

Title: The Government of the Philippine Islands v. George I. Frank

Facts:

George I. Frank entered into a contract with the Insular Government of the Philippine Islands on April 17, 1903, in Chicago, Illinois, United States. According to the terms of the contract, Frank would serve as a stenographer for two years at a yearly salary of \$1,200 and would be reimbursed for his travel expenses from Chicago to Manila, with half of his salary paid in advance during his travel. The contract stipulated that if Frank violated its terms, he would be liable to reimburse the Philippine Government for travel expenses and half salary paid for the travel period.

Frank began his contract work on April 30, 1903, and received half-salary until June 4, 1903, when he arrived in the Philippines. However, on February 11, 1904, he abandoned his service and refused to comply with the contract terms. Consequently, on December 3, 1904, the Government brought an action in the Court of First Instance of the city of Manila to recover \$269.23 paid to Frank as travel expenses and half salary.

In his defense, Frank claimed the Government had altered the contract by amending relevant laws, and that he had been a minor at the time the contract was made, so he was not legally bound by it. The court sustained a demurrer to the defendant's special defenses and ruled in favor of the Government, ordering Frank to repay \$265.90, after acknowledging an outstanding amount due to Frank of \$3.33. Frank appealed the decision.

Issues:

1. Whether the amendments to Acts No. 80 and No. 224 by Acts No. 643 and No. 1040 modified the terms of Frank's contract.
2. Whether Frank, having been an adult capable of contracting under Illinois law at the time of entering the contract, could invoke Philippine law stating he was still a minor to escape contractual obligations.

Court's Decision:

The Supreme Court of the Philippine Islands decided to uphold the lower court's ruling. The Court dismissed Frank's first argument, finding that the amendments to the laws did not affect the contract since the legislative department cannot alter contract terms once agreed upon, ensuring Frank's rights under the initial Acts No. 80 and No. 224 remained intact.

Regarding the second issue, the Court ruled that a contract's execution, interpretation, and validity are determined by the law of the place where it's made. Since Frank was of legal

age at the time and place of the contract's making, he was fully qualified to enter into it and could not plead minority as a valid defense in the Philippine Islands after he had reached adulthood.

Doctrine:

This case established or reiterated that the validity and binding effects of a contract are governed by the law in force in the place where the contract is made (*lex loci contractus*). It also upheld the principle that legislative acts affecting contracts cannot retroactively alter the rights and obligations of the contracting parties.

Historical Background:

This case reflects the early 20th-century legal landscape in the Philippines under American colonial rule, where the government of the Philippine Islands was transitioning from Spanish to American legal influences. The decision upheld the general principles of contract law and the doctrine of *lex loci contractus*, which was consistent with contemporary American jurisprudence and the legal notion that acts of legislation cannot impair obligations of contracts, respecting the separation of powers and the principle of non-retroactivity in the context of contractual relations.