

AN ACT GRANTING A FRANCHISE TO “PAN AMERICAN AIRWAYS COMPANY” TO OPERATE AN AIR TRANSPORT SERVICE BETWEEN THE PHILIPPINES AND FOREIGN COUNTRIES, AND FOR OTHER PURPOSES.

Acts No. 4249, November 06, 1935

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/a51095dbca70/>

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. There is hereby granted to "Pan American Airways Company," its successors or assigns, hereinafter referred to as the grantee, a franchise to establish, operate and maintain an air transport service, for the transportation of passengers, mail and property by means of aircraft, between the Philippines and the United States and any foreign country or countries in transit, subject to the provisions of this Act.

SEC. 2. Excepting cases of force majeure and whenever weather conditions permit, the grantee shall maintain a regular air service between the Philippines and the United States, with no less than one monthly regular round trip,

All aircraft used by the grantee shall be licensed by the Government of the United States or the Philippines and, together with its accessories and equipment, shall be at all times modern, safe and first class; shall be provided with a radio transmitting set and, whenever the voyage is in excess of three hours, shall carry a pilot and an assistant and shall have as many life preservers as there are passengers.

The service and equipment of the grantee shall be at all times subject to inspection by the Department of Public Works and Communications whose decisions in matters regarding the class of equipment and service within the Philippines shall be final and binding until revoked or annulled by the courts for excess or abuse of jurisdiction.

The grantee shall comply with the provisions of Act Numbered Thirty-nine hundred and nine, as amended by Act Numbered Thirty-nine hundred and ninety-six, and the regulations promulgated thereunder from time to time, insofar as the same may be properly applicable to air commerce with the United States and foreign countries, as well as with customs, immigration, public health and such other laws and regulations of general application as may from time to time be made.

SEC. 3. The grantee shall establish its terminal in the Philippines at or near the City of Manila. The grantee may establish landing fields on land or on water at such other points within the Philippines as the Secretary of Public Works and Communications may approve, for refueling only. The grantee, except in cases of forced or safety landing, shall not embark or disembark passengers or freight at any point in the Philippines other than at its terminal.

SEC. 4. Subject to police regulations, the grantee shall have the right to maneuver, moor and fasten its aircraft in any waters of the Philippines approved by the Secretary of Public Works and Communications and may moor, anchor and make use of any barges and other vessels owned by it to facilitate navigation, landing, taking off,

loading and replenishment of its aircraft, and for no other purposes.

Subject to such terms and conditions as the Philippine Government may prescribe, the grantee may use such landing and replenishment facilities on land or water as may be maintained and owned by the Government within the Philippines, excepting those which, in the opinion of said Government, may not be used by the grantee because of military or naval considerations, and, reciprocally, the Philippine Government shall have the right to use the landing and replenishment facilities on land or water maintained or owned by the grantee in the Philippines.

SEC. 5. The grantee shall have the right, at its terminal and other landing fields, whether on land or on water, within the Philippines, as well as in its aircrafts, to construct, operate and maintain stations or transmitting sets for wireless telegraphy or direction finding, and other radio aids to air navigation using such wave lengths as shall be in accordance with the rules and regulations made from time to time by the Philippine Government; but the wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and messages relating to the grantee's aircraft and other matters in connection with the grantee's services.

SEC. 6. The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The tariff for the carriage of mail shall not exceed that fixed by law of the Philippine Legislature, and in the absence of an agreement on said tariff, the same shall not be in excess of the rates for mail brought from the United States. The grantee shall give preferential attention to contracts with the Philippine Government.

SEC. 7. The grantee shall be subject to the laws of the Philippines now existing or hereafter enacted.

SEC. 8. With the approval of the Chief Executive of the Philippine Government, and subject to the limitations and procedure prescribed by law, the grantee shall be authorized to exercise the right of eminent domain as may be reasonably necessary for its terminal, landing fields, hangars, docks, ramps, wireless stations and other structures in connection with the grantee's activities. No private property shall be taken for any purposes by the grantee without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority to take and occupy land contained herein shall not apply to the taking, use or occupation of any land except such as is required for the actual purposes for which this franchise is granted.

SEC. 9. The grantee shall not issue stock or bonds except in exchange for actual cash or for property at least equal in value to the par value of the stock or bonds so issued, and shall not declare stock or bond dividends.

SEC. 10. It shall be unlawful for the grantee to use, employ, or contract for the labor of persons held in involuntary servitude.

SEC. 11. The grantee shall hold the Insular, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the service under the franchise hereby granted.

SEC. 12. In consideration of the franchise and rights hereby granted, the grantee shall pay to the Insular Government during the first ten years of the life of this franchise a tax of one per cent of the gross revenue derived by the grantee from its operation under this franchise; and during the remainder of the life of this franchise a tax of two per cent of such gross revenue. Such tax shall be due and payable quarterly and shall be in lieu of all taxes of any kind, nature or description, levied, established or collected by any municipal, provincial or Insular authority. The grantee shall pay the tax on its real property in conformity with existing law.

SEC. 13. The grantee shall keep a separate account of the gross receipts of the business transacted by it in the

Philippines, and shall furnish to the Insular Auditor and the Insular Treasurer quarterly a copy of such account, during the month next following the close of the quarter. For the purpose of auditing accounts so rendered to the Insular Auditor and Treasurer, all of the books and accounts of the grantee, and duplicates thereof, so far as they relate to the business transacted in the Philippines, shall be kept in the Philippines, and shall be subject to the official inspection of the Insular Auditor or his authorized representatives. The audit and approval of such accounts by the Bureau of Audits shall be final and conclusive evidence as to the amount of said gross receipts, except that the grantee shall have the right to appeal to the courts of the Philippines and the Supreme Court of the United States, under the terms and conditions provided in the laws of the Philippine Islands and the Act of the United States Congress of March twenty-fourth, nineteen hundred and thirty-four.

The words "gross receipts" are herein defined as the total receipts obtained by the grantee for the carriage of passengers and freight from or to the Philippines under this franchise, and the incidental receipts from said business.

SEC. 14. This franchise is granted with the understanding that the grantee is a corporation sixty per cent of the capital stock of which is the bona fide property of citizens of the Philippines and/or the United States, and that the interest of such citizens in its capital stock or in the capital of the company with which it may merge shall at no time be allowed to fall below such percentage, under the penalty of the cancellation of this franchise.

SEC. 15. This franchise shall not be interpreted to mean an exclusive grant of the privileges herein provided for.

SEC. 16. This franchise is granted with the understanding that it shall be subject to amendment, alteration, or repeal by the Philippine Legislature or, pending the inauguration of the Commonwealth of the Philippines, by the Congress of the United States.

SEC. 17. As a condition of the granting of this franchise, the grantee shall execute a bond in favor of the Philippine Government, in the sum of fifty thousand pesos, in a form and with sureties satisfactory to the Secretary of Public Works and Communications, conditioned upon the faithful performance of the grantee's obligations hereunder, during the first year of the life of this franchise. If, after one year from the date of the acceptance of this franchise, the grantee shall have fulfilled said obligations or so soon thereafter as the grantee shall have fulfilled the same, in case an extension of time therefor is granted by the Philippine Legislature, the bond shall be cancelled by the Secretary of Public Works and Communications.

SEC. 18. The term of this franchise shall be twenty-five years from the date of the acceptance of this Act by the grantee.

SEC. 19. This franchise shall not be valid unless the grantee accepts the same within six months after its approval, filing such acceptance in writing with a valid bond to the satisfaction of the Secretary of Public Works and Communications, and unless the services herein provided for are inaugurated within one year.

SEC. 20. The grantee shall not without the previous approval of the Philippine Legislature lease, transfer, grant the usufruct of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation, or other mercantile or legal entity, nor merge with any other company or corporation organized for the same or any other purpose. Any corporation to which this franchise may be sold, transferred or assigned or with which the grantee may merge, with the approval above mentioned, shall be subject to the corporation laws of the Philippines now existing or hereafter enacted, and any person, firm, company, corporation or other commercial or legal entity to which this franchise is validly sold, transferred or assigned or with which the grantee may merge, shall be subject to all the conditions, terms, restrictions and limitations of this franchise as fully and completely and to the same extent as if the franchise had been originally granted to the said person, firm,

company, corporation or other commercial or legal entity.

SEC. 21. If the grantee should commit any substantial violation of any provision of this Act, it shall forfeit all its privileges, franchises and grants to engage in business in the Philippines upon an action or proceeding instituted for said purpose in any competent court by any officer of the Philippine Government, or by virtue of a complaint filed by any Philippine citizen, in conformity with such rules and regulations as the Philippine Legislature may prescribe, and it shall, besides, be deemed guilty of a violation of the law and shall be punished by a fine of not more than twenty thousand pesos, in proceedings identical with those provided for ordinary civil cases.

SEC. 22. Upon the termination of this franchise by repeal, forfeiture, annulment or expiration in due course, all public land and other property and the right to occupy and use the same granted to the grantee shall revert to the Philippine Government; and all real property of the grantee not disposed of by it within two years after the termination of its franchise shall likewise revert to said Government.

SEC. 23. This Act shall take effect on its approval.

Approved, November 6, 1935.

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.