

Title: Pua vs. Citibank, N.A.

Facts:

1. On December 2, 2002, petitioners Jose U. Pua and Benjamin Hanben U. Pua filed a complaint before the Regional Trial Court (RTC) of Cauayan City, Isabela, Branch 19, docketed as Civil Case No. 19-1159, seeking declaration of nullity of contracts and sums of money with damages against Citibank, N.A.
2. The Puas had been depositors of Citibank's Binondo Branch since 1996. In 1999, Guada Ang, the Binondo Branch Manager, introduced Jose U. Pua to Citibank Hongkong officials, including Chingyee Yau, Vice-President of Citibank Hongkong.
3. Yau solicited the sale of securities to Jose U. Pua, requiring the opening of an account with Citibank Hongkong, which was not reported to the Philippine Securities and Exchange Commission (SEC), violating securities registration requirements under Republic Act No. 8799, the Securities Regulation Code (SRC).
4. Citibank, N.A. filed a motion to dismiss on the ground of primary jurisdiction, arguing that the SEC has specialized jurisdiction over SRC compliance disputes. The RTC denied this motion and Citibank's subsequent motion for reconsideration.
5. Citibank filed a petition for certiorari with the Court of Appeals (CA), which reversed the RTC's decision, invoking the doctrine of primary jurisdiction in favor of the SEC.
6. The Puas appealed to the Supreme Court, contesting the CA's application of primary jurisdiction, arguing that the SRC assigns jurisdiction of civil suits involving damages to the RTC.

Issues:

1. Whether the action for nullity of the contract and damages falls within the SEC's primary jurisdiction or the RTC's jurisdiction under the SRC.
2. Interpretation of Sections 56, 57, and 63 of the SRC concerning jurisdiction over civil liabilities and damages.

Court's Decision:

1. The Supreme Court found merit in the Puas' petition, holding that the CA erroneously applied the doctrine of primary jurisdiction. Civil suits arising from SRC violations seeking damages fall within the RTC's exclusive jurisdiction, as established by the statutory

language in Sections 57 and 63 of the SRC.

2. The Court clarified that previous rulings, such as in *Baviera v. Paglinawan*, pertained to criminal complaints requiring SEC's preliminary assessment, not civil suits as in this case.

Doctrine:

- The SRC assigns exclusive jurisdiction over civil suits for damages arising from securities law violations to the Regional Trial Courts, as stated explicitly in Section 63. Criminal violations under the SRC first require referral to the SEC.

Class Notes:

- Key Elements: Jurisdiction, Primary Jurisdiction, Securities Regulation Code (SRC), Section 56-63.
- Section 63.1 of the SRC: All suits to recover damages for specified violations fall under the RTC's exclusive jurisdiction.
- Understanding primary jurisdiction: Typically pertains to administrative bodies for technical matters, except when statutory law expressly provides otherwise.

Historical Background:

- The decision underlines a period of clarifying legal ambiguities relating to jurisdictional boundaries between the judiciary and administrative bodies like the SEC in the implementation of the Philippine Securities Regulation Code, ensuring civil judicial recourse for private parties.