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RAMON B. DE LOS REYES, ORLANDO B. FLORES, ROGELIO R.
MARTIN, JOSE ROBERTO A. PAMINTUAN, MELVIN R. GOMEZ,
REYNALDO P. SOL...**

G.R. No. 181866. March 18, 2010

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Respondent Light Rail Transit Authority (LRTA), a government-owned and controlled corporation, constructed a light rail transit system which traverses

from Baclaran in Parañaque City to Monumento in Kalookan City, Metro Manila pursuant to its mandate under its charter, Executive Order No. 603, Series of 1980, as amended.[1]

To effectively carry out its mandate, LRTA entered into a ten-year Agreement for the Management and Operation of the Metro Manila Light Rail Transit System (the Agreement) from June 8, 1984 until June 8, 1994 with Metro Transit Organization, Inc. (METRO).[2] One of the stipulations in the Agreement was

METRO shall be free to employ such employees and officers as it shall deem necessary in order to carry out the requirements of the Agreement. Such employees and officers shall be the employees of METRO and not of LRTA. METRO shall prepare a compensation schedule for the salaries and fringe benefits of its personnel (Article 3, par. 3.05).[3] (emphasis and underscoring supplied)

METRO thus hired its own employees including herein petitioners-members of the Pinag-isang Lakas ng Manggagawa sa METRO, Inc.-National Federation of Labor, otherwise known as PIGLAS-METRO, INC.-NFL-KMU (the Union), the certified exclusive collective bargaining representative of METRO's rank-and-file employees.

LRTA later purchased the shares of stocks of METRO via Deed of Sale of June 9, 1989. The two entities, however, continued with their distinct and separate juridical personalities such that when the ten-year Agreement expired on June 8, 1994, they renewed the same.[4]

On July 25, 2000, on account of a deadlock in the negotiation for the forging of a new collective bargaining agreement between METRO and the Union, petitioners filed a Notice of Strike before the National Conciliation and Mediation Board, National Capital Region (NCR). On even date, the Union went on strike, completely paralyzing the operations of the light rail transit system.

Then Secretary of Labor Bienvenido E. Laguesma assumed jurisdiction over the conflict and directed the striking employees including herein petitioners to immediately return to work and METRO to accept them back under the same terms and conditions of employment prevailing prior to the strike.

By LRTA's claim, the striking employees including petitioners defied the return-to-work order. Contradicting

such claim, petitioners alleged that upon learning of the order, they attempted to comply with it but the security guards of METRO barred them from entering their workplace for security reasons, the latter being afraid that they (the striking employees) might sabotage the vital machineries and equipment of the light rail transit system.[5]

When the Agreement expired on July 31, 2000, LRTA did not renew it. It instead took over the management and operations of the light rail transit system, hiring new personnel for the purpose. METRO thus considered the employment of all its personnel terminated effective September 30, 2000.

On February 28, 2002, petitioners filed a complaint[6] for illegal dismissal and unfair labor practice with prayer for reinstatement and damages against METRO and LRTA before the NCR Arbitration Branch, National Labor Relations Commission (NLRC), docketed as NLRC Case No. NCR-30-02-01191-02.

In impleading LRTA in their complaint, petitioners alleged that the "non-renewal of the [Agreement] is but an ingenious, albeit unlawful, scheme carried out by the respondents to get rid of personnel they perceived as activists and troublemakers, thus, terminating the complainants without any just or lawful cause." [7]

LRTA filed a motion to dismiss[8] the complaint on the ground that the Labor Arbiter and the NLRC have no jurisdiction over it, for, by petitioners' own admission, there was no employer-employee relationship between it and petitioners.

By Order[9] of December 17, 2002, Labor Arbiter Felipe P. Pati granted the motion of LRTA and accordingly dismissed petitioners' complaint for lack of jurisdiction.

On appeal by petitioners, the NLRC, by Resolution[10] of July 31, 2003, reversed the Labor Arbiter's dismissal of petitioners' complaint and rendered a new one "declaring that the Labor Arbiter and this Commission can exercise jurisdiction over the person of Respondent LRTA," LRTA being considered an "indirect employer" on account of the Agreement; and that LRTA is a "necessary party" which ought to be joined as party for a complete determination of petitioners' claims that the non-renewal of the Agreement by LRTA and the cessation of business by METRO were carried out with the intent to cover up the illegal dismissal of petitioners. The NLRC thus ordered the remand of the records of the case to the Labor Arbiter for further proceedings.[11]

After the conclusion of the proceedings before his office, Labor Arbiter Pati found for petitioners, by Decision of August 18, 2004.

LRTA appealed the decision to the NLRC and filed a motion for leave to post a property bond in lieu of cash or surety bond.

By Resolution[12] of April 28, 2005, the NLRC dismissed LRTA's appeal due to its failure to perfect the same, no cash or surety bond having been posted.

Its motion for reconsideration[13] having been denied by Resolution of August 31, 2005, LRTA filed a Petition for Certiorari before the Court of Appeals which, by the challenged Decision[14] of February 20, 2008, it granted and accordingly reversed the assailed issuances of the NLRC.

The appellate court, holding that "(t)he property bond offered by LRTA should be deemed substantial compliance with the rules,"[15] directed the NLRC to give due course to LRTA's appeal upon filing of the appeal bond within such reasonable period of time it may set.

Hence, petitioners' present Petition for Review on Certiorari alleging that, inter alia, LRTA's failure to perfect its appeal by posting a cash or surety bond "renders the [Labor Arbiter's] judgment final and executory and the appeal ineffective and invalid." [16]

The Labor Arbiter and the NLRC do not have jurisdiction over LRTA. Petitioners themselves admitted in their complaint that LRTA "is a government agency organized and existing pursuant to an original charter (Executive Order No. 603)," and that they are employees of METRO.

Light Rail Transit Authority v. Venus, Jr.,^[17] which has a similar factual backdrop, holds that LRTA, being a government-owned or controlled corporation created by an original charter, is beyond the reach of the Department of Labor and Employment which has jurisdiction over workers in the private sector, viz:

. . . [E]mployees of petitioner METRO cannot be considered as employees of petitioner LRTA. The employees hired by METRO are covered by the Labor Code and are under the jurisdiction of the Department of Labor and Employment, whereas the employees of petitioner LRTA, a government-owned and controlled corporation with original charter, are covered by civil service rules. Herein private respondent workers cannot have the best of two worlds, e.g., be considered government employees of petitioner LRTA, yet allowed to strike as private employees under our labor laws. x x x.

x x x x

. . . [I]t is inappropriate to pierce the corporate veil of petitioner METRO. x x x.

In the instant case, petitioner METRO, formerly Meralco Transit Organization, Inc., was originally owned by the Manila Electric Company and registered with the Securities and Exchange Commission more than a decade before the labor dispute. It then entered into a ten-year agreement with petitioner LRTA in 1984. And, even if petitioner LRTA eventually purchased METRO in 1989, both parties maintained their separate and distinct juridical personality and allowed the agreement to proceed. In 1990, this Court, in *Light Rail Transit Authority v. Commission on Audit* (G.R. No. 88365, January 9, 1990), even upheld the validity of the said agreement. Consequently, the agreement was extended beyond its ten-year period. In 1995, METRO's separate juridical identity was again recognized when it entered into a collective bargaining agreement with the workers' union. All these years, METRO's distinct corporate personality continued quiescently, separate and apart from the juridical personality of petitioner LRTA.

The labor dispute only arose in 2000, after a deadlock occurred during the collective bargaining between petitioner METRO and the workers' union. This alone is not a justification to pierce the corporate veil of petitioner METRO and make petitioner LRTA liable to private respondent workers. There are no badges of fraud or any wrongdoing to pierce the corporate veil of petitioner METRO.

x x x x

In sum, petitioner LRTA cannot be held liable to the employees of petitioner METRO.^[18] (emphasis and underscoring supplied)

IN FINE, the Labor Arbiter's decision against LRTA was rendered without jurisdiction, hence, it is void, thus rendering it improper for the remand of the case to the NLRC, as ordered by the appellate court, for it (NLRC) to give due course to LRTA's appeal.

A final word. It bears emphasis that this Court's present Decision treats only with respect to the Labor Arbiter's decision against respondent LRTA.

WHEREFORE, the assailed Decision of the Court of the Appeals is REVERSED and SET ASIDE. Petitioners' complaint in NLRC Case No. NCR-30-02-01191-02, insofar as herein respondent Light Rail Transit Authority is concerned, is DISMISSED.

SO ORDERED.

Puno, (Chairperson), Leonardo-De Castro, Bersamin, and Villarama, Jr., JJ., concur.

[1] Petition, rollo, p. 13.

[2] Ibid.

[3] Id. at 160-161.

[4] Cf. Light Rail Transit Authority v. Venus, Jr., G.R. Nos. 163782 & 163881, March 24, 2006, 485 SCRA 361, 364-365.

[5] Paragraphs 9-10 of petitioners' Complaint, rollo, p. 78.

[6] Id. at 76-85.

[7] Id. at 81.

[8] Id. at 129-130.

[9] Id. at 131-136.

[10] Penned by Commissioner Victoriano R. Calaycay, with the concurrence of Commissioners Raul T. Aquino and Angelita A. Gacutan, id. at 137-150.

[11] Id. 149-150.

[12] Penned by Commissioner Victoriano R. Calaycay, with the concurrence of Presiding Commissioner Raul T. Aquino and Commissioner Angelita A. Gacutan, id. at 222-227.

[13] Id. at 227-232.

[14] Penned by Associate Justice Lucenito N. Tagle and concurred in by Associate Justices Amelita G. Tolentino and Agustin S. Dizon; id. at 60-74.

[15] Id. at 73.

[16] Id. at 30.

[17] Supra note 4.

[18] Id. at 370-374.

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