

****Title:****

JUSMAG Philippines vs. National Labor Relations Commission and Florencio Sacramento, Union President, JPFCEA

****Facts:****

Florencio Sacramento, an Illustrator 2 and Union President of JUSMAG Philippines-Filipino Civilian Employees Association (JPFCEA), was employed with the Joint United States Military Assistance Group to the Republic of the Philippines (JUSMAG-Philippines) from December 18, 1969, until his dismissal on April 27, 1992, allegedly due to the abolition of his position. He filed a complaint with the Department of Labor and Employment (DOLE) on March 31, 1992, alleging illegal suspension and dismissal, and sought reinstatement.

JUSMAG responded with a Motion to Dismiss based on its claim of immunity as an agency of the United States, lack of employer-employee relationship, and absence of juridical personality to sue and be sued. Labor Arbiter Daniel C. Cueto granted the motion and dismissed the complaint due to lack of jurisdiction on July 30, 1991.

Sacramento appealed to the National Labor Relations Commission (NLRC), challenging the ruling on the basis that JUSMAG was not immune from suit for violating labor laws. The NLRC reversed the Labor Arbiter's decision on January 29, 1993, holding that JUSMAG had waived its immunity by employing Sacramento since 1969, and finding an employer-employee relationship consistent with the "control test."

JUSMAG filed a petition with the Supreme Court assailing the NLRC's decision based on grounds of immunity from suit and errors in finding an employer-employee relationship and estoppel.

****Issues:****

1. Whether the NLRC committed grave abuse of discretion by reversing the Labor Arbiter's dismissal and failing to affirm JUSMAG's claim of immunity from suit.
2. Whether the NLRC erred in finding JUSMAG had an employer-employee relationship with Sacramento and was estopped from denying it.
3. Whether JUSMAG waived its immunity by employing Sacramento.

****Court's Decision:****

****Issue 1: Immunity from Suit****

The Supreme Court found the petition meritorious, holding that JUSMAG, as an agency of the United States created pursuant to the Military Assistance Agreement of 1947, enjoyed immunity from suit. The complaint against JUSMAG was essentially against the United States, which had not consented to the suit, and thus could not prosper. The Court emphasized the doctrine of state immunity from suit, particularly for governmental functions (*jure imperii*), as opposed to commercial activities (*jure gestionis*).

****Issue 2: Employer-Employee Relationship and Estoppel****

The Court held that public respondent NLRC had no basis to find estoppel on JUSMAG's part regarding the employer-employee relationship. It reiterated that the security assistance support personnel (SASP), including Sacramento, were employees of the Armed Forces of the Philippines (AFP) based on the 1947 Agreement, the Memorandum of Agreement between the AFP and JUSMAG, and the exchange of notes between the US and Philippine governments. JUSMAG consistently maintained that SASP were AFP employees under its "operational control."

****Issue 3: Waiver of Immunity****

The Court rejected the NLRC's reliance on the *Harry Lyons vs. United States of America* case, where the US was deemed to have waived its immunity by entering into a commercial contract. Instead, it held that the nature of JUSMAG's functions—providing military assistance—was governmental, thus retaining immunity.

****Doctrine:****

The doctrine reaffirmed is that foreign states and their instrumentalities enjoy immunity from suit in the courts of another state without explicit consent or waiver, especially for governmental functions (*jure imperii*). The distinction between governmental activities and commercial activities (*jure gestionis*) remains critical in determining the applicability of state immunity from suit.

****Class Notes:****

1. ****State Immunity:**** Emphasizes that a state or its agencies cannot be sued in another state's courts without consent for governmental activities. (Article XIV, 1947 Military Assistance Agreement; Section 2, Article II, 1987 Philippine Constitution)

2. **Waiver of Immunity:** Involves circumstances where a state may be deemed to have waived immunity, typically in commercial or private transactions. The Harry Lyons case is noted, but its applicability is restricted.
3. **Employer-Employee Relationship Tests:** The “control test” aids in determining employer-employee relationships but is not used to override state immunity principles when governmental functions are involved.
4. **Procedural Posture:** Highlights proper procedural posture in labor cases involving state immunity claims, demonstrating the jurisdictional boundaries of local courts.

Historical Background:

JUSMAG was established under the Military Assistance Agreement between the US and the Philippines in 1947 to support military advisement and assistance. Initially, the AFP bore personnel costs, which later transitioned to US funding in 1991. This case emerged from evolving geopolitical and military agreements, affecting employment protocols and contractual relationships between sovereign states and their activities within host countries.