

**PINAG-ISANG LAKAS NG MGA MANGGAGAWA SA LRT (PIGLAS),
SAMMY MALUNES, LORNA F. SALON, RONALDO I. ESTRELLA,
MANOLO E. SANTOS, JAYSON P. LIWAG, FLORIFE A. BLAS, JOEY A.
LOBERIANO, J...**

G.R. No. 263060. July 23, 2024

Ponente: HERNANDO, J.

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HERNANDO, J.:

This Petition for Certiorari[1] filed under Rule 64, in relation to Rule 65, of the Rules of Court assails the Decision[2] dated December 17, 2020, and the Resolution[3] dated January 28, 2022, of the Commission on Audit (COA) in COA C.P. Case No. 2018-0559.

Factual Antecedents

Sammy Malunes, Lorna F. Salon, Ronaldo I. Estrella, Manolo E. Santos, Jayson P. Liwag, Florife A. Blas, Joey A. Loberiano, Jaime D. Barcoma, Allan M. Marang, Catalino M. Melegrito, John M. Biscocho, Rodrigo C. Sarasua, Rolando M. Perez, Eduardo O. Roque, Rufino B. Gaurano, Jr., Paul V. Legaspi, Ponciano M. Zamora, John R. Nuñez, Joey J. Sabanal, Lilibeth R. Casiño, Euclida S. Gaurano, Natalia A. Payongayong, Justino B. Asaytuno, Jr., Eduardo S. Mañosca, Alberto S. Asis, Jr., Wilhemine T. Polintan, Ronaldo A. Gelle, Vicente Ramirez, Joel G. Evangelista, Ricardo C. Santos, Maximo Vitangcol, Arnold E. Estores, Antonio Villamor, Jr., Benjamin Candole, Orlando Macayba, Eduardo L. Berba, Hernani M. Libantino, Estela R. Atienza, Carlito R. Manzanilla, Edmundo B. Quemada, Crispin G. Yapchiongco, Teofilo Riz L. Mocco, Jr., Edgardo F. Vicillaje, Edward M. Diaz, Renato L. Tapalla, Ariel I. Dimawala, Ramir R. Gordo, Mateo C. Hao, Jr., Benjamin A. Abidin, Brendo M. Makiling, Marito N. Hebreo, Daniel F. Ijiran, Wilfredo G. De Ramos, Editha L. Dela Rosa, Fernando C. Mallari, Rodolfo V. Gamboa, Marilyn M. Bravo, Alberto O. Bravo, Generoso C. Raposa, Reinerio V. Ripay, Edward F. Mariano, Reggie B. Felixmenia, Desiderio S. Mosqueda, Jr., Elizalde D. Janapin, Apolinario M. Polgen, Cyril T. Mayor, Victor C. Sanchez, Edmundo A. Liongson, Jr., Alberto T. Dela Cruz, Rogelio V. Lumaban, Santiago D. Clarin, Rolando P. De Guzman, Carlos O. Samonte, Jr., Ricardo B. Año, Jr., Alfonso C. Trinidad, Jr., Melchor C. Regalado, Arthur B. Hermitanio, Alejandro M. Diaz, Ronnie M. Gonzales, Dennis T. Cruz, Rosell L. Villanueva, Elmer B. Cruz, Maynardo Maur A. Mendelbar, Edgardo L. Espinosa, Jessie A. Duque, Mario S. Dela Cruz, Crisanto S. Magnaye, Agripino A. Gorospe, Jr., Elpidio P. Vargas, Reden A. Nolasco, Ernesto A. Serena, Rhodelio G. Cruz, Rodolfo C. Camerino, Carlos D. Bandilla, Melchor G. Alarcon, Edwin R. Juat, Manuel M. Flogio, Reynaldo S. Del Rosario, Ramon R. Amigleo, Felix N. Arriola, Pascual D. Paragas, Glicerio M. Sayat, Jr., Ricardo D. Evangelista, Joselito G. Concio, Ramon R. Caguiat, William O. Villanueva, Romeo F. Mirafuente, Jose Mari A. Cenidoza, Romeo G. Tagud, Quigao Romulo, Eduardo Dela Cruz Santos, Michael Romblon, Romeo M. Plaganas, Jaime C. Abulencia, Ricardo D. Dalusong, Dana S. Kingking, Elmer Bobadilla, Delia C. Cupcupin, Marlon E. Santos, Allan J. Cortez, Joenel G. Baligat, Joel A. Maraño, Eduardo A. Aguila, Ariel A. Bustamante, Bernardino G. Matias, Aquilino J. Eben, Crisendo C. Casas, Enrique L. Flores, Edgardo C. Ramos, Exejeson Evangelo B. Ruazol, Leopoldo M. Cazeña, Serwin S. Barrera, Gerardo R.

De Guzman, Valentin D. Borbon, Laurence B. Sacdalan, Noel B. Esgasane, Ronilo C. De Vera, Guillermo H. Duman, Pedro G. Tesiorna, Cezar Battung, Allan R. Aturba, Michael A. Guinto, Francisco F. Flores, Mauricio O. Dela Cruz, Jr., Atilano G. Job, Ruben T. Bernal, Agnes V. Dela Cruz, Dante P. Mendoza, Larry M. Hernandez, Maria Rutchie R. Relimbo, Emerson R. Lumabi, Wilfredo R. Bandiala, Jeremiah V. Mahinay, Raymundo C. Litan, Jr., Cesar B. Cuenco, Jr., Reynaldo T. Ignacio, Joseph P. Rodriguez, Cesar Cañete, Nelson J. Labayo, Clarymar D. Estoque, Godofredo M. Belino, Artemio B. Salig, Arnold M. Dimalanta, Rainero L. Gako, Neptale S. Padasas, Nelfred M. Deletina, Anastacio G. Janavan, Jr., Robinson D. Vinzon, Silvestre Alvano, Wilfredo R. Bandila, Rodolfo C. Herese, Danilo A. Mariano, Medwin Mesina, Larry Orate, Danilo Rivera, Ruel Magbalana, Godofredo Bueno, Larry Tan, Jose Mari A. Cenidoza, Harold Flores, Antonio H. Balangue, Jr., (deceased) represented by wife, Dinah E. Balangue, Ronald G. Reyes (deceased) represented by wife Emelita G. Reyes, Teresita M. Velasquez (deceased) represented by sister Lolita V. Balansag, Pampilo P. Balasbas (deceased) represented by daughter Lileth A. Balasbas, Isidro T. Cortes (deceased) represented by wife Marilou M. Cortes, Armando Nodado (deceased) represented by Gliceria V. Nodado, Ricardo Patriarca, Jr., (deceased) represented by wife Josephine G. Patriarca, Arnold DV. Mendoza (deceased) represented by wife Cecilia T. Mendoza, Virgilio C. Cruz (deceased) represented by wife Almira Cruz, Danilo P. Yu (deceased) represented by wife Angelina G. Yu, Jesus C. Fajardo (deceased) represented by wife Rodelyn R. Fajardo, Teofanes G. Tesiorna (deceased) represented by wife Wilma P. Tesiorna, Gregorio P. Salvedia (deceased) represented by wife Veronica G. Salvedia, Peter C. Dia (deceased) represented by daughter Diana F. Dia, Reynaldo C. Verano (deceased) represented by wife Ma. Victoria A. Verano, Ariel A. Magno (deceased) represented by wife Victoria R. Magno, Alberto H. Ramos (deceased) represented by son Alberto Y. Ramos, Jr., Antonio V. Legaspi (deceased) represented by wife Emily P. Legaspi, Aurelio A. Pagtakhan (deceased) represented by Antonette C. Pagtakhan, Edmundo G. Gonzales (deceased) represented by wife Imelda N. Gonzales, Restituto Felipe (deceased) represented by son Jimmy A. Felipe, Arnulfo S. De Lara (deceased) represented by wife Zenaida De Lara, Victor Babiera, Anthony De Luna, Elmer Cruz, Giovanni V. Muescan, Ma. Elizabeth M. Reyes, Edison Jose Z. Dordas, George B. Dela Cueva, Enrique P. Español, Luisito C. Dela Cruz, Jose Edwin S.J. Borja, Rolando B. Canlas, And Leuvino M. De Lima (collectively, Malunes et al.) are former regular rank-and-file employees of the Metro Transit Organization, Inc. (Metro), a wholly-owned subsidiary of the Light Rail Transit Authority (LRTA) operating Light Rail Transit (LRT) Line 1 which traverses Baclaran, Parañaque to Monumento, Caloocan City. They are all members of the Pinag-isang Lakas ng mga Manggagawa sa METRO – National Federation of Workers' Union – Kilusang Mayo Uno (PIGLAS /Union), the sole and exclusive bargaining agent of all rank-and-file employees of Metro.[4]

On June 8, 1984, Metro and LRTA entered into a management contract denominated as "Agreement for the Management and Operation of the Light Rail Transit System" (O & M Agreement) in consideration of a PHP 5 Million annual fee to be paid by LRTA to Metro.[5] LRTA undertook to defray and reimburse all the operating expenses of Metro. LRTA's Board of Directors also approved the wage increases and grant of benefits to the employees of Metro as provided in the Collective Bargaining Agreement (CBA) between Metro and its employees.[6]

On June 9, 1989, the Manila Electric Company sold its 499,990 Metro shares of stocks to LRTA. Consequently, Metro became a wholly owned subsidiary of LRTA. Metro changed its corporate name to Metro Transit Organization, Inc., but maintained its distinct and separate personality. LRTA and Metro renewed the O & M agreement upon its expiration on June 8, 1994 on a month-to-month basis.[7]

On July 25, 2000, the Union staged a strike over a bargaining deadlock which paralyzed the operations of the LRT Line 1 System. To put a halt to the strike, the Secretary of the Department of Labor and Employment (DOLE) assumed jurisdiction over the labor dispute and issued a Return to Work Order (RTWO), directing all

striking employees to return to work immediately upon receipt thereof, and for Metro to accept said employees under the same terms and conditions of employment prior to the strike.[8]

However, LRTA no longer renewed the O & M Agreement with Metro when it expired on July 31, 2000, refused to admit back Malunes et al. who were willing to return to work, and hired replacement workers to perform their tasks.[9] In a Resolution passed by the LRTA Board on July 28, 2000, the LRTA authorized its take-over of the operations and maintenance of the existing Line 1. Consequently, Malunes et al. were dismissed from service.[10]

Malunes et al. claimed that they were not notified of the non-renewal of the agreement, and that their dismissal was without just cause and due process of law. The closure of Metro was not just a clear defiance of the RTWO issued by the DOLE Secretary, but an act of unfair labor practice.[11]

Malunes et al. likewise alleged that Metro and LRTA are one and the same business entity insofar as their employment relations with Malunes et al. is concerned. In fact, Metro represented itself as being wholly owned by LRTA in the CBA it entered with the Union.[12]

For its defense, LRTA denied the existence of an employer-employee relationship between it and Malunes et al. It contended that it was created by virtue of Executive Order No. 603.[13] It is principally tasked to administer the LRT Line 1 operations under the auspices of the Department of Transportation and Communication (DOTC). Thus, it has a personality separate and distinct from Metro.[14]

Moreover, Malunes et al. were validly dismissed from work for staging an illegal strike and defying the RTWO of the DOLE Secretary. The closure of Metro is an authorized cause of their dismissal from employment.[15]

There being no amicable settlement reached by the parties, the Union and Malunes et al. filed a complaint for illegal dismissal and unfair labor practice, with claims for moral and exemplary damages and attorney's fees.

Ruling of the Labor Arbiter

In a Decision[16] dated September 13, 2004, the labor arbiter found Malunes et al. to have been illegally dismissed from employment, viz.:

WHEREFORE, premises considered, judgment is hereby rendered declaring the dismissal of the complainants as illegal and ordering respondents Metro Transit Organization, Inc. and Light Rail Transit Authority to jointly and severally pay complainants their separation pay and back wages in the amounts indicated opposite their respective names as shown in Annexes "A" to "A-5" of this decision or in the total amount of [PHP 208,235,682.72].

Respondents are further ordered to pay the sum equivalent to ten (10%) percent of the judgment award as and by way of attorney's fees or in the amount of [PHP 20,823,568.27].

The claim of complainant Ronald Lovedoreal is ordered dismissed without prejudice.

All other claims are ordered dismissed for lack of merit.

SO ORDERED.[17] (Emphasis in the original)

The labor arbiter held that it has not been established that Malunes et al. were dismissed for a just or authorized cause, or that they were afforded the opportunity to defend themselves. No evidence was adduced to show that Malunes et al. indeed participated in a strike, much more an illegal one. The assertion that the dismissal of Malunes et al. was justified due to their defiance of the RTWO issued by the DOLE Secretary was disregarded for failure to establish that Malunes et al. were notified of the said RTWO through any of the modes of service.[18]

On the contrary, Metro and LRTA were the ones who defied the RTWO for their refusal to admit back Malunes et

al. to work based on the LRTA Board Resolution which allowed the agreement between Metro and LRTA to lapse, and the transfer of the operation of the LRT System to LRTA.

The labor arbiter refused to give credence to LRTA's invocation of the defense of immunity from suit under its original charter, holding that the same allows it to sue and be sued. Moreover, since it engaged into a commercial business, it follows that it abandoned its sovereign capacity, hence, should be treated like any other corporation subject to the jurisdiction of the labor arbitration branch.[19] Finally, the labor arbiter disregarded Metro's and LRTA's separate identities holding that Metro acted as a mere alter ego or business conduit of LRTA.[20]

Ruling of the National Labor Relations Commission

The National Labor Relations Commission (NLRC) dismissed the appeal in a Resolution[21] dated May 19, 2006, for nonperfection due to the failure of Metro and Jose L. Cortez, Jr., (Cortez) Undersecretary of the DOTC and Chairman of the Board of Directors of Metro, to post the required bond. The fallo thereof reads:

WHEREFORE, premises considered, an order is hereby issued DISMISSING the appeal of respondents-appellants for non-perfection thereof and the Decision dated [September 13, 2004] has become final.

The Motion for Reconsideration filed by complainants-appellees and the motion to suspend proceedings filed by respondents-appellants are both DENIED for lack of merit.

No further motion of similar nature shall be entertained.

SO ORDERED.[22] (Emphasis in the original)

The foregoing NLRC Resolution became final and executory on June 23, 2006 as per Entry of Judgment[23] dated August 7, 2006.

Without filing a motion for reconsideration of the aforequoted NLRC Resolution, Metro and Cortez elevated the case to the Court of Appeals (CA) by way of a Petition for Certiorari docketed as CA-G.R. SP No. 95665. The same was dismissed by the CA Fourth Division in a Resolution dated August 24, 2006, for being fatally defective. It ruled:

The petitioners have filed this petition for certiorari against the resolution of the NLRC dated May 19, 2006 dismissing the appeal for non-perfection. They have not, however, filed a motion for reconsideration of the ruling prior to filing the petition. This renders the petition fatally defective. The motion for reconsideration has been held to be a condition sine qua non for certiorari, the rationale being that the lower court should be given the opportunity to correct its error before recourse to the higher court is made. [Yau] vs. Manila Banking Corp. 384 SCRA 340. The [acknowledged] exceptions to the rule find no application here. The order of dismissal is issued by the NLRC in the exercise of its discretionary authority to fix the requirements of the property bond for appeal, and the finding that the petitioners failed to perfect the appeal for non-compliance with these conditions is both a factual and legal issue. We have a perfect textbook example of an order that is amenable to a motion for reconsideration.[24]

Metro's motion for reconsideration was subsequently denied by the appellate court in its Resolution dated November 14, 2006.[25]

Metro then challenged the August 24, 2006 Decision and the November 14, 2006 Resolution of the CA before this Court via a Petition for Review on Certiorari under Rule 45 of the Rules of Court, docketed as G.R. No. 175460, entitled "Metro Transit Organization, Inc. v. PIGLAS-NFWU-KMU." [26]

In a Decision[27] dated April 14, 2008, the Court denied the petition and affirmed the assailed CA Decision and

Resolution. The Court sustained the CA's dismissal of the petition before it, holding that the failure of therein petitioners to file a motion for reconsideration of the assailed NLRC Resolution rendered the said petition fatally defective.

Technicality aside, the Court found that the NLRC did not err in denying the appeal for failure of the petitioners therein to file a bond in accordance with the NLRC Rules of Procedure. Such noncompliance resulted to the dismissal of the appeal for failure to perfect the same. The Decision dated April 14, 2008, of the Court became final and executory on September 3, 2008.[28]

Meanwhile, on January 12, 2007, the NLRC issued a Writ of Execution[29] for the satisfaction of the judgment award in the total amount of PHP 208,235,682.27, prompting the LRTA to file a Motion to Quash invoking the Court's pronouncement in *Light Rail Transit Authority v. Venus*[30] where it was ruled that the "employment in petitioner LRTA should be governed only by civil service rules, and not by the Labor Code and beyond the reach of the [DOLE], since petitioner LRTA is a government-owned and controlled corporation with an original charter, Executive Order No. 603, Series of 1980, as amended." Thus, LRTA asserted that the arbiter acted without jurisdiction and is bereft of any authority over LRTA.

In an Order[31] dated February 28, 2007, the labor arbiter granted LRTA's motion to quash, viz.:

WHEREFORE, premises considered, respondent LRTA's Motion to Quash is hereby granted. Accordingly, the NLRC Sheriffs are hereby ordered to cease and desist from enforcing the decision in the instant case against the properties, whether real or personal, of respondent LRTA. Consequently, the notices of garnishments issued by said sheriffs against the deposits of respondent LRTA with the Land Bank of the Philippines and Philippine National Bank are hereby ordered recalled/lifted. Instead, complainants are hereby directed to coordinate with the NLRC Sheriffs to cause or effect the implementation of the decision against the properties of respondent Metro Transit Organization Incorporated.

SO ORDERED.[32] (Emphasis in the original)

Consequently, the Union and Malunes et al. appealed to the NLRC.

On October 16, 2007, the NLRC Third Division issued a Resolution[33] granting the appeal and setting aside the Order dated February 28, 2007, of the labor arbiter. The NLRC Third Division held that the labor arbiter acted with grave abuse of discretion in altering or amending, through an Order granting the Motion to Quash, the Decision which has already become final and executory on June 23, 2006, as certified to in the Entry of Judgment issued by the Commission on August 7, 2006.[34]

It also found the *Venus* case invoked by LRTA not squarely applicable. In *Venus*, the issue of employer-employee relationship between the complainants and LRTA was resolved while in this case, there was no such issue since it was clear from the beginning that petitioners were employees of Metro, and that Metro and LRTA had a contracting arrangement for the operation and management of LRTA.[35]

Moreover, the *Venus* case was decided by the Court on the merits. Here, the Decision of the labor arbiter became final and executory by operation of law in view of the non-perfection of the appeal. Hence, the prevailing party in this case, the Union and Malunes et al. were entitled, as a matter of right, to a writ of execution, the issuance of which is a ministerial duty which may be compelled by mandamus.[36]

The NLRC Resolution dated October 16, 2007, had become final and executory on December 17, 2007, as per Entry of Judgment[37] dated January 28, 2008. Subsequently, the labor arbiter issued an Alias Writ of Execution[38] dated November 6, 2008, directing the NLRC Deputy Sheriff to enforce the final and executory Decision dated September 13, 2004, not only against Metro but also against LRTA, but only in the event of

Metro's failure or incapacity to satisfy the alias writ.[39]

As of November 18, 2013, only the amount of PHP 364,028.93 was paid to Malunes et al., leaving a balance of PHP 228,695,222.06. Thus, PIGLAS and Malunes et al. filed an Urgent Manifestation and Omnibus Motion to Implead as Party Respondents the LRTA & MTOI Officers, Payment of Legal Interest and for the Issuance of Updated Alias Writ of Execution.[40]

The motion for computation of interest and issuance of updated writ of execution was granted in the Order[41] dated July 11, 2017. However, the same order denied the motion to implead the officers of LRTA and Metro as party respondents for lack of merit.

Dissatisfied, Malunes et al. and PIGLAS filed a Petition for Extraordinary Remedies before the NLRC.[42]

In a Resolution[43] dated September 15, 2017, the NLRC Fourth Division partially granted the petition. It set aside the Order dated July 11, 2017, holding that only Metro and LRTA are liable for the illegal dismissal of Malunes et al. as there was no finding on the liability of its officers in the final and executory Decision dated September 13, 2004. The NLRC, however, made it clear that the legal interest on the judgment award should begin to run from the date of finality of the Decision sought to be enforced until the same is fully satisfied pursuant to the Court's ruling in *Nacar v. Gallery Frames*,[44] The decretal portion of the Resolution dated September 15, 2017, reads:

WHEREFORE, premises considered, the Petition dated 24 August 2017 is PARTIALLY GRANTED.

The assailed Order dated [July 11, 2017] is SET ASIDE.

The former and incumbent officers and officials of respondent Metro Transit Organization, Inc. (MTOI) and Light Rail Transit Authority (LRTA) are not jointly and severally liable with respondents MTOI and LRTA.

The Honorable Labor Arbiter Nicolas B. Nicolas is hereby ORDERED to comply with the doctrine enunciated in the case entitled *Nacar v. Gallery Frames*, G.R. No. 189871, August 13, 2013 in the computation of the 6% legal interest on the monetary award.

SO ORDERED.[45] (Emphasis in the original)

The foregoing NLRC Resolution became final on November 12, 2017, as shown in the Entry of Judgment[46] dated November 17, 2017. Thus, the Union and Malunes et al. filed an Urgent Manifestation and Motion (to Approve Computation of Updated Judgment Award and for Issuance of Second Alias Writ of Execution).[47] Acting thereon, the labor arbiter issued an Order[48] dated March 15, 2018, the decretal portion of which reads:

WHEREFORE, premises considered, judgment is hereby rendered:

(a.) DENYING the computation of complainants on interest;

(b.) ADOPTING the computation of the Computation Unit of the NLRC on interest; and

(c.) ORDERING the immediate issuance of an Updated Alias Writ of Execution reflecting the deduction of the amount already released to complainants and the updated computation of complainants' judgment award in the total amount of P461,554,636.77 as of February 13, 2018, against LRTA and MTOI.

SO ORDERED.[49] (Emphasis in the original)

The corresponding Updated Alias Writ of Execution[50] was issued on March 15, 2018, directing the collection of PHP 461,554,636.77 from Metro and LRTA in accordance with the Order dated March 15, 2018 of the labor arbiter.

However, LRTA and Metro filed separate Motions to Quash/Lift Updated Writs of Execution and Notices of Garnishment[51] on the grounds of *res judicata* and the labor arbiter's lack of jurisdiction to issue the said writ. LRTA argued that the Updated Writ of Execution and Notice of Garnishment are null and void for being contrary to the previous ruling of this Court in G.R. No. 182928 entitled *PIGLAS NFWU-KMU v. Light Rail Transit Authority*[52] where it was held that LRTA is not solidarily liable with Metro for the payment of the complainant employees' monetary claim due to the absence of an employer-employee relationship between the said employees and LRTA. LRTA and Metro also asserted that the enforcement of judgment against government-owned and controlled corporations (GOCCs) like them requires the prior approval of the Commission on Audit (COA).[53]

During the DOLE mediation conference held on June 14, 2018, it was made clear to the Union and Malunes et al. that the approval of the COA must be sought first via a Petition for Money Claims in line with the jurisprudential rule on execution of judgments against government agencies, including GOCCs such as Metro and LRTA. Based on COA rules, the Commission will only dwell on the propriety on the part of Metro and LRTA to pay the judgment award, and to determine the source of funds. Accordingly, the parties agreed to submit the enforcement of the judgment award to the COA for approval through a Petition for Money Claims.[54]

Ruling of the Commission on Audit

On December 17, 2020, the COA issued a Decision[55] denying the petition. The dispositive portion thereof reads:

WHEREFORE, premises considered, the Petition for Money Claim of Pinag-isang Lakas ng mga Manggagawa sa LRT-National Federation of Workers' Union-Kilusang Mayo-Uno and Sammy Malunes, et al., against the Light Rail Transit Authority and Metro Transit Organization, Inc. for payment of judgment award based on the Supreme Court Decision dated April 14, 2008, in G.R. No. 175460, amounting to [PHP 461,554,636.77], is hereby DENIED.[56] (Emphasis in the original)

The COA found the petition for money claims without merit. G.R. No. 175460, as cited by the Union and Malunes et al., merely resolved technical issues such as: (1) the propriety of filing a petition for certiorari before the CA without a prior motion for reconsideration; and (2) noncompliance with the jurisdictional requirement of posting a bond.[57] The Court in G.R. No. 175460 did not dispose the merits of the case, in particular, whether Malunes et al. were illegally dismissed, and whether LRTA and Metro are liable therefor. Thus, *PIGLAS* and Malunes et al. cannot rely on the ruling in G.R. No. 175460. The Court's disposition in *Venus* and G.R. No. 182928 is controlling which held that LRTA and Metro are two separate and distinct entities.[58]

The COA also explained that the Union and Malunes et al.'s reliance on the 2015 and 2016 cases of *Light Rail Transit Authority v. Mendoza*,[59] *Light Rail Transit Authority v. Pili*,[60] and *Light Rail Transit Authority v. Alvarez*[61] is misplaced as the foregoing cases are not on all fours with the instant case considering that they involved different parties and causes of action.[62] Further, the doctrines laid down in G.R. No. 182928 cannot be abandoned by these three cases which were also rendered by the Court sitting in division.[63]

Consequently, the COA held that the Updated Alias Writ of Execution in the amount of PHP 461,554,636.77 is unenforceable. If at all, the same is void and not binding on the Commission.[64]

As a final word, while the COA commiserates with the plight of workers, it is Metro that is liable for the money claim. Sadly, Metro is now a defunct government agency with no funds to disburse.[65]

PIGLAS and Malunes et al.'s Motion for Reconsideration[66] was subsequently denied by the COA in a Resolution[67] dated January 28, 2022.

The Petition

The Union and Malunes et al. impute grave abuse of discretion on the part of the COA for reversing and nullifying the final and executory Decision of this Court in G.R. No. 175460, which affirmed as correct the CA Resolution and the NLRC Resolution, declaring as final and executory the Decision dated September 13, 2004 of the labor arbiter due to nonperfection of appeals of LRTA and Metro.[68]

Citing the case of *Taisei Shimizu Joint Venture v. Commission on Audit*,[69] they argue that the COA's jurisdiction over money judgments rendered by the courts pertains only to the execution stage, that is to determine the source of funds from which the final and executory judgment or arbitral award may be satisfied. Consequently, the COA went beyond its authority when it set aside the final and executory judgment of this Court in G.R. No. 175460.[70]

Further, they contend that the dismissal of Metro's petition in G.R. No. 175460 was not based purely on a technical ground or the failure to file a motion for reconsideration. It also disposed of the substantive issue of LRTA's failure to post the jurisdictional requirement of appeal bond in accordance with the NLRC's Rules of Procedure, which is akin to a judgment on the merits.[71]

Moreover, they likewise reiterate that this Court's Second Division has abandoned its own rulings in G.R. No. 182928 and *Venus* when it promulgated *Mendoza, Pili, and Alvarez*, where it held that LRTA is solidarily liable to pay the money claims of Metro's former employees as their indirect employer under the Labor Code,[72] specifically Articles 107 and 109.

The COA's Position

In its Comment,[73] the COA averred that LRTA should not be bound by the ruling of the NLRC, upholding Metro's and LRTA's solidary liability for the judgment award as affirmed by the CA in CA-G.R. SP. No. 95665, and finally upheld by the Court in G.R. No. 175460, since LRTA was not a party to the CA petition in CA-G.R. SP. No. 95665.[74]

According to the COA, LRTA separately filed a petition for certiorari with the CA docketed as CA-G.R. SP No. 95578, where the appellate court favorably ruled for LRTA, and held that the labor arbiter and the NLRC have no jurisdiction over LRTA, the latter being a GOCC with an original charter. The CA's Decision was affirmed by this Court's Second Division in G.R. No. 182928. Since LRTA was a party in G.R. No. 182928, then the finding of the Court that LRTA is not solidarily liable with Metro should control.[75]

The COA further argues that there was no definitive discussion as to LRTA's solidary liability with Metro on the judgment award in G.R. No. 175460, The same resolved only procedural issues and not the merits of the case. Whereas in G.R. No. 182928, the Court categorically held that LRTA is not solidarily liable with Metro. Also, in G.R. No. 182928, the Court declared that there is no conflict or inconsistency between G.R. No. 175460 and G.R. No. 182928. Citing *Venus*, the Court ruled that LRTA and Metro are two separate and distinct entities. LRTA, being a GOCC with original charter, is governed by civil service rules, and not the Labor Code, hence, beyond the reach of DOLE. Thus, it cannot be held liable for employment-related obligations to Metro's former employees.[76]

Finally, the COA maintains that G.R. No. 182928 was not overturned in *Mendoza, Pili, and Alvarez* insofar as NLRC's lack of jurisdiction over LRTA is concerned. On the contrary, the Court merely held in *Mendoza, Pili, and Alvarez* that the doctrine laid down in G.R. No. 182928 and *Venus* is inapplicable because the respondents in *Mendoza, Pili, and Alvarez* did not claim that they were employees of LRTA. Rather, respondents therein merely sued LRTA because LRTA contractually assumed certain obligations of Metro for the benefit of its employees.[77]

Issues

The core issues to be resolved are:

- Whether the COA committed grave abuse of discretion amounting to lack or excess of jurisdiction when it denied the money claims of Malunes et al. against LRTA; and
- Whether the COA committed grave abuse of discretion amounting to lack or excess of jurisdiction when it exercised appellate review power on the May 19, 2006 Resolution of the NLRC Third Division and the final and executory Decision dated April 14, 2008, of the Supreme Court Third Division which held LRTA solidarity liable to pay the judgment award to petitioners.

Our Ruling

The petition is devoid of merit.

To recall, Malunes et al., who were former employees of Metro, were dismissed from employment due to LRTA's nonrenewal of its O & M Agreement with Metro. Consequently, they filed a complaint against Metro and Cortez, and LRTA for: (1) illegal dismissal; (2) unfair labor practice; (3) moral and exemplary damages; and (4) attorney's fees.

In its Decision dated September 13, 2004, the labor arbiter declared Malunes et al. dismissal as illegal and ordered Metro and LRTA to jointly and severally pay Malunes et al. separation pay and backwages in the total amount of PHP 208,235,682.72 and 10% attorney's fees.

Metro's and LRTA's separate appeals were dismissed by the NLRC in a Resolution dated May 19, 2006 for nonperfection since they failed to post the required bond under Rule VI, Section 6, Rules of Procedure of the NLRC, as amended by Resolution No. 01-02, series of 2002.

Thereupon, Metro and LRTA sought separate reviews of the NLRC Decision before the CA.

I. CA-C.R. SP. No. 95665

Without filing a motion for reconsideration of the NLRC ruling, Metro filed a petition for certiorari under Rule 65 with the CA, docketed CA-G.R. SP. No. 95665. The CA, however, dismissed Metro's petition on the ground that it did not first move to reconsider the NLRC ruling, which is a precondition for the filing of a Rule 65 petition. The appellate court additionally noted that the recognized exceptions to the exhaustion of administrative remedies requirement are not present in Metro's case. The CA subsequently denied Metro's motion for reconsideration.

II. CA-G.R. SP. No. 95578

Meanwhile, LRTA, also without filing a motion for reconsideration of the NLRC decision, elevated the case to the CA via a Rule 65 petition. The case was docketed CA-G.R. SP. No. 95578. The LRTA claimed that the NLRC gravely abused its discretion: (1) in ruling that it had jurisdiction over LRTA; and (2) in dismissing LRTA's appeal thereby effectively sustaining the labor arbiter's decision holding LRTA jointly and severally liable with Metro for the illegal dismissal of petitioners.

The CA found the petition meritorious and annulled and set aside both the rulings of the labor arbiter and the NLRC, insofar as they hold LRTA jointly and severally liable with Metro for the constructive illegal dismissal of the workers. It pointed out that the labor arbiter and the NLRC have no jurisdiction over the LRTA, consistent with this Court's disposition in *Venus* that the LRTA, as a GOCC with an original charter, is subject to the Civil Service Law and not to the Labor Code.

On the procedural aspect, the CA, relying on this Court's ruling in *Miguel v. JCT Group, Inc.*,^[78] and the

well-entrenched jurisprudence that substantial justice is better served by adjudging the merits of the case, relaxed the requirement of an appeal bond in light especially of the amount of the money claims involved and the fact that LRTA is a GOCC. On the LRTA's failure to move for reconsideration of the NLRC decision, the CA explained that such requirement may be waived since the case falls within the jurisprudentially-recognized exception, that is, the assailed decisions are void for lack of jurisdiction over the LRTA. PIGLAS and Malunes et al. moved to reconsider the CA decision, but their motion was denied.

The remedies separately pursued to this Court by Metro and LRTA from the CA Decisions which resolved their individual petitions spawned the following related cases.

I. G.R. No. 175460 - "Metro Transit Organization, Inc. v. PIGLAS-NFWU-KMU."

Metro elevated the dismissal of its CA petition to this Court via a Rule 45 petition. The petition was assigned to the Third Division, docketed as G.R. No. 175460.

The Third Division denied Metro's petition in its Decision dated April 14, 2008, finding no reversible error in the CA's conclusion that Metro's petition is procedurally flawed for nonexhaustion of administrative remedies. The Third Division concluded, too, that the NLRC did not err in denying Metro's appeal for its failure to file a bond in accordance with the Rules of Procedure of the NLRC. Metro's failure to comply with the conditions for the posting of a property bond is equivalent to the failure to post the bond required by law.

Metro moved for reconsideration, but the Third Division denied the motion. Hence, the judgment was entered in the Book of Entries of Judgment on September 3, 2008.

II. G.R. No. 182928 - "PIGLAS NFWU-KMU v. Light Rail Transit Authority

Metro likewise challenged the CA decision in CA-G.R. SP. No. 95578 before this Court via a Rule 45 petition. The petition was assigned to the Second Division, docketed as G.R. No. 182928.

In a Resolution dated October 6, 2008, the Court denied the petition for, among other reasons, therein petitioners' failure to show any reversible error in the CA's ruling. A motion for reconsideration was filed but it was denied in Our Resolution dated February 4, 2009.[79]

Unrelenting, therein petitioners filed various pleadings before the Court, to wit:

- Motion to Admit Attached Supplemental Motion for Reconsideration with Leave of Court dated February 8, 2009;[80]
- Supplemental Motion for Reconsideration dated February 9, 2009;[81]
- Motion for Clarification with Prayer to Set Case for Oral Argument dated March 30, 2009;[82] and
- An Open Letter dated February 3, 2009 to the Honorable Reynato S. Puno, Chief Justice.[83]

On July 8, 2009, the Court's Second Division issued a Resolution[84] denying the aforementioned motions filed by therein petitioners. The fallo of the Resolution states:

WHEREFORE, premises considered, we DENY for lack of merit the petitioners':

- Motion to Admit Attached Supplemental Motion for Reconsideration with Leave of Court dated February 8, 2009;
- Supplemental Motion for Reconsideration dated February 9, 2009; and
- Motion for Clarification with Prayer to Set Case for Oral Argument dated March 30, 2009.

Let entry of final judgment be made in due course.

SO ORDERED.[85] (Emphasis in the original)

The Second Division reiterated the doctrine laid down in *Venus* that employment in LRTA is governed by the Civil Service Rules and Regulations, and not the Labor Code, since LRTA is a GOCC with an original charter, hence, beyond the ambit of the DOLE.

Metro, on the other hand, is covered by the Labor Code despite LRTA's subsequent acquisition thereof, as it was originally organized under the Corporation Code. It became a government corporation only after LRTA's acquisition but even then, Metro maintained its distinct and separate personality from that of LRTA, and remained to be without an original charter. Thus, employees of Metro are not and cannot be considered employees of LRTA.

Having distinct personalities, the Second Division concluded that LRTA cannot be held liable for employment-related obligations of Metro to its employees.

Further, it found that the final and executory judgment in G.R. No. 175460 does not operate as *res judicata* in G.R. No. 182928 given that there is no identity of parties in the two cases. Metro litigated for its own interests, not for LRTA's, in CA-G.R. SP. No. 95665, and could not have spoken in representation of LRTA.

As the labor arbiter had no jurisdiction over LRTA when they heard the illegal dismissal case, the NLRC also had no jurisdiction over LRTA at the appellate level. The NLRC's exercise of jurisdiction over LRTA therefore cannot produce legal effects because they are patently null and void. Thus, the LRTA was exempted from the traditional requirement of filing a motion for reconsideration in order that recourse to a Rule 65 petition for certiorari may be made validly in light of the patent nullity of the NLRC's action.

Similarly, the Second Division ruled that LRTA's non-compliance with the appeal bond requirement is rendered moot by virtue of the nullity of the labor arbiter's decision and the resulting nullity of all NLRC actions on the case for lack of jurisdiction.

Finally, the Second Division stressed that no conflict exists between the Third Division's ruling in G.R. No. 175460 and its judgment in G.R. No. 182928 given the distinctive personalities of Metro and LRTA. Accordingly, it upheld the CA's disposition in CA-G.R. SP. No. 95578 by invalidating the NLRC Resolution insofar as it found LRTA liable.

COA did not alter nor modify the Court's ruling in G.R. No. 175460

The Union and *Malunes et al.* ascribe grave abuse of discretion on the part of COA for allegedly reversing and nullifying the final and executory Decision of the Court's Third Division in G.R. No. 175460, which affirmed as correct the CA Resolution and the NLRC Resolution, declaring as final and executory the Decision dated September 13, 2004, of the labor arbiter for nonperfection of the appeals of LRTA and Metro. They attempt to impress upon this Court that LRTA's failure to perfect its appeal before the NLRC, on account of its omission to file the required appeal bond, rendered the Decision dated September 13, 2004 of the labor arbiter, which held LRTA solidarily liable to pay the judgment award to petitioners, final and immutable. Consequently, COA gravely abused its discretion when it altered the final and executory judgment of the Court's Third Division in G.R. No. 175460 and denied the employees' money claims on the basis thereof.

This argument fails to impress.

To end this long-drawn controversy, it must be primarily established that the issue of LRTA's solidary liability with Metro for *Malunes et al.*'s illegal dismissal and money claims have already been settled with finality by the

Court's Second Division's Resolution dated July 8, 2009 in G.R. No. 182928.

It bears to note that the Second Division discussed at length and emphasized the labor tribunals' lack of jurisdiction over LRTA it being a GOCC with its own original charter, as decreed in the case of *Venus*. As a consequence, the Decision dated September 13, 2004 of the labor arbiter, holding LRTA solidarily liable to petitioners, as upheld by the NLRC in its ruling dated May 19, 2006, is void and without legal effect.

In contrast, the Third Division did not make a final ruling on the liability of LRTA in G.R. No. 175460 simply because LRTA was no longer a party to the said case as early as the CA level.

On this score, We give Our stamp of approval on the following observations of the NLRC in its Decision,[86] to wit:

It must be pointed out that in the Petition for Certiorari docketed as CA-G.R. SP No. 95665, which the Court of Appeals resolved in its Resolutions dated August 24, 2006 and November 14, 2006, as well as in the petition for Review on Certiorari docketed as G.R. No. 175460, which the Supreme Court resolved in its Decision dated April 14, 2008, only MTOI and Cortez, Jr. were the petitioners (Records, pages 86, 89 and 105). Respondent LRTA was not a party, much less a petitioner, in CA-G.R. SP No. 95665 and G.R. No. 175460. Therefore, respondent LRTA cannot be bound by subject Resolutions of the Court of Appeals in CA-G.R. SP No. 95665 and Decision of the Supreme Court in G.R. No. 175460.

A person who was not impleaded in the complaint cannot be bound by the decision rendered therein, for no man shall be affected by a proceeding in which he is a stranger (*Bulawan vs. Aquende*, G.R. No. 182819, June 22, 2011).

Indeed, respondent LRTA filed a separate Petition for Certiorari docketed as CA-G.R. SP No. 95578 before the Court of Appeals, seeking to reverse the Order dated February 24, 2006 issued by the NLRC, and the Resolution dated May 19, 2006, dismissing its appeal for non-perfection thereof and denying its Motion for Reconsideration for lack of merit. In its October 18, 2007 Decision in CA-G.R. SP No. 95578, the Court of Appeals annulled and set the Order dated February 24, 2006 and the Resolution dated May 19, 2006, insofar as they hold respondent LRTA jointly and severally liable with respondent MTOI for the constructive dismissal of individual petitioners (Records, pages 135-152.) In said Decision, the Court of Appeals held that: "Applying the doctrine of stare decisis, the pronouncement of the Supreme Court in the above case (*Light Rail Transit Authority vs. Venus, et al.*, G.R. No. 163782, March 24, 2006) is also applied in the instant case. [. . .] Since the facts of the instant case are relatively the same as that of the above case except for the individual complainants, the ruling of the Supreme Court should prevail. The Labor Arbiter NEVER assumed jurisdiction over petitioner LRTA, Hence, the decision rendered against the latter was a patent nullity." (Records, pages 148-149).

Significantly, petitioners moved for reconsideration of said October 19, 2007 Decision, but the Court of Appeals denied the same for lack of merit in its Resolution dated April 29, 2008 (Records, pages 153-161). Petitioners subsequently filed a Petition for Review on Certiorari docketed as G.R. No. 182928 before the Supreme Court, assailing the Decision dated October 18, 2007 and Resolution dated April 29, 2008 of the Court of Appeals, but the same was denied by the Supreme Court in its Resolution dated October 6, 2008 (Records, pages 162-163). Therefore, respondent LRTA can only be bound by subject Decision and Resolution of the Court of Appeals in CA-G.R. SP No. 95578 and the Resolution of the Supreme Court in G.R. No. 182928 to which it is a party, but not by the Resolution of the Court of Appeals in CA-G.R. SP No. 95665 and Decision of the Supreme Court in G.R. No. 175460 to which it is not a party.

Indubitably, the Labor Arbiter and the NLRC do not have jurisdiction over respondent LRTA. And thus, the decisions and resolutions of the Labor Arbiter and the NLRC, holding respondent LRTA liable for petitioners' monetary award, are null and void and can never become final [insofar] as respondent LRTA is concerned ...

Necessarily, the final and executory Decision of the Labor Arbiter dated September 13, 2004 can be validly enforced against MTOI only.[87]

Thus, contrary to petitioners' insistence, the Third Division's ruling in G.R. No. 175460 is not binding on LRTA.

The Court further rejected the Union and Malunes et al.'s contention in G.R. No. 182928, that the Third Division's final and executory decision in G.R. No. 175460 operates as *res judicata* on G.R. No. 182928, insofar as the former upheld the Decision/Resolution of the NLRC which dismissed the appeals of both LRTA and MTOI for nonperfection. In this regard, the Second Division declared that the principle of *res judicata* is inapplicable since there was no identity of parties in the two cases. The pertinent portion of the Court's Resolution in G.R. No. 182928 reads:

To be sure, there is no identity of parties in *METRO v. PIGLAS* (decided by the Third Division of the Court) and the present case (*PIGLAS v. LRTA*), given the distinctive personalities of *METRO* and *LRTA* as discussed in *LRTA v. Venus* and explained above. *METRO* litigated for its own interests, not for *LRTA*'s, in CA-G.R. SP. No. 95665, and could not have spoken in representation of *LRTA*. Specifically, *METRO* assailed via a Rule 65 certiorari petition, the dismissal of its own appeal - a remedy that clearly appears to be separate and distinct from *LRTA*'s as shown by *METRO*'s filing with the NLRC of its very own Memorandum on Appeal. Thus, any decision that the CA would render in CA-G.R. SP. No. 95665 would bind the parties to the proceedings only - *METRO* and *PIGLAS. et al.*, and no other. Only these parties, too, can appeal from an unfavorable CA decision or ruling.

For lack of the requisite identity of parties, there can be no application of the principle of *res judicata* in the present case.[88]

In light of this, We find that the COA was correct when it argued that the Third Division's ruling in G.R. No. 175460 cannot be used as basis to enforce the labor tribunals' judgment award against LRTA.

To reiterate, the COA did not reverse nor nullify the final and executory ruling in G.R. No. 175460. It merely echoed the Second Division's pronouncement in G.R. No. 182928 that LRTA cannot be held liable for the illegal dismissal claims of Malunes et al. simply because the labor arbiter had no jurisdiction over LRTA when it heard the illegal dismissal case (a defense the LRTA duly invoked before the labor arbiter). As a matter of course, the NLRC also had no jurisdiction over LRTA at the appellate level. Consequently, the labor arbiter's Decision and all of NLRC's subsequent actions on the case were a nullity for want of jurisdiction, and as such, they never attained finality insofar as LRTA is concerned.

It is a hornbook doctrine that "[a] void judgment or order has no legal and binding effect for any purpose. In contemplation of law, it is nonexistent and may be resisted in any action or proceeding whenever it is involved. It is not even necessary to take any steps to vacate or avoid a void judgment or final order; it may simply be ignored. All acts performed pursuant to it and all claims emanating from it have no legal effect. In this sense, a void order can never attain finality." [89]

Accordingly, it is inaccurate to claim that the joint and solidary liability of LRTA has been ruled with finality in G.R. No. 175460. The reliance on G.R. No. 175460 to enforce the alleged solidary liability of LRTA for the workers' money claims, is utterly misplaced. It is the Second Division's determination in G.R. No. 182928 that is binding on LRTA, which ruled with finality its non-liability in connection with the illegal dismissal and money claims of petitioners.

We likewise find no merit in the assertion that the NLRC correctly dismissed the appeal of LRTA for nonperfection, thereby rendering the labor arbiter's decision dated September 13, 2004, which declared LRTA jointly and severally liable to petitioners, final and executory.

On this note, the Second Division had this to say:

. . . We find it unnecessary to still discuss LRTA's compliance with the appeal bond requirement, given the conclusion that the labor arbiter and the NLRC have no jurisdiction over LRTA. In other words, the nullity of the labor arbiter's decision and the resulting nullity of all NLRC actions on the case for lack of jurisdiction over LRTA effectively rendered the appeal bond issue moot. Any ruling on the issue, separately from the jurisdictional considerations, will have no practical value.[90]

The doctrine laid down in *Venus* and G.R. No. 182928, that the labor arbiter and NLRC have no jurisdiction over LRTA, was not abandoned in *Mendoza, Pili, and Alvarez*

For reference, We restate the pertinent antecedents in *Mendoza, Pili, and Alvarez*.

Similar to G.R. No. 175460 and G.R. No. 182928, *Mendoza, Pili, and Alvarez* likewise involved former employees of Metro whose employment were severed upon the expiration of the O & M Agreement between Metro and LRTA.

Upon the cessation of Metro's operations and the termination of employment of its workforce, Metro's Board of Directors approved the release and payment of the first 50% of the severance pay to the displaced Metro employees, including the private respondents in *Mendoza, Pili, and Alvarez*. On separate occasions, private respondents therein received the first 50% of their separation pay. Thereafter, they repeatedly and formally asked LRTA, being the principal owner of Metro, to pay the balance of their severance pay, but to no avail.

Thus, they filed a complaint before the Arbitration Branch of the NLRC, docketed as NLRC NCR Case No. 00-08-09472-04, praying for the payment of the balance of their separation pay, 13th month pay and refund of salary deductions, against LRTA and Metro.

The labor arbiter ordered LRTA and Metro to jointly and severally pay the remaining 50% of the severance pay of private complainants in line with the CA ruling dated April 27, 2005, in CA-G.R. SP No. 83984, entitled "*Light Rail Transit Authority v. National Labor Relations Commission, Ricardo Malanao, et al.* ", which involved the same claims, facts, and issues.

On appeal, this Court uniformly held in the abovementioned cases that the LRTA is liable for the monetary claims of the employees of Metro, in accordance with Article 4.05.1 of the O & M Agreement which states that LRTA shall reimburse Metro for the latter's operating expenses, as well as LRTA Resolution No. 00-44, which provides that LRTA assumes the obligation to ensure full payment of the retirement/separation pay of Metro's employees.

PIGLAS and Malunes et al. now asseverate that the doctrine laid down in *Venus* and G.R. No. 182928, insofar as LRTA's nonliability for illegal dismissal and the labor tribunal's lack of jurisdiction over LRTA, had been abandoned by the Court in *Mendoza, Pili, and Alvarez*. They insist that the Court clarified in *Mendoza, Pili, and Alvarez* that the NLRC had jurisdiction over LRTA.

Again, this contention is nothing but a vain attempt to mislead this Court.

To resolve this issue, We find it apt to point out that *Venus* and G.R. No. 182928 differ substantially with *Mendoza, Pili, and Alvarez*. In *Venus*, the complainants therein filed for illegal dismissal before the NLRC and impleaded both LRTA and Metro. In G.R. No. 182928, therein complainants likewise sued Metro and LRTA for illegal dismissal, and unfair labor practice for union busting, with claims for moral and exemplary damages and attorney's fees. In short, the main thrust of the complaints in *Venus* and G.R. No. 182928 is illegal dismissal. Complainants in both cases claimed that they were employees of LRTA, being the owner of Metro.

On the other hand, the complainants in *Mendoza, Pili, and Alvarez* merely sought the satisfaction of the remaining

50% of their severance pay as a consequence of their separation from employment. Simply stated, the proceedings in Mendoza, Pili, and Alvarez involved purely monetary claims arising from the CBA executed between Metro and its former employees, and approved by LRTA. These cases did not involve the issues of illegal dismissal or complainants' employment with Metro or LRTA.

In short, Venus and G.R. No. 182928 on the one hand, and Mendoza, Pili, and Alvarez on the other, involve different causes of action. Venus and G.R. No. 182928 pertain to illegal dismissal claims while Mendoza, Pili, and Alvarez relate to purely monetary claims of the separated employees.

Thus, in Mendoza, Pili, and Alvarez, the Court explained that the long-standing rule in Venus and G.R. No. 182928, that the labor tribunals are devoid of jurisdiction to take cognizance of illegal dismissal complaints against LRTA, remains controlling on the matter as the same is the established precedent.

Since all of the respondents in Mendoza, Pili, and Alvarez admitted that they were employed by Metro, there is no real issue as far as the employer-employee relationship between the respondents and LRTA is concerned. To reiterate, the only issue for consideration in Mendoza, Pili, and Alvarez is whether LRTA can be made liable by the labor tribunals for private respondents' separation pay despite the absence of an employer-employee relationship, and even though LRTA is a GOCC with its own original charter.

In this connection, the Court upheld the jurisdiction of the labor tribunals over private respondents' money claims against LRTA. It explained that the NLRC acquired jurisdiction over LRTA not because of the employer-employee relationship of the respondents and LRTA (because there is none), but rather because LRTA expressly assumed the monetary obligations of Metro to its employees.

Accordingly, the doctrine laid down in Venus and G.R. No. 182928 is inapplicable because the respondents in Mendoza, Pili, and Alvarez did not claim that they were employees of LRTA, as opposed to the complainants in Venus, and G.R. No. 182928, who anchored their claims on the alleged employer-employee relationship between them and LRTA.

Ergo, it is incorrect for PIGLAS and Malunes et al. to assert that the established rule in Venus and G.R. No. 182928, insofar as NLRC's lack of jurisdiction over illegal dismissal claims against LRTA, had been abandoned or overturned in Mendoza, Pili, and Alvarez. In Pili, the Court ratiocinated, thus:

However, as far as the claim of illegal dismissal is concerned, we find that NLRC cannot exercise jurisdiction over LRTA. The NLRC and Labor Arbiter erred when it took cognizance of such matter.

In *Hugo v. LRTA*, we have already addressed the issue of jurisdiction in relation to illegal dismissal complaints. In the said case, the employees of Metro filed an illegal dismissal and unfair labor practice complaint against Metro and LRTA. We held that the Labor Arbiter and NLRC did not have jurisdiction over LRTA, to wit:

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.[91] (Emphasis supplied, citations omitted)

Given this, the Decision of the arbiter dated September 13, 2004, holding Metro and LRTA liable for illegal dismissal, and ordering them to jointly and severally pay Malunes et al. separation pay and backwages, is void insofar as LRTA is concerned, in light of the well-entrenched rule that labor tribunals do not have jurisdiction over illegal dismissal claims against LRTA. In light of this, the backwages and separation pay awarded by the labor arbiter and NLRC as a consequence of the finding of illegal dismissal against Metro and LRTA is not

binding on LRTA.

At this juncture, We reiterate the Court's pronouncement in G.R. No. 182928, viz:

We put an end to the present case by reiterating that the CA correctly decided CA-G.G. SP. No. 95578 by invalidating the NLRC Resolution insofar as it finds the LRTA liable. No argument or submission in the petition or in the petitioners' subsequent submissions has changed this conclusion. For these reasons, we deny all the petitioners' motions now under consideration.[92]

The COA did not commit grave abuse of discretion when it denied the Petition for Money Claims anchored on the Court's ruling in G.R. No. 175460

Relying on the Third Division's disposition in G.R. No. 175460, which allegedly upheld the labor arbiter's Decision finding Metro and LRTA guilty of illegal dismissal, and holding LRTA solidarily liable to the judgment award, the Union and Malunes et al. pray for the Court to nullify the assailed COA Decision No. 2020-556 and COA Resolution No. 2022-009 insofar as it denied their claim for payment of the monetary award. They pray that the Court issue a Resolution ordering the COA to satisfy the full amount of the judgment award, deducting therefrom the partial satisfaction of PHP 363,028.93.

Grave abuse of discretion speaks of an evasion of a positive duty or a virtual refusal to perform a duty enjoined by law or to act in contemplation of law as when the judgment rendered is not based on law and evidence but on caprice, whim and despotism.[93]

As lengthily discussed above, the Third Division's ruling in G.R. No. 175460 cannot be used as basis to enforce the labor tribunals' judgment award against LRTA which arose out of the NLRC's improper exercise of jurisdiction over Malunes et al.s' illegal dismissal case against LRTA.

Indeed, the labor tribunals' lack of jurisdiction over the illegal dismissal complaint rendered their judgments, in that respect, void, and thus, cannot produce legal effects.

Considering that the NLRC incorrectly took cognizance of the illegal dismissal case against LRTA, LRTA cannot be held solidarily liable for the backwages and separation pay awarded on the basis thereof.

Verily, the COA did not commit grave abuse of discretion in denying the Petition for Money Claims against LRTA anchored on the Court's judgment in G.R. No. 175460.

ACCORDINGLY, the instant petition is DISMISSED.

The Commission on Audit's Decision No. 2020-556 dated December 17, 2020 and Resolution No. 2022-009 dated January 28, 2022, in COA C.P. Case No. 2018-559, are AFFIRMED.

SO ORDERED.

Gesmundo, C.J., Inting, Zalameda, M. Lopez, Gaerlan, Rosario, J. Lopez, Dimaampao, Marquez, Kho, Jr., and Singh, JJ., concur.

Leonen, SAJ., see dissenting opinion.

Caguioa,[*] J., on official business.

Lazaro-Javier, J., I join the dissent of SAJ Marvic Leonen.

[*] On official leave.

[*] Also referred to as "Marito N. Hebrero" in some parts of the rollo.

[**] Also referred to as "Jaime C. Abulencia" in some parts of the rollo.

[***] Also referred to as "Allan R. Artuba" in some parts of the rollo.

[1] Rollo, pp. 3-53.

[2] Id. at 126-135. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioner Roland C. Pondoc of the Commission on Audit, Quezon City.

[3] Id. at 125. The Resolution was signed by Director IV Commissioner Secretary Bresilio R. Sabalda of the Commission on Audit, Quezon City.

[4] Id. at 179.

[5] Id. at 179.

[6] Id. at 19.

[7] Id. at 127.

[8] Id. at 179-180.

[9] Id. at 19.

[10] Id. at 180.

[11] Id.

[12] Id. at 181.

[13] Id.

[14] Id.

[15] Id.

[16] Id. at 166-188. The Decision in NLRC NCR CASE No. 00-10-11700-03 was penned by Labor Arbiter Elias H. Salinas.

[17] Id. at 187-188.

[18] Id. at 184.

[19] Id. at 185.

[20] Id. at 185-186.

[21] Id. at 189-192. The Resolution in NLRC NCR CASE No. 00-10-11700-03 and NLRC NCR CA No. 043437-05 was signed by Presiding Commissioner Lourdes C. Javier and Commissioners Tito F. Genilo and Gregorio O. Bilog, III.

[22] Id. at 192.

[23] Id. at 193.

[24] Id. at 297.

[25] Id. at 298.

[26] Id. at 289-304. 574 Phil. 481 (2008) [Per J. Chico-Nazario, Third Division].

[27] Id.

[28] Id. at 555-559.

[29] Id. at 194-199. Signed by Labor Arbiter Elias H. Salas

[30] 520 Phil. 233, 243 (2006) [Per J. Puno, Second Division].

[31] Rollo, pp. 200-204.

[32] Id. at 203.

[33] Id. at 205-215.

[34] Id. at 214

[35] Id.

[36] Id. at 214-215.

[37] Id. at 216

[38] Id. at 217-229. Signed by Labor Arbiter Elias H. Salinas.

[39] Id. at 227.

[40] Id. at 258.

[41] Id. at 617-625.

[42] Id. at 258.

[43] Id. at 248-275. The September 15, 2017 Resolution in NLRC LER Case No. 08-199-17 was penned by Commissioner Leonard Vinz O. Ignacio and concurred in by Presiding Commissioner Grace M. Venus and Commissioner Bernardino B. Julve.

[44] 716 Phil. 267, 283 (2013) [Per J. Peralta, En Banc].

[45] Rollo, pp. 273-274.

[46] Id. at 276.

[47] Id. at 655-665.

[48] Id. at 233-247.

[49] Id at 246-247.

[50] Id. at 277-287. Signed by Labor Arbiter Nicolas B. Nicolas.

[51] Id. at 785-791; 826-835.

[52] Resolution dated July 8, 2009.

[53] Id.

[54] Id. at 433-478.

[55] Id. at 126-135. The December 17, 2020 Decision in COA C.P. Case No. 2018-559 was signed by Chairperson Michael G. Aguinaldo and Commissioner Roland C. Pondoc of the Commission on Audit.

[56] Id. at 134.

[57] Id. at 132.

[58] Id.

[59] 767 Phil. 458 (2015) [Per J. Brion, Second Division].

[60] 786 Phil. 624 (2016) [Per Acting C.J. Carpio, Second Division].

[61] 801 Phil. 40 (2016) [Per J. Jardeleza, Third Division].

[62] Rollo, p. 133.

[63] Id.

[64] Id. at 134.

[65] Id.

[66] Id. at 136-165.

[67] Id. at 125. Signed by Director IV Bresilio R. Sabaldan, Commission Secretary.

[68] Id. at 8.

[69] 873 Phil. 323 (2020) [Per J. Lazaro-Javier, En Banc].

[70] Rollo, pp. 47-48.

[71] Id. at 38-39.

[72] Id. at 41-45.

[73] Id. at 931-950.

[74] Id. at 936.

[75] Id. at 936-937.

[76] Id. at 937.

[77] Id. at 941.

[78] 493 Phil. 660 (2005) [Per J. Panganiban, Third Division].

[79] Rollo, p. 408.

[80] Id. at 415.

[81] Id.

[82] Id. at 416.

[83] Id. at 586.

[84] Id. at 404-417.

[85] Id. at 415-416.

[86] Id. at 387-399. The April 16, 2014 Decision in NLRC LER Case No. 02-052-14 and NLRC NCR Case No. 10-11700-03 was penned by Commissioner Numeriano D. Villena and concurred in by Presiding Commissioner Herminio V. Suelo and Commissioner Angelo Ang Palana of the Fourth Division, National Labor Relations Commission, Quezon City.

[87] Id. at 396-398.

[88] Id. at 412.

[89] *Philippine National Bank v. Daradar*, G.R. No. 180203, June 28, 2021 [Per J. Hernando, Third Division].

[90] *Rollo*, p. 414.

[91] *Light Rail Transit Authority v. Pili*, 786 Phil. 624, 637-638 (2016) [Per Acting C.J. Carpio, Second Division].

[92] *PIGLAS NFWU-KMU v. Light Rail Transit Authority*, G.R. No. 182928, July 8, 2009 [Unsigned Resolution, Second Division].

[93] *Power Sector Assets and Liabilities Management Corporation v. Commission on Audit*, G.R. No. 213425, April 27, 2021 [Per J. Lopez, M., En Banc].

DISSENTING OPINION

LEONEN, SAJ.:

The majority opinion affirmed the pronouncements in the Resolution entitled *PIGLAS NFWU-KMU v. Light Rail Transit Authority*,^[1] which supposedly settled with finality the liability of the Light Rail Transit Authority (LRTA) and Metro Transit Organization, Inc. (MTOI) regarding the illegal dismissal complaint and other monetary claims of petitioners in the present case. The ponencia affirmed the doctrine in *Light Rail Transit Authority v. Venus*,^[2] stating that labor tribunals have no jurisdiction over a government-owned and controlled corporation (GOCC) with an original charter. Thus, the ponencia concluded that the decision of the labor arbiter finding LRTA and MTOI solidarily liable for petitioners' illegal dismissal is void and did not attain finality.

I dissent.

Labor tribunals have jurisdiction over LRTA, arising from the latter's agreement for the operation and management of the light rail transit system (O&M Agreement) with MTOI. This jurisdiction was upheld in *Light Rail Transit Authority v. Mendoza* and reiterated in *Light Rail Transit Authority v. Pili*^[3] and *Light Rail Transit Authority v. Alvarez*.^[4] I submit that the rulings in these cases, including the facts established, are relevant in the present case where the ultimate issue is whether LRTA may be held solidarily liable with MTOI for petitioners' illegal dismissal notwithstanding the absence of a direct employer-employee relationship.

As will be discussed, it is evident from the various incidents, starting from the petitioners' conduct of strike due to LRTA's non-renewal of O&M Agreement, LRTA's takeover of MTOI's operations, the labor arbiter's finding of illegal dismissal, and attempt to dissolve MTOI outside the pendency of the case, that MTOI is not only an alter ego of LRTA but that it is also hiding behind its separate corporate personality to evade its liabilities for petitioners' illegal dismissal.

I

While I agree that illegal dismissal was the main issue in *Venus*, its pronouncements are not applicable in the present case. In *Venus*, the Court refused to recognize the existence of an employer-employee relationship because the employees of MTOI, who were already covered by the Department of Labor and Employment, cannot also be considered as government employees since LRTA is a GOCC, with Executive Order No. 603 as its original charter. Employees of GOCCs with original charter are covered by the Civil Service Commission. The Court refused to pierce the corporate veil, recounting previous instances where the separate personalities of LRTA and MTOI were upheld. Moreover, there were supposedly no badges of fraud. In so doing, the Court relied on a legal opinion of the Department of Justice which failed to explain how "the records [did] not show that control was used to commit a fraud or wrong."^[5] It is significant to note that said opinion refused to acknowledge a different outcome since it will lead to a confusing situation:

Here, the records do not show that control was used to commit a fraud or wrong. In fact, it appears that piercing the corporate veil for the purpose of delivery of public service, would lead to a confusing situation since the outcome would be that Metro will be treated as a mere alter ego of LRTA, not having a separate corporate personality from LRTA, when dealing with the issue of strike, and a separate juridical entity not covered by the Civil Service when it comes to other matters. Under the Constitution, a government corporation is either one with original charter or one without original charter, but never both.^[6]

It must be emphasized that the Court is not precluded from examining *Venus* and relaxing the principle of res judicata "if blind and stubborn adherence to res judicata would involve the sacrifice of justice to technicality."^[7]

In my view, the majority should have reversed *Venus* since the doctrine effectively exempts any government instrumentality with an original charter from any liabilities under the Labor Code. In contracting with MTOI for the operation of its light rail system, the LRTA is bound with the legal implications of its contractual relationship. However, its original charter does not give LRTA the license to escape the consequences of the O&M Agreement termination and the resulting loss of petitioners' employment.

The majority failed to consider the nature of relationship between LRTA and MTOI in analyzing each organization's respective liabilities to the illegally dismissed employees. There was no discussion on the implications of the O&M Agreement that LRTA executed in its corporate capacity for the operation of its railway lines.

At the outset, it must be clarified that LRTA is not a GOCC. In *Light Rail Transit Authority v. Quezon City*,^[8] this Court clarified its nature as a government instrumentality with corporate powers conducting business for profit in the mass transport industry and enjoying operational immunity in the management of the light rail system.^[9]

A government instrumentality with corporate powers is a broader term, and not all those falling under this classification may be considered as a GOCC.^[10] Under the Administrative Code, a GOCC is defined as follows:

SEC. 2. General Terms Defined. —

(13) Government-owned or controlled corporation refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government directly or through its instrumentalities either wholly, or, where applicable as in the case of stock corporations, to the extent of at least fifty-one (51) percent of its capital stock: Provided, That government-owned or controlled corporations may further be categorized by the Department of Budget, the Civil Service Commission, and the Commission on Audit for the purpose of the exercise and discharge of their respective powers, functions and responsibilities with respect to such corporations.^[11]

In *Light Rail Transit Authority v. City of Pasay*,^[12] the Court En Banc extensively discussed that LRTA is a

government instrumentality with corporate powers, and not a GOCC:

A close scrutiny of the definition of "GOCC" in Section 2(13) will show that LRTA would not fall under such definition. LRTA is a government "instrumentality" that does not qualify as a "GOCC." As explained in the 2006 MIAA Case:

....

From the foregoing, it is apparent that the primary test in determining whether an entity is a GOCC is how it was organized. In other words, the 2006 MIAA Case provides that unless a government instrumentality was organized as a stock or non-stock corporation, then it must not be considered as a GOCC as defined in the Administrative Code.

A cursory perusal of the LRTA charter would reveal that it was not organized as a stock corporation because it has no capital stock divided into shares. In fact, the LRTA has no stockholders or voting shares. Article 6, Section 15 of Executive Order No. (EO) 603 or the LRTA Charter which created the LRTA, provides:

Sec. 15. Capitalization. — The Authority shall have an authorized capital of FIVE HUNDRED MILLION PESOS (P500,000,000.00) which shall be fully subscribed by the Republic of the Philippines and other government institutions, corporations, instrumentalities, and agencies, whether national or local, within the framework of their respective charters. The authorized capital shall be used for the purpose of financing the Authority's business transactions and shall be paid as follows:

(1)

The sum of TWO HUNDRED MILLION PESOS (P200,000,000.00) to be taken from the general fund in the National Treasury out of appropriations available for the purpose.

(2)

The balance of the authorized capital amounting to THREE HUNDRED MILLION PESOS (P300,000,000.00) shall be released from the National Treasury out of appropriations available for the purpose, or subscribed and paid by government institutions as may be authorized pursuant to this Section, with the approval of the President.

To reiterate, Section 3 of the Corporation Code defines a stock corporation as one whose "capital stock is divided into shares and x x x authorized to distribute to the holders of such shares dividends x x x." From the above, it is clear that LRTA has capital but it is not divided into shares of stock. LRTA has no stockholders or voting shares. Hence, LRTA is not a stock corporation.

The LRTA is also not a non-stock corporation.

Section 88 of the Corporation Code provides that non-stock corporations are "organized for charitable, religious, educational, professional, cultural, fraternal, literary, scientific, social, civil service, or similar purposes, like trade, industry, agricultural and like chambers." LRTA was not organized for any of these purposes. LRTA, a public utility, was organized to be "primarily responsible for the construction, operation, maintenance, and/or lease of light rail transit systems in the Philippines, giving due regard to the reasonable requirements of the public transportation system of the country" for public use.

Moreover, the same LRTA charter would reveal that the LRTA has no members. Section 87 of the Corporation

Code defines a non-stock corporation as "one where no part of its income is distributable as dividends to its members, trustees or officers." This implies that a non-stock corporation must have members, which the LRTA does not have.

Since the LRTA is neither a stock nor a non-stock corporation, LRTA does not qualify as a GOCC. As pointed out by J. Dimaampao, under the doctrine laid down in the 2006 MIAA Case, this alone already qualifies LRTA as a government instrumentality, but if only to further refine this, the relevant provisions of the Administrative Code must be read in conjunction with Section 3 (n) of the GOCC Governance Act of 2011 that was obviously enacted after the 2006 MIAA Case, and provides for a more specific definition of government instrumentalities, to wit:

(n) Government Instrumentalities with Corporate Powers (GICP)/Government Corporate Entities (GCE) refer to instrumentalities or agencies of the government, which are neither corporations nor agencies integrated within the departmental framework, but vested by law with special functions or jurisdiction, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy usually through a charter including, but not limited to, the following: the Manila International Airport Authority (MIAA), the Philippine Ports Authority (PPA), the Philippine Deposit Insurance Corporation (PDIC), the Metropolitan Waterworks and Sewerage System (MWSS), the Laguna Lake Development Authority (LLDA), the Philippine Fisheries Development Authority (PFDA), the Bases Conversion and Development Authority (BCDA), the Cebu Port Authority (CPA), the Cagayan de Oro Port Authority, the San Fernando Port Authority, the Local Water Utilities Administration (LWUA) and the Asian Productivity Organization (APO). (Emphasis supplied)

....

From the foregoing, the following elements in order to qualify as a government instrumentality with corporate powers (GICP) or government corporate entity (GCE) can be distilled, to wit:

(a)

agency of the government;

(b)

neither a corporation nor agency integrated within the departmental framework;

(c)

vested by law with special functions or jurisdiction;

(d)

endowed with some if not all corporate powers;

(e)

administering special funds; and

(f)

enjoying operational autonomy usually through a charter.

As applied in this case, LRTA still clearly qualifies as a GICP/GCE under the definition provided in Section 3 (n) of the GOCC Governance Act of 2011.

LRTA is an agency of the government

An agency of the government refers to "any of the various units of the Government, including a department, bureau, office, instrumentality, or government-owned or controlled corporation, or a local government or a distinct unit therein." There is no dispute that LRTA is a unit of the government. It performs public service, it is attached to the Department of Transportation (DOTr), and its authorized capital is fully subscribed by the Republic of the Philippines.

LRTA is neither a corporation nor is it integrated within the departmental framework

As previously explained, LRTA is not a GOCC precisely because it is neither a stock nor non-stock corporation. LRTA is also not integrated within the departmental framework despite being attached to the DOTr, as will be discussed in detail later.

LRTA is vested with special functions

LRTA is given the primary responsibility for the "construction, operation, maintenance, and/or lease of light rail transit systems in the Philippines, giving due regard to the reasonable requirements of the public transportation system of the country."

LRTA is endowed with corporate powers

LRTA was specifically created as a "corporate body" that is capable, among others, to prescribe and modify its own by-laws, to sue and be sued, and to contract any obligation.

LRTA administers special funds

LRTA is capitalized by up to P3,000,000,000.00, and is tasked to manage its own revenues to meet its expenditures, to contract domestic and foreign loans to carry out its operations, and to establish a sinking fund to redeem bonds it issues.

LRTA enjoys operational autonomy through its charter

As held in the 2019 LRTA Case, LRTA exists by virtue of a charter and its powers and functions are vested in and exercised by its Board of Directors independent of outside interference.

Undoubtedly, in light of the ruling in 2006 M1AA Case and the statutory definition under the GOCC Governance Act of 2011, We conclude that LRTA is a government instrumentality vested with corporate powers to perform efficiently its governmental functions. LRTA is like any other government instrumentality, the only difference is that LRTA is vested with corporate powers.

LRTA is merely an attached agency to the DOTr.

The City posits a theory that LRTA cannot be a government instrumentality since the latter is allegedly integrated within the department framework, and is thus inconsistent with the definition of a government instrumentality in the Administrative Code, to wit:

Obviously, for a government agency to be considered as an instrumentality, it must not be integrated within a department framework, meaning it must not be included, incorporated or attached to any department under the executive branch of the government. As it specifically provided in its charter, LRTA is attached to the Ministry

of Transportation and Communication (now Department of Transportation and Communication, DOTC, for brevity). This is likewise affirmed in Executive Order No. 210 dated 7 July 1987 amending E.O. 603 to conform with the reorganization of the DOTC to which the LRTA is attached.

Section 2 (10) of the Introductory Provisions of the Administrative Code defines a government instrumentality as:

(10) Instrumentality refers to any agency of the National Government, not integrated within the department framework vested with special functions or jurisdiction by law, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy, usually through a charter. This term includes regulatory agencies, chartered institutions and government-owned or controlled corporations.

The City's myopic interpretation of the above provision holds no water and is actually contradictory to its own position that LRTA is a GOCC. In line with Our pronouncements in the 2006 MIAA Case, We must stress that the term government instrumentality is a broader and more general term than GOCC, and hence should be interpreted in such light. A government instrumentality may or may not be a GOCC, but a GOCC is a government instrumentality by definition. By claiming that LRTA is a GOCC, the City is already admitting that the LRTA is a government instrumentality so there is no sense in claiming otherwise. The only issue at this juncture is whether or not the LRTA, a government instrumentality, falls under the definition of a GOCC.

If only to emphasize the absurdity of interpreting Section 2(10) of the Introductory Provisions of the Administrative Code to mean that attached agencies are "integrated within the department framework," should this Court hypothetically apply respondent's theory, then all the attached agencies to the DOTr can no longer be considered as government instrumentalities, including the MIAA, MCIAA, Philippine National Railways (PNR), Philippine Ports Authority (PPA), etc.

For reference, it must be noted that We have already ruled several attached agencies, including the MIAA and MCIAA (both are agencies attached to the DOTr), to be government instrumentalities.

....

Given the forgoing, the City's arguments are utterly unmeritorious for having no legal basis as jurisprudence would clearly show that being an attached agency to a Department does not equate to being "integrated within the departmental framework." [13] (Emphasis in the original, citations omitted)

Relevant is the 1941 case of *Manila Hotel Employees Association v. Manila Hotel Company*, [14] where the Court upheld the jurisdiction of the Court of Industrial Relations, now the National Labor Relations Commission, over the labor complaint filed by the employees of the Manila Hotel, a subsidiary of Manila Railroad Company, which was then a GOCC:

There is nothing in the law that could be construed to exclude the employees and laborers of government-owned corporations from the benefit and protection thereof or to exempt such corporations from the operation of that law. On the other hand, it is well settled that when the government enters into commercial business, it abandons its sovereign capacity and is to be treated like any other corporation. By engaging in a particular business thru the instrumentality of a corporation, the government divests itself pro hac vice of its sovereign character, so as to render the corporation subject to the rules of law governing private corporations. When the state acts in its proprietary capacity, it is amenable to all the rules of law which bind private individuals. "There is not one law for the sovereign and another for the subject, but when the sovereign engages in business and the conduct of business enterprises, and contracts with individuals, whenever the contract in any form comes before the courts, the rights and obligation of the contracting parties must be adjusted upon the same principles as if both contracting parties were private persons. Both stand upon equality before the law, and the sovereign is merged in the dealer, contractor and suitor." [15] (Emphasis supplied, citations omitted)

This was reiterated in *Philippine National Bank v. Pabalan*,^[16] where the prevailing party was ordered to proceed against the funds of a government corporate entity through garnishment proceedings, without considering the public nature of these funds.^[17]

Here, in exercising its proprietary functions through the execution of the O&M Agreement with MTOI, LRTA abandoned its sovereign character. It subjected itself to the liabilities arising from such contractual relations, particularly its subcontracting of workers for the light rail system.

Article 97 of the Labor Code specifically includes "government and all its branches, subdivisions and instrumentalities, all government-owned or controlled corporations and institutions, as well as non-profit private institutions, or organizations" in its definition, where all relevant provisions of the Code apply. Articles 106 to 110 of the Labor Code, as amended, provide the regulations in jointly subcontracting work, where the principal acts as the indirect employer of the employees of the subcontractor:

Art. 106. Contractor or subcontractor. Whenever an employer enters into a contract with another person for the performance of the former's work, the employees of the contractor and of the latter's subcontractor, if any, shall be paid in accordance with the provisions of this Code.

In the event that the contractor or subcontractor fails to pay the wages of his employees in accordance with this Code, the employer shall be jointly and severally liable with his contractor or subcontractor to such employees to the extent of the work performed under the contract, in the same manner and extent that he is liable to employees directly employed by him.

The Secretary of Labor and Employment may, by appropriate regulations, restrict or prohibit the contracting-out of labor to protect the rights of workers established under this Code. In so prohibiting or restricting, he may make appropriate distinctions between labor-only contracting and job contracting as well as differentiations within these types of contracting and determine who among the parties involved shall be considered the employer for purposes of this Code, to prevent any violation or circumvention of any provision of this Code.

There is "labor-only" contracting where the person supplying workers to an employer does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer. In such cases, the person or intermediary shall be considered merely as an agent of the employer who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by him.

Art. 107. Indirect employer. The provisions of the immediately preceding article shall likewise apply to any person, partnership, association or corporation which, not being an employer, contracts with an independent contractor for the performance of any work, task, job or project.

Art. 108. Posting of bond. An employer or indirect employer may require the contractor or subcontractor to furnish a bond equal to the cost of labor under contract, on condition that the bond will answer for the wages due the employees should the contractor or subcontractor, as the case may be, fail to pay the same.

Art. 109. Solidary liability. The provisions of existing laws to the contrary notwithstanding, every employer or indirect employer shall be held responsible with his contractor or subcontractor for any violation of any provision of this Code. For purposes of determining the extent of their civil liability under this Chapter, they shall be considered as direct employers.

Art. 110. Worker preference in case of bankruptcy. In the event of bankruptcy or liquidation of an employer's business, his workers shall enjoy first preference as regards their wages and other monetary claims, any provisions of law to the contrary notwithstanding. Such unpaid wages and monetary claims shall be paid in full

before claims of the government and other creditors may be paid. (Emphasis supplied)

In *Rosewood Processing, Inc. v. NLRC*,^[18] the Court discussed the extent of liability of an indirect employer and the rationale of making its contractor solidarity liable:

The first two grounds are meritorious. Legally untenable, however, is the contention that petitioner is not liable for any wage differential for the reason that it paid the employees in accordance with the contract for security services which it had entered into with the security agency. Notwithstanding the service contract between the petitioner and the security agency, the former is still solidarily liable to the employees, who were not privy to said contract, pursuant to the aforecited provisions of the Code. Labor standard legislations are enacted to alleviate the plight of workers whose wages barely meet the spiraling costs of their basic needs. They are considered written in every contract, and stipulations in violation thereof are considered not written. Similarly, legislated wage increases are deemed amendments to the contract. Thus, employers cannot hide behind their contracts in order to evade their or their contractors' or subcontractors' liability for noncompliance with the statutory minimum wage.

The joint and several liability of the employer or principal was enacted to ensure compliance with the provisions of the Code, principally those on statutory minimum wage. The contractor or subcontractor is made liable by virtue of his or her status as a direct employer, and the principal as the indirect employer of the contractor's employees. This liability facilitates, if not guarantees, payment of the workers' compensation, thus, giving the workers ample protection as mandated by the 1987 Constitution. This is not unduly burdensome to the employer. Should the indirect employer be constrained to pay the workers, it can recover whatever amount it had paid in accordance with the terms of the service contract between itself and the contractor.

Withal, fairness likewise dictates that the petitioner should not, however, be held liable for wage differentials incurred while the complainants were assigned to other companies. Under these cited provisions of the Labor Code, should the contractor fail to pay the wages of its employees in accordance with law, the indirect employer (the petitioner in this case), is jointly and severally liable with the contractor, but such responsibility should be understood to be limited to the extent of the work performed under the contract, in the same manner and extent that he is liable to the employees directly employed by him. This liability of petitioner covers the payment of the workers' performance of any work, task, job or project. So long as the work, task, job or project has been performed for petitioner's benefit or on its behalf, the liability accrues for such period even if, later on, the employees are eventually transferred or reassigned elsewhere.

We repeat: The indirect employer's liability to the contractor's employees extends only to the period during which they were working for the petitioner, and the fact that they were reassigned to another principal necessarily ends such responsibility. The principal is made liable to his indirect employees, because it can protect itself from irresponsible contractors by withholding such sums and paying them directly to the employees or by requiring a bond from the contractor or subcontractor for this purpose.

Similarly, the solidary liability for payment of back wages and separation pay is limited, under Article 106, "to the extent of the work performed under the contract"; under Article 107, to "the performance of any work, task, job or project"; and under Article 109, to "the extent of their civil liability under this Chapter [on payment of wages]."

These provisions cannot apply to petitioner, considering that the complainants were no longer working for or assigned to it when they were illegally dismissed. Furthermore, an order to pay back wages and separation pay is invested with a punitive character, such that an indirect employer should not be made liable without a finding that it had committed or conspired in the illegal dismissal.

The liability arising from an illegal dismissal is unlike an order to pay the statutory minimum wage, because the workers' right to such wage is derived from law. The proposition that payment of back wages and

separation pay should be covered by Article 109, which holds an indirect employer solidarily responsible with his contractor or subcontractor for "any violation of any provision of this Code," would have been tenable if there were proof — there was none in this case — that the principal/employer had conspired with the contractor in the acts giving rise to the illegal dismissal.[19] (Emphasis supplied, citations omitted)

In *Government Service Insurance System v. National Labor Relations Commission*,[20] the Court held that an original charter does not absolve a GOCC of liabilities as an indirect employer contracting with a private corporation for services rendered to the government. Thus, the Government Service Insurance System was held liable to pay wage differentials, 13[th] month pay, and unpaid wages of the security guards hired by its security agency:

The fact that there is no actual and direct employer-employee relationship between petitioner and respondents does not absolve the former from liability for the latter's monetary claims. When petitioner contracted DNL Security's services, petitioner became an indirect employer of respondents, pursuant to Article 107 of the Labor Code, which reads:

ART. 107. Indirect employer. — The provisions of the immediately preceding Article shall likewise apply to any person, partnership, association or corporation which, not being an employer, contracts with an independent contractor for the performance of any work, task, job or project.

After DNL Security failed to pay respondents the correct wages and other monetary benefits, petitioner, as principal, became jointly and severally liable, as provided in Articles 106 and 109 of the Labor Code, which state:

....

This statutory scheme is designed to give the workers ample protection, consonant with labor and social justice provisions of the 1987 Constitution.[21]

There is no dispute that petitioners are private employees of MTOI who lost their employment due to LRTA's unilateral cancellation of the O&M Agreement. Contrary to the pronouncement of *Venus*, LRTA's original charter does not shield it from the scope of Labor Code provisions. In choosing to subcontract the operations of the railways to MTOI, a private corporation, LRTA bound itself to the consequences of entering in a labor supply agreement. Thus, it became the indirect employer of petitioners by operation of Article 107 of the Labor Code.

LRTA's liability as indirect employer of petitioner was correctly recognized and upheld in *Light Rail Transit Authority v. Mendoza*. [22] In that case, the Court recognized the effects of conducting its business through MTOI, a private corporation. In addition, LRTA obligated itself to fund the full payment of separation pay of MTOI's employees:

First, LRTA obligated, itself to fund METRO's retirement fund to answer for the retirement or severance/resignation of METRO employees as part of METRO's "operating expenses." Under Article 4.05.1 of the O & M agreement between LRTA and Metro, "The Authority shall reimburse METRO for . . . "OPERATING EXPENSES" In the letter to LRTA dated July 12, 2001, the Acting Chairman of the METRO Board of Directors at the time, Wilfredo Trinidad, reminded LRTA that funding provisions for the retirement fund have always been considered operating expenses of Metro. The coverage of Operating expenses to include provisions for the retirement fund has never been denied by LRTA.

In the same letter, Trinidad stressed that as a consequence of the nonrenewal of the O & M agreement by LRTA, METRO was compelled to close its business operations effective September 30, 2000. This created, Trinidad added, a legal obligation to pay the qualified employees separation benefits under existing company policy and collective bargaining agreements. The METRO Board of Directors approved the payment of 50% of the employees' separation pay because that was only what the Employees' Retirement Fund could

accommodate.

The evidence supports Trinidad's position. We refer principally to Resolution No. 00-44 38 issued by the LRTA Board of Directors on July 28, 2000, in anticipation of and in preparation for the expiration of the O & M agreement with METRO on July 31, 2000.

Specifically, the LRTA anticipated and prepared for the (1) non--renewal (at its own behest) of the agreement, (2) the eventual cessation of METRO operations, and (3) the involuntary loss of jobs of the METRO employees; thus, (1) the extension of a two-month bridging fund for METRO from August 1, 2000, to coincide with the agreement's expiration on July 31, 2000; (2) METRO's cessation of operations — it closed on September 30, 2000, the last day of the bridging fund — and most significantly to the employees adversely affected; (3) the updating of the "Metro, Inc., Employee Retirement Fund with the Bureau of Treasury to ensure that the fund fully covers all retirement benefits payable to the employees of Metro, Inc."

The clear language of Resolution No. 00-44, to our mind, established the LRTA's obligation for the 50% unpaid balance of the respondents' separation pay. Without doubt, it bound itself to provide the necessary funding to METRO's Employee Retirement Fund to fully compensate the employees who had been involuntary retired by the cessation of operations of METRO. This is not at all surprising considering that METRO was a wholly owned subsidiary of the LRTA.[23] (Emphasis supplied)

Aside from LRTA's voluntary recognition of its contractual duty to pay the separation pay of MTOI's employees in full, the majority failed to acknowledge the express ruling in *Mendoza* that even if LRTA did not obligate itself, it will still be liable by virtue of its O&M Agreement as an indirect employer of MTOI's employees:

Second. Even on the assumption that the LRTA did not obligate itself to fully cover the separation benefits of the respondents and others similarly situated, it still cannot avoid liability for the respondents' claim. It is solidarily liable as an indirect employer under the law for the respondents' separation pay. This liability arises from the O & M agreement it had with METRO, which created a principal-job contractor relationship between them, an arrangement it admitted when it argued before the CA that METRO was an independent job contractor [40] who, it insinuated, should be solely responsible for the respondents' claim.

Under Article 107 of the Labor Code, an indirect employer is "any person, partnership, association or corporation which, not being an employer, contracts with an independent contractor for the performance of any work, task, job or project."

On the other hand, Article 109 on solidary liability, mandates that . . . "every employer or indirect employer shall be held responsible with his contractor or subcontractor for any violation of any provisions of this Code. For purposes of determining the extent of their civil liability under this Chapter, they shall be considered as direct employers."

Department Order No. 18-02, s. 2002, the rules implementing Articles 106 to 109 of the Labor Code, provides in its Section 19 that "the principal shall also be solidarily liable in case the contract between the principal is preterminated for reasons not attributable to the contractor or subcontractor."

Although the cessation of METRO'S operations was due to a nonrenewal of the O & M agreement and not a pretermination of the contract, the cause of the nonrenewal and the effect on the employees are the same as in the contract pretermination contemplated in the rules. The agreement was not renewed through no fault of METRO, as it was solely at the behest of LRTA. The fact is, under the circumstances, METRO really had no choice on the matter, considering that it was a mere subsidiary of LRTA.

Nevertheless, whether it is a pretermination or a nonrenewal of the contract, the same adverse effect befalls the workers affected, like the respondents in this case — the involuntary loss of their employment, one of the contingencies addressed and sought to be rectified by the rules.[24] (Emphasis supplied)

While the existence of an employer-employee relationship was not an issue in Mendoza, the Court recognized that it is possible to separate this issue from the liability of an indirect employer, who may be held liable despite its character as a government instrumentality.

There is no dispute that petitioners are employees of MTOI. Furthermore, as the parent company that exercised complete control and dominion over MTOI, it is understandable why petitioners impleaded LRTA in their complaint for illegal dismissal before the labor arbiter. As recognized in Mendoza, it was LRTA's act of letting the O&M Agreement lapse, resulting in the closure of MTOI and loss of employment of petitioners.

Petitioners' cause of action against LRTA originated from its O&M Agreement, which created an indirect employer-employee relationship by operation of law. Article 109 of the Labor Code, as amended provides the solidary liability of the direct and indirect employers for any violations of the Code,[25] including violations of the right to security of tenure and the right of employees to organize and collectively bargain.

Aside from illegal dismissal, petitioners' cause of action against LRTA is also anchored on alleged unfair labor practice. They contend that LRTA's closure of MTOI did not only defy the Department Secretary of Labor and Employment's return to work order, but also constituted an act of unfair labor practice of union busting to deprive them of their security of tenure through contractualization of LRTA's labor force.[26]

It is not disputed that petitioners and LRTA have no direct employer-employee relationship. Hence, they could not have filed the complaint against LRTA before the Civil Service Commission. Their complaint falls within the jurisdiction of the labor arbiter, who properly took cognizance over the same. The ultimate issue to be resolved in this case is whether LRTA can be made liable for illegal dismissal and unfair labor practices as petitioners' indirect employer. Considering the foregoing, the majority should have reviewed and reversed the doctrine in *Venus* and considered Mendoza as the relevant jurisprudence governing LRTA's liabilities over petitioners' claims.

II

There is significant basis to pierce the corporate veil of MTOI as a business conduit or alter ego of LRTA, its parent corporation.

In *Pantranco Employees Association v. NLRC*,[27] the Court discussed the instances when piercing the corporate veil is allowed, such as "where a corporation is merely a farce since it is a mere alter ego or business conduit of a person, or where the corporation is so organized and controlled and its affairs are so conducted as to make it merely an instrumentality, agency, conduit or adjunct of another corporation." [28] Citing *PNB v. Ritratto Group Inc.*,[29] the Court outlined circumstances indicating when a subsidiary is an instrumentality of a parent corporation:

1. The parent corporation owns all or most of the capital stock of the subsidiary;
2. The parent and subsidiary corporations have common directors or officers;
3. The parent corporation finances the subsidiary;
4. The parent corporation subscribes to all the capital stock of the subsidiary or otherwise causes its incorporation;
5. The subsidiary has grossly inadequate capital;
6. The parent corporation pays the salaries and other expenses or losses of the subsidiary;
7. The subsidiary has substantially no business except with the parent corporation or no assets except those

conveyed to or by the parent corporation;

8. In the papers of the parent corporation or in the statements of its officers, the subsidiary is described as a department or division of the parent corporation, or its business or financial responsibility is referred to as the parent corporation's own;

9. The parent corporation uses the property of the subsidiary as its own;

10. The directors or executives of the subsidiary do not act independently in the interest of the subsidiary, but take their orders from the parent corporation;

11. The formal legal requirements of the subsidiary are not observed.[30]

All the circumstances are present here. LRTA obtained full control of MTOI in 1989 when it acquired MTOI and maintained 99.99% ownership of its subscribed shares.[31] In Mendoza, it was established that in carrying out the O&M Agreement, LRTA exercised significant, if not total control of the finances of MTOI. Aside from a revolving fund of PHP 5,000,000.00 which was annually paid to MTOI, LRTA reimburses operating expenses which included all salaries and benefits of its rank-and-file employees, managers, and top management. It also approved collective bargaining agreements between MTOI with its labor unions.

Control over the affairs of MTOI continued after LRTA unilaterally decided not to renew the O&M Agreement. LRTA considered the financial liabilities of MTOI as its own by responsibility through the following acts as culled from Mendoza:

The evidence supports Trinidad's position. We refer principally to Resolution No. 00-44 issued by the LRTA Board of Directors on July 28, 2000, in anticipation of and in preparation for the expiration of the O & M agreement with [MTOI] on July 31, 2000.

Specifically, the LRTA anticipated and prepared for the (1) non--renewal (at its own behest) of the agreement, (2) the eventual cessation of [MTOI] operations, and (3) the involuntary loss of jobs of the [MTOI] employees; thus, (1) the extension of a two-month bridging fund for METRO from August 1, 2000, to coincide with the agreement's expiration on July 31, 2000; (2) [MTOI]'s cessation of operations—it closed on September 30, 2000, the last day of the bridging fund—and most significantly to the employees adversely affected; (3) the updating of the "Metro, Inc., Employee Retirement Fund with the Bureau of Treasury to ensure that the fund fully covers all retirement benefits payable to the employees of Metro, Inc."

The clear language of Resolution No. 00-44, to our mind, established the LRTA's obligation for the 50% unpaid balance of the respondents' separation pay. Without doubt, it bound itself to provide the necessary funding to [MTOI]'s Employee Retirement Fund to fully compensate the employees who had been involuntarily retired by the cessation of operations of [MTOI]. This is not at all surprising considering that [MTOI] was a wholly owned subsidiary of the LRTA.[32]

An examination of the records also shows that LRTA included the separation pay of MTOI employees amounting to PLIP 271,848,000.00 in its 2002 Corporate Operating Budget from the Department of Budget and Management.[33] In its Comment to the present Petition, the LRTA relies on a 2009 Resolution,[34] which brushed aside the inclusion of petitioners' separation pay as a "non-legal sentiment." [35] However, this is a material circumstance in showing that MTOI was a mere instrumentality of LRTA as the latter took financial responsibility over the former's liabilities.[36]

It also does not appear that MTOI has sufficient capital and properties to pay for its liabilities to petitioners. In 2007, LRTA filed a petition for dissolution of MTOI, where it admitted that the latter has no assets and properties except for "old and unserviceable equipment and furniture." [37] Hence, to post a bond to perfect its appeal in

Metro Transit Organization, Inc. v. PIGLAS NFWU-KMU,[38] MTOI had to secure an LRTA board resolution authorizing the use of its property as guarantee for the judgment. However, MTOI failed to comply, which eventually led to the dismissal of its appeal:

As borne by the records, petitioners filed a property bond which was conditionally accepted by the NLRC subject to the following conditions specified in its 24 February 2006 Order:

The conditional acceptance of petitioner's property bond was subject to the submission of the following: 1) Certified copy of Board Resolution or a Certificate from the Corporate Secretary of Light Rail Transit Authority stating that the Corporation President is authorized by a Board Resolution to submit title as guarantee of judgment award; 2) Certified Copy of the Titles issued by the Registry of Deeds of Pasay City; 3) Certified Copy of the current tax declarations of Titles; 4) Tax clearance from the City Treasurer of Pasay City; 5) Appraisal report of an accredited appraisal company attesting to the fair market value of property within ten (10) days from receipt of this Order. Failure to comply therewith will result in the dismissal of the appeal for non-perfection thereof.

In the same Order, the NLRC warned that failure of the petitioners to comply with the conditions would result in the dismissal of the appeal for non-perfection thereof. Petitioners were directed to comply with its given conditions within 10 days from receipt of the Order with a caveat that their failure will result in the dismissal of the appeal. Subsequently, in its 19 May 2006 Resolution, the NLRC finally made a factual finding that petitioners failed to comply with the conditions attached to their posting of the property bond. Thus, the NLRC dismissed petitioners' appeal for non-perfection thereof.

Essentially, the failure of petitioners to comply with the conditions for the posting of the property bond is tantamount to a failure to post the bond as required by law. What is even more salient is the fact that the NLRC had stressed that petitioners had, for more than a month from receipt of its 24 February 2006 Order, to comply with the conditions set forth therein for the posting of the property bond. It cannot be gainsaid that the NLRC had given petitioners a period of 10 days from receipt of the Order with a warning that non-compliance would result in the dismissal of their appeal for failure to perfect the same. Petitioners therefore disregarded the rudiments of the law in the perfection of their appeal. We are without recourse but to take petitioners' failure against their interest.[39]

The totality of these circumstances shows the complete dominance of LRTA over MTOI's affairs. There is also no indication that MTOI had any other businesses aside from the O&M Agreement.

In *Maricalum Mining Corporation v. Florentino*,[40] the requirements of piercing the corporate veil were discussed in detail:

In the case at bench, complainants mainly harp their cause on the alter ego theory. Under this theory, piercing the veil of corporate fiction may be allowed only if the following elements concur:

- 1) Control — not mere stock control, but complete domination not only of finances, but of policy and business practice in respect to the transaction attacked, must have been such that the corporate entity as to this transaction had at the time no separate mind, will or existence of its own;
- 2) Such control must have been used by the defendant to commit a fraud or a wrong, to perpetuate the violation of a statutory or other positive legal duty, or a dishonest and an unjust act in contravention of plaintiffs legal right; and
- 3) The said control and breach of duty must have proximately caused the injury or unjust loss complained of. The elements of the alter ego theory were discussed in *Philippine National Bank v. Hydro Resources Contractors Corporation*, to wit:

The first prong is the "instrumentality" or "control" test. This test requires that the subsidiary be completely

under the control and domination of the parent. It examines the parent corporation's relationship with the subsidiary. It inquires whether a subsidiary corporation is so organized and controlled and its affairs are so conducted as to make it a mere instrumentality or agent of the parent corporation such that its separate existence as a distinct corporate entity will be ignored. It seeks to establish whether the subsidiary corporation has no autonomy and the parent corporation, though acting through the subsidiary in form and appearance, "is operating the business directly for itself."

The second prong is the "fraud" test. This test requires that the parent corporation's conduct in using the subsidiary corporation be unjust, fraudulent or wrongful. It examines the relationship of the plaintiff to the corporation. It recognizes that piercing is appropriate only if the parent corporation uses the subsidiary in a way that harms the plaintiff creditor. As such, it requires a showing of "an element of injustice or fundamental unfairness."

The third prong is the "harm" test. This test requires the plaintiff to show that the defendant's control, exerted in a fraudulent, illegal or otherwise unfair manner toward it, caused the harm suffered. A causal connection between the fraudulent conduct committed through the instrumentality of the subsidiary and the injury suffered or the damage incurred by the plaintiff should be established. The plaintiff must prove that, unless the corporate veil is pierced, it will have been treated unjustly by the defendant's exercise of control and improper use of the corporate form and, thereby, suffer damages.

To summarize, piercing the corporate veil based on the alter ego theory requires the concurrence of three elements: control of the corporation by the stockholder or parent corporation, fraud or fundamental unfairness imposed on the plaintiff, and harm or damage caused to the plaintiff by the fraudulent or unfair act of the corporation. The absence of any of these elements prevents piercing the corporate veil. . . .

Again, all these three elements must concur before the corporate veil may be pierced under the alter ego theory. Keeping in mind the parameters, guidelines and indicators for proper piercing of the corporate veil, the Court now proceeds to determine whether Maricalum Mining's corporate veil may be pierced in order to allow complainants to enforce their monetary awards against G Holdings.[41]

In the 2008 case filed against PIGLAS NFWU-KMU by MTOI,[42] LRTA no longer renewed the O&M Agreement due to the alleged refusal of the MTOI workers on strike to comply with the DOLE secretary's return to work order:

The striking PIGLAS members refused to accede to the Return to Work Order. Following their continued non-compliance, on 28 July 2000, the LRTA formally informed petitioner MTO that it had issued a Board Resolution which: (1) allowed the expiration after 31 July 2000 of LRTA's MOA with petitioner MTO; and (2) directed the LRTA to take over the operations and maintenance of the LRT Line. By virtue of said Resolution, petitioner MTO sent termination notices to its employees, including herein respondents.[43]

Ultimately, it was LRTA's unilateral action which led to the dismissal of petitioners. Hence, petitioners' causes of action for illegal dismissal and unfair labor practice are not solely against MTOI but also against LRTA. The suspect timing of LRTA's non-renewal of the O&M Agreement, its closure of MTOI and takeover of the latter's operations, which happened five days after the strike, inevitably show the intent to evade MTOI's liability for illegally dismissing petitioners. The labor arbiter found that LRTA violated the DOLE secretary's return to work order in closing MTOI, which led to petitioners' eventual dismissal and LRTA's contractualization of labor force after taking over MTOI's operations:

Moreover, in the instant case, it is necessary to disregard respondent's separate identities as it evidently appears that respondent [MTOI] acted as a mere alter ego or business conduit of respondent LRTA in defeating public convenience, and justify respondents' illegal and fraudulent means by which complainant union was busted resulting in complainants' termination from employment and the implementation of contractualization of labor

by respondents.

....

With the foregoing disquisition, this Office finds that respondents acted in cahoots with each other in terminating the management contract in order to evade their obligations to the employees including the complainants. Thus, this Office finds respondents Metro Transit Organization, Inc. and Light Rail Transit Authority guilty of illegal dismissal. Complainants are therefore entitled to the reliefs owing to an illegally dismissed employee under Article 279 of the Labor Code. But considering the length of time that has elapsed from the date complainants were separated from their employment, this Office is of the view that their reinstatement is no longer feasible and thus, instead of reinstatement, payment of complainant's separation pay equivalent to one month salary for every year of service with full back wages and other benefits in accordance with the provisions of the Labor Code, in the absence of a copy of the appropriate collective bargaining agreement between the parties, appears in order. Thus, complainants should be paid their back wages reckoned from August 1, 2000 up to the issuance of this decision as well as their separation pay, as computed by the Computation and Examination Unit of this Arbitration Branch, copies of said computations are hereto attached as Annexes "A" to "A-5" and made an integral part of this decision.[44]

In my view, the majority should have upheld the findings of the labor arbiter and refused LRTA from using the Labor Code's provision on original charter as a shield to evade its liabilities as petitioners' indirect employer. Moreover, there is a final and executory judgment of the labor arbiter that LRTA's closure and takeover of MTOI's operations was illegal as it violated the security of tenure of petitioners as regular employees. This ruling should no longer be relitigated as this attained finality on May 19, 2006[45] due to LRTA and MTOI's failure to perfect an appeal. Hence, there is no reason for the Commission on Audit to deny petitioners' money claims against LRTA, especially since MTOI has no sufficient assets to answer for the same.

Sadly, in dismissing the present Petition, the majority committed a disservice to petitioners, who have been vigilantly asserting their rights for almost two decades now. The Commission on Audit gravely abused its discretion in failing to recognize LRTA's payment of petitioners' monetary claims as a consequence of the latter's illegal dismissal.

ACCORDINGLY, I vote to GRANT the Petition and REVERSE the Commission on Audit's December 17, 2020 Decision No. 2020-556 and January 28, 2022 Resolution No. 2022-009 in COA C.P. Case No. 2018-0559.

[1] G.R. No. 182928, July 8, 2009 [Notice, Second Division].

[2] 520 Phil. 233 (2006) [Per J. Puno, Second Division].

[3] 786 Phil. 624 (2016) [Per Acting C.J. Carpio, Second Division].

[4] 801 Phil. 40 (2016) [Per J. Jardeleza, Third Division].

[5] *Light Rail Transit Authority v. Venus, Jr.*, 520 Phil 233, 247 (2006) [Per J. Puno, Second Division].

[6] *Id.*

[7] *Aledro-Ruña v. Lead Export and Agro-Development Corporation*, 836 Phil. 946, 961 (2018) [Per J. Gesmundo, Third Division].

[8] 864 Phil. 963 (2019) [Per J. Lazaro-Javier, Second Division].

[9] *Id.* at 981.

[10] *Light Rail Transit Authority v. City of Pasay*, G.R. No. 211299, June 28, 2022 [Per J. Hernando, En Banc].

[11] ADMINISTRATIVE CODE, Introductory Provisions, sec. 2(13).

[12] G.R No. 211299, June 28, 2022 [Per J. Hernando, En Banc].

[13] Id.

[14] 73 Phil. 374 (1941) [Per J. Ozaeta, En Banc].

[15] Id. at 388-389.

[16] 173 Phil. 25 (1978) [Per Acting C.J. Fernando, Second Division].

[17] Id. at 29.

[18] 352 Phil. 1013 (1998) [Per J. Panganiban, First Division].

[19] Id. at 1033-1035.

[20] 649 Phil. 538 (2010) [Per J. Nachura, Second Division].

[21] Id. at 548-549.

[22] 767 Phil. 458 (2015) [Per J. Brion, Second Division].

[23] Id. at 469-471.

[24] Id. at 471-472.

[25] LABOR CODE, art. 109 provides:

Article 109. Solidary liability. The provisions of existing laws to the contrary notwithstanding, every employer or indirect employer shall be held responsible with his contractor or subcontractor for any violation of any provision of this Code. For purposes of determining the extent of their civil liability under this Chapter, they shall be considered as direct employers.

[26] Rollo, p. 180.

[27] 600 Phil. 645 (2009) (Per J. Nachura, Third Division].

[28] Id. at 663.

[29] 414 Phil. 494 (2001) [Per J. Kapunan, First Division].

[30] Id. at 664-665.

[31] Rollo, p. 502.

[32] LRTA v. Mendoza, 767 Phil. 458, 470-471 (2015) [Per J. Brion, Second Division].

[33] Rollo, p. 508.

[34] PIGLAS NFWU-KMU v. LRTA, G.R. No. 182928, July 8, 2009 [Notice, Second Division].

[35] Rollo, pp. 964-965.

[36] PNB v. Ritratto Group, Inc., 414 Phil. 494 (2001) [Per. J. Kapunan, First Division].

[37] Rollo, p. 886.

[38] 574 Phil. 481 (2008) [Per J. Chico-Nazario, Third Division].

[39] Id. at 494-495.

[40] 836 Phil. 655 (2018) [Per J. Gesmundo, Third Division].

[41] Id. at 684-686.

[42] Metro Transit Organization, Inc. v. PIGLAS NFWU-KMU, 574 Phil. 481 (2008) [Per J. Chico-Nazario, Third Division].

[43] Id. at 487.

[44] Rollo, pp. 186-187.

[45] Id. at 193.

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