

SECOND DIVISION

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

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

DECISION

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.