Republic of the Philippines
Supreme Court
Manila

EN BANC

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, 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.

G.R. No. 263060

Present:

GESMUNDO, *C.J.*,
LEONEN,
CAGUIOA,*
HERNANDO,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ, M.,
GAERLAN,
ROSARIO,
LOPEZ, J.,
DIMAAMPAO,
MARQUEZ,
KHO, JR., and
SINGH, *JJ.*

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* On official leave.

MANZANILLA, EDMUNDO B. QUEMADA, CRISPIN G. YAPCHIONGCO, TEOFILO RIZ L. MOCORRO, 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.

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

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. ABULENCEA,[**] RICARDO D. DALUSONG, DANA S. KINGKING, ELMER BOBADILLA, DELIA C. CUPCUPIN, MARLON E. SANTOS, ALLAN J. CORTEZ, JOENEL G. BALIGUAT, 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.

[**] 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*.

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., (dec.) rep. by wife, DINAH E. BALANGUE, RONALD G. REYES (dec.) rep. by wife EMELITA G. REYES, TERESITA M. VELASQUEZ (dec.) rep. by sister LOLITA V. BALANSAG, PAMPILO P. BALASBAS (dec.) rep. by daughter LILETH A. BALASBAS, ISIDRO T. CORTES (dec.) rep. by wife MARILOU M. CORTES, ARMANDO NODADO (dec.) rep. by GLICERIA V. NODADO, RICARDO PATRIARCA, JR.,

(dec.) rep. by wife JOSEPHINE G. PATRIARCA, ARNOLD DV. MENDOZA (dec.) rep. by wife CECILIA T. MENDOZA, VIRGILIO C. CRUZ (dec.) rep. by wife ALMIRA CRUZ, DANILO P. YU (dec.) rep. by wife ANGELINA G. YU, JESUS C. FAJARDO (dec.) rep. by wife RODELYN R. FAJARDO, TEOFANES G. TESIORNA (dec.) rep. by wife WILMA P. TESIORNA, GREGORIO P. SALVEDIA (dec.) rep. by wife VERONICA G. SALVEDIA, PETER C. DIA (dec.) rep. by daughter DIANA F. DIA, REYNALDO C. VERANO (dec.) rep. by wife MA. VICTORIA A. VERANO, ARIEL A. MAGNO (dec.) rep. by wife VICTORIA R. MAGNO, ALBERTO H. RAMOS (dec.) rep. by son ALBERTO Y. RAMOS, JR., ANTONIO V. LEGASPI (dec.) rep. by wife EMILY P. LEGASPI, AURELIO A. PAGTAKHAN (dec.) rep. by ANTONETTE C. PAGTAKHAN, EDMUNDO G. GONZALES (dec.) rep. by wife IMELDA N. GONZALES, RESTITUTO FELIPE (dec.) rep. by son JIMMY A. FELIPE, ARNULFO S. DE LARA (dec.) rep. 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,

Petitioners,

- versus -

COMMISSION ON AUDIT (COA), LIGHT RAIL TRANSIT AUTHORITY (LRTA) and METRO TRANSIT ORGANIZATION, INC. (MTOI),
Respondents.

Promulgated:

July 23, 2024

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DECISION

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. Mocorro, 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,

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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.

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. Baliguat, 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]

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4 *Id.* at 179.
5 *Id.* at 179.
6 *Id.* at 19.
7 *Id.* at 127.
8 *Id.* at 179–180.

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.:

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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.

> **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]

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[17] *Id.* at 187–188.
[18] *Id.* at 184.
[19] *Id.* at 185.
[20] *Id.* at 185–186.

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 Baking 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]

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[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.

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

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[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.

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

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[32] *Id.* at 203.
[33] *Id.* at 205–215.
[34] *Id.* at 214.
[35] *Id.*
[36] *Id.* at 21–215.
[37] *Id.* at 216.
[38] *Id.* at 217–229. Signed by Labor Arbiter Elias H. Salinas.
[39] *Id.* at 227.

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

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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.

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

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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.*

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]

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[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.*

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.

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[64] *Id.* at 134.
[65] *Id.*
[66] *Id.* at 135–165.
[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.

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:

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[73] *Id.* at 931–950.
[74] *Id.* at 936.
[75] *Id.* at 936–937.
[76] *Id.* at 937.
[77] *Id.* at 941.

1. 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

2. 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 solidarily 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-G.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

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

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:

1. Motion to Admit Attached Supplemental Motion for Reconsideration with Leave of Court dated February 8, 2009;[80]

2. Supplemental Motion for Reconsideration dated February 9, 2009;[81]

3. Motion for Clarification with Prayer to Set Case for Oral Argument dated March 30; 2009;[82] and

4. 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':

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79 *Rollo*, p. 408.
80 *Id.* at 415.
81 *Id.*
82 *Id.* at 416.
83 *Id.* at 586.
84 *Id.* at 404–417.

1. Motion to Admit Attached Supplemental Motion for Reconsideration with Leave of Court dated February 8, 2009;

2. Supplemental Motion for Reconsideration dated February 9, 2009; and

3. 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.

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[85] *Id.* at 415–416.

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:

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[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.

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.

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[87] *Id.* at 396–398.
[88] *Id.* at 412.

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.

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[89] *Philippine National Bank v. Daradar*, G.R. No. 180203, June 28, 2021 [Per J. Hernando, Third Division].
[90] *Rollo*, p. 414.

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 eventhough 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.K. 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]

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[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].

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**.

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[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*].

SO ORDERED.

RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

we dissent

MARVIC M.V.F. LEONEN
Associate Justice

(On official leave)
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

MARIO V. LOPEZ
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

RICARDO R. ROSARIO
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

JAPAR B. DIMAAMPAO
Associate Justice

JOSE MIDAS P. MARQUEZ
Associate Justice

ANTONIO T. KHO, JR.
Associate Justice

MARIA FILOMENA D. SINGH
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court.

ALEXANDER G. GESMUNDO
Chief Justice