B.P. Big. 129, it is the Court of Appeals which has jurisdiction over the case. The said law provides:

"SEC. 9. Jurisdiction. — The Intermediate Appellate Court shall exercise:

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(3) Exclusive appellate jurisdiction over all final judgments, decisions, resolutions, orders, or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commissions, except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph (4) of the fourth paragraph of Section 17 of the Judiciary Act of 1948."

The contention is devoid of merit.

In order to invoke the exclusive appellate jurisdiction of the Court of Appeals as provided for in Section 9, paragraph 3 of B.P. Big. 129, there has to be a final order or ruling which resulted from proceedings wherein the administrative body involved exercised its quasi-judicial functions. In Black's Law Dictionary, quasi-judicial is defined as a term applied to the action, discretion, etc., of public administrative officers or bodies required to investigate facts, or ascertain the existence of facts, hold hearings, and draw conclusions from them, as a basis for their official action, and to exercise discretion of a judicial nature. To expound thereon, quasi-judicial adjudication would mean a determination of rights, privileges and duties resulting in a decision or order which applies to a specific situation.[14] This does not cover rules and regulations of general applicability issued by the administrative body to implement its purely administrative policies and functions like Resolution No. 105 which was adopted by the respondent PRC as a measure to preserve the integrity of licensure examinations.

The above rule was adhered to in *Filipinas Engineering and Machine Shop vs. Ferrer*[15] In this case, the issue presented was whether or not the Court of First Instance had jurisdiction over a case involving an order of the Commission on Elections awarding a contract to a private party which originated from an invitation to bid. The said issue came about because under the laws then in force, final awards, judgments, decisions or orders of the Commission on Elections fall within the exclusive jurisdiction of the Supreme Court by way of certiorari. Hence, it has been consistently held that "it is the Supreme Court, not the Court of First Instance, which has exclusive jurisdiction to review on certiorari final decisions, orders, or rulings of the Commission on Elections relative to the conduct of elections and the enforcement of election laws." [16]

As to whether or not the Court of First Instance had jurisdiction in said case, We said:

"We are however, far from convinced that an order of the COMELEC awarding a contract to a private party, as a result of its choice among various proposals submitted in response to its invitation to bid comes within the purview of a 'final order' which is exclusively and directly appealable to this court on certiorari. What is contemplated by the term 'final orders, rulings and decisions' of the COMELEC reviewable by certiorari by the Supreme Court as provided by law are those rendered in actions or proceedings before the COMELEC and taken cognizance of by the said body in the exercise of its adjudicatory or quasi-judicial powers. (Italics supplied.)

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"We agree with petitioner's contention that the order of the Commission granting the award to a bidder is not an order rendered in a legal controversy before it wherein the parties filed their respective pleadings and presented evidence after which the questioned order was issued; and that this order of the commission was issued pursuant to its authority to enter into contracts in relation to election purposes. In short, the COMELEC resolution awarding the contract in favor of Acme was not issued pursuant to its quasi-judicial functions But merely as an incident of its inherent administrative functions over the conduct of elections, and hence, the said

resolution may not be deemed as a 'final order' reviewable by certiorari by the Supreme Court. Being non-judicial in character, no contempt order may be imposed by the COMELEC from said order, and no direct and exclusive appeal by certiorari to this Tribunal be from such order. Any question arising from said order may be well taken in an ordinary civil action before the trial courts. (Italics supplied)[17]

One other case that should be mentioned in this regard is *Salud vs. Central Bank of the Philippines*.<sup>[18]</sup> Here, petitioner Central Bank, like respondent in this case, argued that under Section 9, paragraph 3 of B.P. Big. 129, orders of the Monetary Board are appealable only to the Intermediate Appellate Court. Thus:

"The Central Bank and its Liquidator also postulate, for the very first time, that the Monetary Board is among the 'quasi-judicial xxx boards' whose judgments are within the exclusive appellate jurisdiction of the IAC; hence, it is only said Court, 'to the exclusion of the Regional Trial Courts,' that may review the Monetary Board's resolutions."<sup>[19]</sup>

Anent the posture of the Central Bank, We made the following pronouncement:

"The contention is utterly devoid of merit. The IAC has no appellate jurisdiction over resolutions or orders of the Monetary Board. No law prescribes any mode of appeal from the Monetary Board to the IAC."<sup>[20]</sup>

In view of the foregoing, We hold that the Regional Trial Court has jurisdiction to entertain Civil Case No. 86-37950 and enjoin the respondent PRC from enforcing its resolution.

Although We have finally settled the issue of jurisdiction, We find it imperative to decide once and for all the validity of Resolution No. 105 so as to provide the much awaited relief to those who are and will be affected by it.

Of course, We realize that the questioned resolution was adopted for a commendable purpose which is "to preserve the integrity and purity of the licensure examinations." However, its good aim cannot be a cloak to conceal its constitutional infirmities. On its face, it can be readily seen that it is unreasonable in that an examinee cannot even attend any review class, briefing, conference or the like, or receive any hand-out, review material, or any tip from any school, college or university, or any review center or the like or any reviewer, lecturer, instructor, official or employee of any of the aforementioned or similar institutions xxx.<sup>[21]</sup>

The unreasonableness is more obvious in that one who is caught committing the prohibited acts even without any ill motives will be barred from taking future examinations conducted by the respondent PRC. Furthermore, it is inconceivable how the Commission can manage to have a watchful eye on each and every examinee during the three days before the examination period.

It is an axiom in administrative law that administrative authorities should not act arbitrarily and capriciously in the issuance of rules and regulations. To be valid, such rules and regulations must be reasonable and fairly adapted to secure the end in view. If shown to bear no reasonable relation to the purposes for which they are authorized to be issued, then they must be held to be invalid.<sup>[22]</sup>

Resolution No. 105 is not only unreasonable and arbitrary, it also infringes on the examinees' right to liberty guaranteed by the Constitution. Respondent PRC has no authority to dictate on the reviewees as to how they should prepare themselves for the licensure examinations. They cannot be restrained from taking all the lawful steps needed to assure the fulfillment of their ambition to become public accountants. They have every right to make use of their faculties in attaining success in their endeavors. They should be allowed to enjoy their freedom to acquire useful knowledge that will promote their personal growth. As defined in a decision of the United States Supreme Court:

"The term 'liberty' means more than mere freedom from physical restraint or the bounds of a prison. It means freedom to go where one may choose and to act in such a manner not inconsistent with the equal rights of

others, as his judgment may dictate for the promotion of his happiness, to pursue such callings and vocations as may be most suitable to develop his capacities, and give to them their highest enjoyment." [23]

Another evident objection to Resolution No. 105 is that it violates the academic freedom of the schools concerned. Respondent PRC cannot interfere with the conduct of review that review schools and centers believe would best enable their enrollees to meet the standards required before becoming a full-pledged public accountant. Unless the means or methods of instruction are clearly found to be inefficient, impractical, or riddled with corruption, review schools and centers may not be stopped from helping out their students. At this juncture, We call attention to Our pronouncement in *Garcia vs. The Faculty Admission Committee, Loyola School of Theology*, [24] regarding academic freedom, to wit:

x x x It would follow then that the school or college itself is possessed of such a right. It decides for itself its aims and objectives and how best to attain them. It is free from outside coercion or interference save possibly when the overriding public welfare calls for some restraint. It has a wide spread of autonomy certainly extending to the choice of students. This constitutional provision is not to be construed in a niggardly manner or in a grudging fashion."

Needless to say, the enforcement of Resolution No. 105 is not a guarantee that the alleged leakages in the licensure examinations will be eradicated or at least minimized. Making the examinees suffer by depriving them of legitimate means of review or preparation on those last three precious days-when they should be refreshing themselves with all that they have learned in the review classes and preparing their mental and psychological make-up for the examination day itself — would be like uprooting the tree to get ride of a rotten branch. What is needed to be done by the respondent is to find out the source of such leakages and stop it right there. If corrupt officials or personnel should be terminated from their loss, then so be it. Fixers or swindlers should be flushed out. Strict guidelines to be observed by examiners should be set up and if violations are committed, then licenses should be suspended or revoked. These are all within the powers of the respondent commission as provided for in Presidential Decree No. 223. But by all means the right and freedom of the examinees to avail of all legitimate means to prepare for the examinations should not be curtailed.

In the light of the above, We hereby REVERSE and SET ASIDE, the decision of the Court of Appeals in CA-G.R. SP No. 10591 and another judgment is hereby rendered declaring Resolution No. 105 null and void and of no force and effect for being unconstitutional. This decision is immediately executory. No costs.

### **SO ORDERED.**

Narvasa and Cruz, JJ ., concur.

Griño-Aquino, J., no part. He signed the CA decision.

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[\*\*] Penned by Justice Segundino C. Chua, and concurred in by Justices Carolina C. Grino-Aquino and Nathanael P. de Pano, Jr., of the Fifth Division.

[1] Page 82, Rollo.

[2] Decision of the Court of Appeals, p. 34, Rollo.

[3] Page 32, Rollo.

**[4] 138 SCRA 632.**

**[5] 6 SCRA 757.**

**[6] 112 SCRA 604.**

[7] Sec. 19 of BP Big. 129 provides:

"Sec. 19. Jurisdiction in civil cases. - Regional Trial Courts shall exercise exclusive original jurisdiction.

(1) In all civic actions in which the subject of the litigation is incapable of pecuniary estimation.

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(6) In all cases not within the exclusive jurisdiction of any court, tribunal, person or body exercising judicial or quasi-judicial functions."

[8] Section 1, Presidential Decree No. 223.

**[9] 103 SCRA 587.**

**[10] 103 SCRA 594.**

**[11] 69 SCRA 235.**

**[12] 69 SCRA 238, 239.**

**[13] 89 SCRA 69.**

[14] Gonzales, Administrative Law, Law on Public Officers and Election Law, 1966 ed., p. 63.

**[15] 135 SCRA 25.**

**[16] 135 SCRA 31.**

**[17] 135 SCRA 31-32.**

**[18] 143 SCRA 590.**

**[19] 143 SCRA 600.**

**[20] 143 SCRA 600.**

[21] Page 82, Rollo.

[22] Gonzales, Administrative Law, Law on Public Officers and Election Law, 1966, page 52.

[23] Munn vs. Illinois, 94 U.S. 143.

**[24] 68 SCRA 277.**

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