

BATANGAS TRANSPORTATION COMPANY, PETITIONER, VS. MANILA RAILROAD COMPANY AND PUBLIC SERVICE COMMISSION, RESPONDENTS.

G. R. No. 45323. March 30, 1937

Ponente: ABAD SANTOS, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-45323/>

ABAD SANTOS, J.:

This petition for a writ of certiorari puts in issue the right of the respondent Manila Railroad Company to establish a line of motor vehicles for the transportation of passengers between the City of Manila and the municipality of Batangas, Province of Batangas, via the municipalities of Noveleta and Mendez-Nunez, Province of Cavite, with branch lines from and to certain points which are not necessary to specify here.

Petitioner alleges that the establishment of such a line by the Manila Railroad Company would constitute an invasion of territory over which the petitioner has certificates of public convenience; would result in ruinous and unfair competition with the established transportation business of the petitioner; and would destroy and render valueless property and property rights of the petitioner to the amount of at least five hundred thousand pesos (P500,000), Philippine currency.

Petitioner challenges the right of the Manila Railroad Company to establish the line in question without first obtaining a certificate of public convenience from the Public Service Commission.

The Manila Railroad Company is a corporation organized and existing under the laws of the Philippines. It is controlled by the government which owns ninety-nine per centum of its subscribed and paid up capital stock. Among the purposes for which the corporation was formed, as stated in its articles of incorporation, are the following:

" (g) To transport for hire, passengers and mails, goods, wares, merchandise, animals, and all other property of every kind and nature whatsoever, to, from, and between the various cities, towns, ports and places in the Philippine

Islands and between any of said cities, towns, ports and places and any port or ports of the United States, its dependencies and possessions, or foreign countries.

" (h) To establish, acquire, own, maintain and operate express lines for the carrying of parcels and other articles, moneys and valuables; sleeping car and parlor car lines; tramways, stage lines, pipe lines, pneumatic tubes, and all other facilities that may be necessary or useful in the transportation of passengers and property to, from, and between the various cities, towns, ports and places in the Philippine Islands, and between any of said cities, towns, ports and places and any port or ports of the United States, its dependencies and possessions, or foreign countries."

The statute under which a corporation is organized and its articles of incorporation constitute its charter; and the charter, read in connection with the general laws applicable to it, is the measure of the powers of the corporation.

(Green Bay, etc., R. Co. vs. Union Steamboat Co., 107 U. S., 98, 100; 27 Law. ed., 413; Pittsburg, etc., R. Co. vs. Keokuk, etc., Bridge Co., 131 U. S., 371, 385; 33 Law. ed., 157; Central Transp. Co. vs. Pullman's Palace Car Co., 139 U. S., 24, 49; 35 Law. ed., 55.)

By its charter the Manila Railroad Company is not only authorized to transport passengers, but to establish, maintain and operate tramways, stage lines, and "all other facilities that may be necessary or useful in the transportation of passengers and property to, from, and between the various cities, towns, ports and places in the Philippine Islands." It seems too clear for argument that such grant of powers is broad enough to include the operation by the company of a line of motor vehicles for the transportation of passengers between the City of Manila and the municipality of Batangas, Province of Batangas, with such branch lines as the company may deem necessary to maintain.

Granted that the Manila Railroad Company is empowered by its charter, it remains to consider whether it can establish and operate the line under discussion without first obtaining a certificate of public convenience from the Public Service Commission. Upon this point Act No. 3376 is pertinent. This Act provides that the Public Service Commission shall not exercise "any control or supervision over the Manila Railroad Company so long as the same shall be controlled by the Government of the Philippine Islands, except with regard to its rates." The language of the statute is clear. It requires no construction to ascertain its meaning. There is no ambiguity. The Manila Railroad Company is subject to the control or supervision of the Public Service Commission only with regard to its rates. In all other respects it can exercise its powers under the charter free from any interference by the commission. We conclude that the Manila Railroad Company can establish and operate lines of motor vehicles for the transportation of passengers between the various cities, towns and places in the Philippines, without obtaining any certificate or certificates of public convenience from the Public Service Commission.

We find no merit in the contention that the conclusion thus reached will deny the petitioner the equal protection of the laws. (The constitutional requirement of the equal protection of the laws does not preclude the legislative department from resorting to classification for the purpose of legislation. (*Aero Mayflower T. Co. vs. Georgia Pub. Serv. Com.*, 295 U. S., 285; 79 Law. ed., 1439; *Colgate vs. Harvey*, 80 U. S. [Adv. Ops.], 225.) In the enactment of regulatory measures the legislature may, without offending such constitutional provision, make exceptions in pursuance of a policy designed to promote the public interest.

Counsel have discussed at length the scope of section 14 (c) of the Public Service Commission Act. The controversy is whether or not, under this provision of law, approval by the commission of the rates over a new line is necessary. While petitioner urges that it is, the Manila Railroad Company claims that it is not.

In *United States vs. Illinois C. R. Co.* (263 U. S., 515; 68 Law. ed., 417, 424), the Supreme Court of the United States declared that "a carrier is entitled to initiate rates, and, in this connection, to adopt such policy of rate making as to it seems wise." A careful analysis will show that section 14 (c) of the Public Service Commission Act does not refer to initial rates. Said section empowers the commission to fix just and reasonable individual rates, joint rates, tolls, charges or schedules thereof, whenever the commission shall determine any existing individual rate, joint rate, toll, charge, or schedule thereof, to be unjust, unreasonable, insufficient, or unjustly discriminatory or preferential. The power of the commission to act under the section must be predicated on its determination that the existing rates are unjust, unreasonable, insufficient, or unjustly discriminatory or preferential. There is no provision of law which requires approval by the Public Service Commission of the rates over a new line. It follows that in approving the rates proposed by the Manila Railroad Company over its new line between the City of Manila and the municipality of Batangas, the commission merely recognized the right of the carrier to initiate rates.

The petition for a writ of certiorari is denied, with costs against the petitioner. So ordered.

Avancena, C. J., Villa-Real, Imperial, Diaz, Laurel, and Concepcion, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.