

THIRD DIVISION

[G.R. No. 156109, November 18, 2004]

**KHRISTINE REA M. REGINO, ASSISTED AND REPRESENTED BY
ARMANDO REGINO, PETITIONER, VS. PANGASINAN COLLEGES
OF SCIENCE AND TECHNOLOGY, RACHELLE A. GAMUROT AND
ELISSA BALADAD, RESPONDENTS.**

DECISION

PANGANIBAN, J.:

Upon enrolment, students and their school enter upon a reciprocal contract. The students agree to abide by the standards of academic performance and codes of conduct, issued usually in the form of manuals that are distributed to the enrollees at the start of the school term. Further, the school informs them of the itemized fees they are expected to pay. Consequently, it cannot, after the enrolment of a student, vary the terms of the contract. It cannot require fees other than those it specified upon enrolment.

The Case

Before the Court is a Petition for Review under Rule 45,^[1] seeking to nullify the July 12, 2002^[2] and the November 22, 2002^[3] Orders of the Regional Trial Court (RTC) of Urdaneta City, Pangasinan (Branch 48) in Civil Case No. U-7541. The decretal portion of the first assailed Order reads:

“WHEREFORE, the Court GRANTS the instant motion to dismiss for lack of cause of action.”^[4]

The second challenged Order denied petitioner’s Motion for Reconsideration.

The Facts

Petitioner Khristine Rea M. Regino was a first year computer science student at Respondent Pangasinan Colleges of Science and Technology (PCST). Reared in a poor family, Regino went to college mainly through the financial support of her relatives. During the second semester of school year 2001-2002, she enrolled in logic and statistics subjects under Respondents Rachelle A. Gamurot and Elissa Baladad, respectively, as teachers.

In February 2002, PCST held a fund raising campaign dubbed the “Rave Party and Dance Revolution,” the proceeds of which were to go to the construction of the school’s tennis and volleyball courts. Each student was required to pay for two tickets at the price of P100 each. The project was allegedly implemented by recompensing students who purchased tickets with additional points in their test scores; those who refused to pay were denied the opportunity to take the final

examinations.

Financially strapped and prohibited by her religion from attending dance parties and celebrations, Regino refused to pay for the tickets. On March 14 and March 15, 2002, the scheduled dates of the final examinations in logic and statistics, her teachers -- Respondents Rachelle A. Gamurot and Elissa Baladad -- allegedly disallowed her from taking the tests. According to petitioner, Gamurot made her sit out her logic class while her classmates were taking their examinations. The next day, Baladad, after announcing to the entire class that she was not permitting petitioner and another student to take their statistics examinations for failing to pay for their tickets, allegedly ejected them from the classroom. Petitioner's pleas ostensibly went unheeded by Gamurot and Baladad, who unrelentingly defended their positions as compliance with PCST's policy.

On April 25, 2002, petitioner filed, as a pauper litigant, a Complaint^[5] for damages against PCST, Gamurot and Baladad. In her Complaint, she prayed for P500,000 as nominal damages; P500,000 as moral damages; at least P1,000,000 as exemplary damages; P250,000 as actual damages; plus the costs of litigation and attorney's fees.

On May 30, 2002, respondents filed a Motion to Dismiss^[6] on the ground of petitioner's failure to exhaust administrative remedies. According to respondents, the question raised involved the determination of the wisdom of an administrative policy of the PCST; hence, the case should have been initiated before the proper administrative body, the Commission of Higher Education (CHED).

In her Comment to respondents' Motion, petitioner argued that prior exhaustion of administrative remedies was unnecessary, because her action was not administrative in nature, but one purely for damages arising from respondents' breach of the laws on human relations. As such, jurisdiction lay with the courts.

On July 12, 2002, the RTC dismissed the Complaint for lack of cause of action.

Ruling of the Regional Trial Court

In granting respondents' Motion to Dismiss, the trial court noted that the instant controversy involved a higher institution of learning, two of its faculty members and one of its students. It added that Section 54 of the Education Act of 1982 vested in the Commission on Higher Education (CHED) the supervision and regulation of tertiary schools. Thus, it ruled that the CHED, not the courts, had jurisdiction over the controversy.^[7]

In its dispositive portion, the assailed Order dismissed the Complaint for "lack of cause of action" without, however, explaining this ground.

Aggrieved, petitioner filed the present Petition on pure questions of law.^[8]

Issues

In her Memorandum, petitioner raises the following issues for our consideration:

"Whether or not the principle of exhaustion of administrative remedies applies in a civil action exclusively for damages based on violation of the human relation provisions of the Civil Code, filed by a student against her former school.

"Whether or not there is a need for prior declaration of invalidity of a certain school administrative policy by the Commission on Higher Education (CHED) before a former student can successfully maintain an action exclusively for damages in regular courts.

"Whether or not the Commission on Higher Education (CHED) has exclusive original jurisdiction over actions for damages based upon violation of the Civil Code provisions on human relations filed by a student against the school."^[9]

All of the foregoing point to one issue -- whether the doctrine of exhaustion of administrative remedies is applicable. The Court, however, sees a second issue which, though not expressly raised by petitioner, was impliedly contained in her Petition: whether the Complaint stated sufficient cause(s) of action.

The Court's Ruling

The Petition is meritorious.

First Issue: **Exhaustion of Administrative Remedies**

Respondents anchored their Motion to Dismiss on petitioner's alleged failure to exhaust administrative remedies before resorting to the RTC. According to them, the determination of the controversy hinge on the validity, the wisdom and the propriety of PCST's academic policy. Thus, the Complaint should have been lodged in the CHED, the administrative body tasked under Republic Act No. 7722 to implement the state policy to "protect, foster and promote the right of all citizens to affordable quality education at all levels and to take appropriate steps to ensure that education is accessible to all."^[10]

Petitioner counters that the doctrine finds no relevance to the present case since she is praying for damages, a remedy beyond the domain of the CHED and well within the jurisdiction of the courts.^[11]

Petitioner is correct. *First*, the doctrine of exhaustion of administrative remedies has no bearing on the present case. In *Factoran Jr. v. CA*,^[12] the Court had occasion to elucidate on the rationale behind this doctrine:

"The doctrine of exhaustion of administrative remedies is basic. Courts, for reasons of law, comity, and convenience, should not entertain suits unless the available administrative remedies have first been resorted to and the proper authorities have been given the appropriate opportunity to act and correct their alleged errors, if any, committed in the administrative forum. x x x."^[13]

Petitioner is not asking for the reversal of the policies of PCST. Neither is she demanding it to allow her to take her final examinations; she was already enrolled in another educational institution. A reversal of the acts complained of would not adequately redress her grievances; under the circumstances, the consequences of respondents' acts could no longer be undone or rectified.

Second, exhaustion of administrative remedies is applicable when there is competence on the part of the administrative body to act upon the matter complained of.^[14] Administrative agencies are not courts; they are neither part of the judicial system, nor are they deemed judicial tribunals.^[15] Specifically, the CHED does not have the power to award damages.^[16] Hence, petitioner could not have commenced her case before the Commission.

Third, the exhaustion doctrine admits of exceptions, one of which arises when the issue is purely legal and well within the jurisdiction of the trial court.^[17] Petitioner's action for damages inevitably calls for the application and the interpretation of the Civil Code, a function that falls within the jurisdiction of the courts.^[18]

Second Issue: **Cause of Action**

Sufficient Causes of Action Stated **in the Allegations in the Complaint**

As a rule, every complaint must sufficiently allege a cause of action; failure to do so warrants its dismissal.^[19] A complaint is said to assert a sufficient cause of action if, admitting what appears solely on its face to be correct, the plaintiff would be entitled to the relief prayed for. Assuming the facts that are alleged to be true, the court should be able to render a valid judgment in accordance with the prayer in the complaint.^[20]

A motion to dismiss based on lack of cause of action hypothetically admits the truth of the alleged facts. In their Motion to Dismiss, respondents did not dispute any of petitioner's allegations, and they admitted that "x x x the crux of plaintiff's cause of action is the determination of whether or not the assessment of P100 per ticket is excessive or oppressive."^[21] They thereby premised their prayer for dismissal on the Complaint's alleged failure to state a cause of action. Thus, a reexamination of the Complaint is in order.

The Complaint contains the following factual allegations:

- "10. In the second week of February 2002, defendant Rachelle A. Gamurot, in connivance with PCST, forced plaintiff and her classmates to buy or take two tickets each, x x x;
- "11. Plaintiff and many of her classmates objected to the forced distribution and selling of tickets to them but the said defendant warned them that if they refused [to] take or pay the price of the two tickets they would not be allowed at all to take the final examinations;

- "12. As if to add insult to injury, defendant Rachelle A. Gamurot bribed students with additional fifty points or so in their test score in her subject just to unjustly influence and compel them into taking the tickets;
- "13. Despite the students' refusal, they were forced to take the tickets because [of] defendant Rachelle A. Gamurot's coercion and act of intimidation, but still many of them including the plaintiff did not attend the dance party imposed upon them by defendants PCST and Rachelle A. Gamurot;
- "14. Plaintiff was not able to pay the price of her own two tickets because aside from the fact that she could not afford to pay them it is also against her religious practice as a member of a certain religious congregation to be attending dance parties and celebrations;
- "15. On March 14, 2002, before defendant Rachelle A. Gamurot gave her class its final examination in the subject 'Logic' she warned that students who had not paid the tickets would not be allowed to participate in the examination, for which threat and intimidation many students were eventually forced to make payments:
- "16. Because plaintiff could not afford to pay, defendant Rachelle A. Gamurot inhumanly made plaintiff sit out the class but the defendant did not allow her to take her final examination in 'Logic;'
- "17. On March 15, 2002 just before the giving of the final examination in the subject 'Statistics,' defendant Elissa Baladad, in connivance with defendants Rachelle A. Gamurot and PCST, announced in the classroom that she was not allowing plaintiff and another student to take the examination for their failure and refusal to pay the price of the tickets, and thenceforth she ejected plaintiff and the other student from the classroom;
- "18. Plaintiff pleaded for a chance to take the examination but all defendants could say was that the prohibition to give the examinations to non-paying students was an administrative decision;
- "19. Plaintiff has already paid her tuition fees and other obligations in the school;
- "20. That the above-cited incident was not a first since PCST also did another forced distribution of tickets to its students in the first semester of school year 2001-2002; x x x " [22]

The foregoing allegations show two causes of action; *first*, breach of contract; and *second*, liability for tort.

Reciprocity of the