

[G.R. No. L-5731. June 22, 1954]

**HERBERT BROWNELL, JR., AS ATTORNEY GENERAL OF THE UNITED STATES,
PETITIONER AND APPELLEE, VS. SUN LIFE ASSURANCE COMPANY OF CANADA,
RESPONDENT AND APPELLANT.**

D E C I S I O N

LABRADOR, J.:

This is a petition instituted in the Court of First Instance of Manila under the provisions of the Philippine Property Act of the United States against the Sun Life Assurance Company of Canada, to compel the latter to comply with the demand of the former to pay him the sum of P310.10, which represents one-half of the proceeds of an endowment policy (No. 757199) which matured on August 20, 1946, and which is payable to one Naogiro Aihara, a Japanese national. Under the policy Aihara and his wife, Filomena Gayapan, were insured jointly for the sum of P1,000, and upon its maturity the proceeds thereof were payable to said insured, share and share alike, or P310.10 each. The defenses set up in the court of origin are: (1) that the immunities provided in section 5(b) (2) of the Trading With the Enemy Act of the United States are of doubtful application in the Philippines, and have never been adopted by any law of the Philippines as applicable here or obligatory on the local courts; (2) that the defendant is a trustee of the fund and is under a legal obligation to see to it that it is paid to the person or persons entitled thereto, and unless the petitioner executes a suitable discharge and an adequate guaranty to indemnify and keep it free and harmless from any further liability under the policy, it may not be compelled to make the payment demanded. The Court of First Instance of Manila having approved and granted the petition, the respondent has appealed to this Court, contending that

the Court of origin erred in holding that the Trading With the Enemy Act of the United States is binding upon the inhabitants of this country, notwithstanding the attainment of complete independence on July 4, 1946, and in ordering the payment prayed for.

On July 3, 1946, the Congress of the United States passed Public Law 485-79th Congress, known as the Philippine Property Act of 1946. Section 3 thereof provides that "The Trading with the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, shall continue in force in the Philippines after July 4, 1946, * * *." To implement the provisions of the act, the President of the United States on July 3, 1946, promulgated Executive Order No. 9747, "continuing the functions of the Alien Property Custodian and the Department of the Treasury in the Philippines." Prior to and preparatory to the approval of said Philippine Property Act of 1946, an agreement was entered into between President Manuel Roxas of the Commonwealth and U. S. Commissioner Paul V. McNutt whereby title to enemy agricultural lands and other properties was to be conveyed by the United States to the Philippines in order to help the rehabilitation of the latter, but that in order to avoid complex legal problems in relation to said enemy properties, the Alien Property Custodian of the United States was to continue operations in the Philippines even after the latter's independence, that he may settle all claims that may exist or arise against the above-mentioned enemy properties, in accordance with the Trading With the Enemy Act of the United States. (Report of the Committee on Insular Affairs No. 2296 and Senate Report No. 1578 from the Committee on Territories and Insular Affairs, to accompany S. 2345, accompanying H. R. 6801, 79th Congress, 2nd Session.) This purpose of conveying enemy properties to the Philippines after all claims against them shall have been settled is expressly embodied in the Philippine Property Act of 1946.

SEC. 3. The Trading With the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, shall continue in force in the Philippines after July 4, 1946, and all powers and authority conferred upon the President of the United States or the Alien Property Custodian

by the terms of the said Trading With the Enemy Act, as amended, with respect to the Philippines, shall continue thereafter to be exercised by the President of the United States, or such officer or agency as he may designate: Provided, That all property vested in or transferred to the President of the United States, the Alien Property Custodian, or any such officer or agency as the President of the United States may designate under the Trading With the Enemy Act, as amended, which was located in the Philippines at the time of such vesting, or the proceeds thereof, and which shall remain after the satisfaction of any claim payable under the Trading With the Enemy Act, as amended, and after the payment of such costs and expenses of administration as may by law be charged against such property or proceeds, shall be transferred by the President of the United States to the Republic of the Philippines: Provided further, That such property, or proceeds thereof, may be transferred by the President of the United States to the Republic of the Philippines upon indemnification acceptable to the President of the United States by the Republic of the Philippines for such claims, costs, and expenses of administration as may by law be charged against such property or proceeds thereof before final adjudication of such claims, costs and expenses of administration. Provided further, That the courts of first instance of the Republic of the Philippines are hereby given jurisdiction to make and enter all such rules as to notice or otherwise, and all such orders and decrees and to issue such process as may be necessary and proper in the premises to enforce any orders, rules, and regulations issued by the President of the United States, the Alien Property Custodian, or such officer or agency designated by the President of the United States pursuant to the Trading With the Enemy Act, as amended, with such right of appeal therefrom as may be provided by law: And provided further, That any suit authorized under the Trading With the Enemy Act, as amended, with respect to property vested in or transferred to the President of the United States, the Alien Property Custodian, or any officer or agency designated by the President of the United States hereunder, which at the time of such vesting or transfer was located with the Philippines, shall after July 4, 1946, be brought, in the appropriate court of first instance of the Republic of the Philippines, against the officer or agency hereunder

designated by the President of the United States with right of appeal therefrom as may be provided by law. In any litigation authorized under this section, the officer or administrative head of the agency designated hereunder may appear personally, or through attorneys appointed by him, without regard to the requirements of law other than this section.

And when the proclamation of the independence of the Philippines by President Truman was made, said independence was granted "in accordance with and subject to the reservations provided in the applicable statutes of the United States." The enforcement of the Trading With the Enemy Act of the United States was contemplated to be made applicable after independence, within the meaning of the reservations.

On the part of the Philippines, conformity to the enactment of the Philippine Property Act of 1946 of the United States was announced by President Manuel Roxas in a joint statement signed by him and by Commissioner McNutt. Ambassador Romulo also formally expressed the conformity of the Philippine Government to the approval of said act to the American Senate prior to its approval. And after the grant of independence, the Congress of the Philippines approved Republic Act No. 8, entitled

AN ACT TO AUTHORIZE THE PRESIDENT OF
THE PHILIPPINES TO ENTER INTO SUCH CONTRACT OR UNDERTAKINGS AS
MAY BE
NECESSARY TO EFFECTUATE THE TRANSFER TO THE REPUBLIC OF THE
PHILIPPINES
UNDER THE PHILIPPINE PROPERTY ACT OF NINETEEN HUNDRED AND
FORTY-SIX OF
ANY PROPERTY OR PROPERTY RIGHTS OR THE PROCEEDS THEREOF
AUTHORIZED TO
BE TRANSFERRED UNDER SAID ACT; PROVIDING FOR THE
ADMINISTRATION AND
DISPOSITION OF SUCH PROPERTIES ONCE RECEIVED; AND APPROPRIATING

THE
NECESSARY FUND THEREFOR.

The Congress of the Philippines also approved Republic Act No. 7, which established a Foreign Funds Control Office. After the approval of the Philippine Property Act of 1946 of the United States, the Philippine Government also formally expressed, through the Secretary of Foreign Affairs, conformity thereto. (See letters of Secretary dated August 22, 1946, and June 3, 1947.) The Congress of the Philippines has also approved Republic Act No. 477, which provides for the administration and disposition of properties which have been or may hereafter be transferred to the Republic of the Philippines in accordance with the Philippine Property Act of 1946 of the United States.

It is evident, therefore, that the consent of the Philippine Government to the application of the Philippine Property Act of 1946 to the Philippines after independence was given, not only by the Executive Department of the Philippine Government, but also by the Congress, which enacted the laws that would implement or carry out the benefits accruing from the operation of the United States law. The respondent-appellant, however, contends that the operation of the law after independence could not have actually taken, or may not take place, because both Republic Act No. 8 and Republic Act No. 477 do not contain any specific provision whereby the Philippine Property Act of 1946 or its provisions is made applicable to the Philippines. It is also contended that in the absence of such express provision in any of the laws passed by the Philippine Congress, said Philippine Property Act of 1946 does not form part of our laws and is not binding upon the courts and inhabitants of the country.

There is no question that a foreign law may have extraterritorial effect in a country other than the country of origin, provided the latter, in which it is sought to be made operative, gives its consent thereto. This principle is supported by unquestioned authority.

The jurisdiction of the nation within its territory is necessarily exclusive and absolute. It is susceptible of no limitation not imposed by itself. Any restriction upon it, deriving validity from an external source, would imply a diminution of its sovereignty to the extent of the restriction, and an investment of that sovereignty to the same extent in that power which would impose such restriction. All exceptions, therefore, to the full and complete power of a nation within its own territories, must be traced up to the consent of the nation itself. They can flow from no other legitimate source. This consent may be either express or implied. (Philippine Political Law by Sinco, pp. 27-28, citing Chief Justice Marshall's statement in the Exchange, 7 Branch 116)

In the course of his dissenting opinion in the case of *S. S. Lotus*, decided by the Permanent Court of International Justice, John Bassett Moore said:

1. It is an admitted principle of International Law that a nation possesses and exercises within its own territory an absolute and exclusive jurisdiction, and that any exception to this right must be traced to the consent of the nation, either express or implied (*Schooner Exchange vs. McFadden* [1812], 7 Cranch 116, 136). The benefit of this principle equally ensures to all independent and sovereign States, and is attended with a corresponding responsibility for what takes place within the national territory. (Digest of International Law, by Backworth, Vol. II, pp. 1-2)

The above principle is not denied by respondent-appellant. But its argument on this appeal is that while the acts enacted by the Philippine Congress impliedly accept the benefits of the operation of the United States law (Philippine Property Act of 1946), no provision in the said acts of the Philippine Congress makes said United States law expressly applicable. In answer to this contention, it must be stated that the consent of a State to the operation of a foreign law within its territory does not need to be express; it is enough that said consent be implied from its conduct or from that of its authorized

officers.

515. *No rule of International Law exists which prescribe a necessary form of ratification.*—Ratification

can, therefore, be given tacitly as well as expressly. Tacit ratification takes place when a State begins the execution of a treaty without expressly ratifying it. It is usual for ratification to take the form of a document duly signed by the Heads of the States concerned and their Secretaries for Foreign Affairs. It is usual to draft as many documents as there are parties to the Convention, and to exchange these documents between the parties. Occasionally the whole of the treaty is recited verbatim in the ratifying documents, but sometimes only the title, preamble, and date of the treaty, and the names of the signatory representatives are cited. As ratification is only the confirmation of an already existing treaty, the essential requirements in a ratifying document is merely that it should refer clearly and unmistakably to the treaty to be ratified. The citation of title, preamble, date, and names of the representatives is, therefore quite sufficient to satisfy that requirement. (Oppenheim, pp. 818-819; underscoring ours.)

International

Law does not require that agreements between nations must be concluded in any particular form or style. The law of nations is much more interested in the faithful performance of international obligations than in prescribing procedural requirements. (Treaties and Executive Agreements, by Myres S. McDougal and Asher Lands, Yale Law Journal, Vol. 54, pp. 318-319)

In the case at bar, our ratification of or concurrence to the agreement for the extension of the Philippine Property Act of 1946 is clearly implied from the acts of the President of the Philippines and of the Secretary of Foreign Affairs, as well as by the enactment of Republic Acts Nos. 7, 8, and 477.

We must emphasize the fact that the operation of the Philippine Property Act of 1946 in the Philippines is not derived from the

unilateral act of the United States Congress, which made it expressly applicable, or from the saving provision contained in the proclamation of independence. It is well-settled in the United States that its laws have no extraterritorial effect. The application of said law in the Philippines is based concurrently on said act (Philippine Property Act of 1946) and on the tacit consent thereto and the conduct of the Philippine Government itself in receiving the benefits of its provisions.

It is also claimed by the respondent-appellant that then trial court erred in ordering it to pay the petitioner the amount demanded, without the execution by the petitioner of a deed of discharge and indemnity for its protection. The Trading With the Enemy Act of the United States, the application of which was extended to the Philippines by mutual agreement of the two Governments, contains an express provision to the effect that delivery of property or interest therein made to or for the account of the United States in pursuance of the provision of the law, shall be considered as a full acquittance and discharge for purposes of the obligation of the person making the delivery or payment. (Section 5(b) (2), Trading With the Enemy Act.) This express provision of the United States law saves the respondent-appellant from any further liability for the amount ordered to be paid to the petitioner, and fully protects it from any further claim with respect thereto. The request of the respondent-appellant that a security be granted it for the payment to be made under the law is, therefore, unnecessary, because the judgment rendered in this case is sufficient to prove such acquittance and discharge.

The decision appealed from should be as it is hereby affirmed, with costs against the respondent-appellant.

Paras, C J., Pablo, Bengzon, Padilla, Montemayor, Reyes, A., Jugo, Bautista Angelo and Concepcion, JJ., concur.

Date created: October 08, 2014