

MANILA RAILROAD COMPANY, PETITIONER, VS. UNION DE MAQUINISTAS, POGONEROS Y MOTORMEN; UNION DE EMPLEADOS DE TRENES; STATION EMPLOYEES UNION MRR YARD CREW UNION; KAPISANANG LIBERA...

G. R. Nos. 18444-45. November 28, 1964

Ponente: MAKALINTAL, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-nos-18444-45/>

MAKALINTAL, J.:

This case is before us on petition for review of the order of respondent Court of Industrial Relations dated February 17, 1961 In two cases before it: Nos. 17-IPA (6), Union de Maquinistas, Pogoneros y Motormen vs. M.R.R., and 18-IPA (6), Union de Empleados de Trenes vs. M.R.R., the dispositive portion of which order is as follows:

"In view of all the foregoing, the Chief Examiner or any of his assistants is hereby directed to proceed to the premises of the respondent and compute the 5 percent, 10 percent and 15 percent salary reductions imposed on the members of the petitioner and intervenors corresponding to the period from January 1, 1951 to June 30, 1954, and to submit a report thereof to the Court for its further disposition in order that it may determine whether or not the finances of the company have improved to warrant the payment of the above monetary claims of the members of the petitioner and intervenors."

On January 9, 1951 the Board of Directors of the Petitioner, the Manila Railroad Company, passed resolution No. 437 providing for graduated reductions in the salaries of its employees, to wit: 5% with respect to salaries ranging from P121.00 to P160.00 per month; 10% respect to those ranging from P161.00 to P500.00; 15% with respect to those ranging from P501.00 to P833.33; and 20% with respect to salaries above P833.33. The resolution contained the following condition: "that the above economy measures be, and they hereby are, considered temporary and that the reduction of salaries be returned immediately as the finances of the Manila Railroad Company improve, beginning from the lower bracket up."

The resolution was made effective as of January 1, 1951. Subsequently, as the finances of the Company improved, the reductions were gradually set aside and the rates of salaries previously existing were restored, as follows: P150.00 per month and below, on November 16, 1957; P151 to P160, on March 1, 1952; P161 to P300, on May 1, 1952; P301 to P500, on May 1, 1952; and all others, on July, 1954. In other words on the date last mentioned all the salaries had been restored as they were prior to the passage of the resolution in question.

On April 30, 1960 herein respondents filed a petition, as an incident in two cases before the Court of Industrial Relations (No. 17-IPA and No. 18-IPA) asking for the refund of all the amounts deducted pursuant to said resolution until the respective dates of restoration as above stated. The Company moved to dismiss on the ground of lack of jurisdiction, alleging that the claim for refund was not among the unsettled demands of the employees when Case Nos. 17 and 18-IPA were certified by the President to the Court of Industrial Relations and therefore should not be treated as an incident therein but as a new and separate case. The motion was denied, and the

Company filed its answer wherein, after raising anew the question of jurisdiction, it challenged the right of herein respondents to the refund claimed.

The principal issue here, as in the Court below, revolves around the interpretation of Resolution No. 437, particularly that portion thereof which states that "the above economy measures are considered as temporary and that the reduction of salaries be returned immediately as the finances of the Company improves. . ." Petitioner contends that the reductions should merely be set aside and the former rates of salaries restored; respondents answer that the amounts themselves that had been deducted should be refunded.

We agree with respondent Court that the language of the resolution is not clear, that its literal sense can not be taken as guide and therefore resort must be had to contemporaneous circumstances in order to discover the intention of the parties. These circumstances, enumerated in the order appealed from, are as follows:

- "1. That the P30.00 monthly flat allowances of the train and engine crews corresponding to the period from December, 1949 to April, 1951, which were previously deducted, were already refund- ed to them;
2. That the respondent's general manager promised orally that said reductions were merely temporary and pledged to refund the same while campaigning among the employees;
3. That the respondent did not set up in its accounting books an accounts payable to cover said salary reduction although accounts payable were not also set up by the respondent to cover the P30.00 monthly flat allowances, unenjoyed rest days or franco, P15.00 monthly increases, P35.00 monthly increases of the motormen, 25 per cent nighttime differentials;
4. That the appointments of the employees subjected to said salary reductions were not altered to show said reductions;
5. That the finances of the respondent have improved as evidenced by the P3500 monthly increase of the motormen, P35.00 monthly general increase of all employees, payment of 25 per cent nighttime differentials, and payment of unenjoyed rest days;
6. That a literal interpretation of the pertinent provision of Resolution No. 437 would not resolve the issue; and,
7. That Article 1702 of the Civil Code provides, "in case of doubt, all labor legislations and all labor contracts shall be construed in favor of the safety and decent living of the laborer."

Of the circumstances above mentioned, the first two emphasizing. The P30.00 monthly allowances of the train and engine crews were not paid from December 1949 to April 1951 by virtue of another resolution (No. 226) of petitioner's Board of Directors, but were later on re- funded in accordance with an order of respondent Court issued on September 5, 1959, which states; "considering that the Company, since September 15, 1956, has been paying by installment its accrued obligations to the workers, the Court believes that it is now appropriate time to pay also the P30.00 flat allowances which were not paid prior to April 1, 1951." Respondent Court considered the refund of said allowances as in pari materia with the refund herein claimed, and petitioner has not indicated why the same procedure should not have been followed.

As to the second circumstance, respondent Court found as a fact that the General Manager of the Company, together with the Presidents of the different unions concerned, campaigned among the employees to get them to agree to a reduction in their salaries and that in the course of that campaign the General Manager pledged to refund the deductions as soon as the finances of the Company improved. In view of this, and of the fact that the resolution was drafted by the Company's Board of Directors, it must be construed in the light of that pledge and any doubt must be resolved in favor of the employees.

On the question of jurisdiction, petitioner maintains that the claim for refund should not be treated as an incident in the two cases (17 and 18-IPA) which had been certified by the President to respondent Court inasmuch as said claim was not one of the unsettled demands of the employees at the time of such certification on October 7, 1957, after the Union de Maquinistas, Fogoneros, y Motormen, and the Union de Empleados de Trenes, both respondents herein, went on strike on October 6, and 7, 1957. It appears, however, that one of the demands of the Union de Empleados de Trenes embodied in its letter dated February 19, 1957, precisely referred to the refund of the amounts deducted under resolution No. 437. And as stated by the lower court in its order denying the motion to dismiss filed by herein petitioner, the non-payment of said amounts was one of the motivating factors that led the petitioner below in Case No. 18-1PA (16), now respondent Union de Empleados de Trenes, to declare a strike. The conclusion of said court, therefore, that the claim for refund is necessarily connected with the main case and may be treated as an incident therein, is correct.

The order appealed from is affirmed, with costs.

Bautista Angelo, Concepcion, Reyes, J. B. L., Barrera, Parades, Dizon, Regala, Bengzon, J. P. and Zatdivar, 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.