

## FIRST DIVISION

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

**EMMANUEL S. HUGO, LOURENTE V. CRUZ, DIOSDADO S. DOLORES, RAMON B. DE LOS REYES, ORLANDO B. FLORES, ROGELIO R. MARTIN, JOSE ROBERTO A. PAMINTUAN, MELVIN R. GOMEZ, REYNALDO P. SOLISA, EMMANUEL A. PALADO, JR., ANSELMO V. TALAGTAG, JR., ANTHONY C. RONQUILLO, ARTHUR G. CONCEPCION, ORLANDO MALAYBA, LEANDRO C. PAGURAYAN III, MARVIN L. GABRIEL, FERNANDO V. DIAZ, ALFREDO CHAN, JUAN G. OBIAS, JR., EMIL P. BELCHEZ, RODELIO H. LASTIMA, AND AUGUSTO LAGOS, PETITIONERS, VS. LIGHT RAIL TRANSIT AUTHORITY, RESPONDENT.**

### DECISION

#### **CARPIO MORALES, J.:**

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

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

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

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

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

LRTA later purchased the shares of stocks of METRO via Deed of Sale of June 9, 1989. The two entities, however, continued with their distinct and separate juridical

personalities such that when the ten-year Agreement expired on June 8, 1994, they renewed the same.<sup>[4]</sup>

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

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

By LRTA's claim, the striking employees including petitioners defied the return-to-work order. Contradicting such claim, petitioners alleged that upon learning of the order, they attempted to comply with it but the security guards of METRO barred them from entering their workplace for security reasons, the latter being afraid that they (the striking employees) might sabotage the vital machineries and equipment of the light rail transit system.<sup>[5]</sup>

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

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

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

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

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

On appeal by petitioners, the NLRC, by Resolution<sup>[10]</sup> of July 31, 2003, reversed the Labor Arbiter's dismissal of petitioners' complaint and rendered a new one "declaring that the Labor Arbiter and this Commission can exercise jurisdiction over the person of Respondent LRTA," LRTA being considered an "indirect employer" on account of the Agreement; and that LRTA is a "necessary party" which ought to be joined as party for a complete determination of petitioners' claims that the non-renewal of the Agreement by LRTA and the cessation of business by METRO were carried out with