

AN ACT GRANTING THE "METROPOLITAN RADIO CORPORATION"; A FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE STATIONS FOR THE TRANSMISSION AND RECEPTION OF WIRELESS MESSAGES.

Commonwealth Act No. 302, June 09, 1938

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Be it enacted by the National Assembly of the Philippines:

SECTION 1. There is granted to the "Metropolitan Radio Corporation," incorporated under the laws of the Commonwealth of the Philippines, its successors or assigns, herein-after referred to as the "Grantee," a franchise to construct, maintain and operate in the Philippines at such places as the said grantee may select, subject to the approval of the Secretary of Public Works and Communications, stations for the transmission and reception of wireless messages for the following purposes:

(A) The sending of commercial wireless long distance messages from points within the Philippines to points exterior thereto, including airplanes, airships and vessels, even though such airplanes, airships, or vessels be located within the territorial limits of the Philippines, and the receiving of commercial wireless long distance messages from such exterior points, including airplanes, airships or vessels even though such airplanes, airships or vessels be located within the territorial limits of the Philippines.

Each station may consist of two plants, a sending station and a receiving station.

SEC. 2. Subject to the limitations and procedure prescribed by law, the grantee is authorized to exercise the right of eminent domain, in so far as may be reasonably necessary to further the establishment and efficient maintenance and operation of its radio stations and connecting them one to another, and, with the prior approval of the President of the Philippines, the grantee is authorized to construct and maintain its works of public utility and service over and across public property, including streets, highways, squares, and reservations of the Government of the Philippines and its branches.

SEC. 3. This grant and concession shall continue for a period of fifty years from the date of the issuance of the license required in section five hereof, and is made upon the express condition that the same shall be void unless the construction of at least one station be begun within one year from the date of the issuance of said license and be completed within two years. ;

SEC. 4. With the exception of the privileges of transmitting and receiving wireless communications to or from points exterior to the Philippines as herein before granted, all wireless communications between points or stations within the Philippines is expressly reserved to the Commonwealth of the Philippines.

SEC. 5. This franchise shall not take effect nor shall any powers thereunder be exercised by the grantee until the President of the Philippines shall have allotted to the grantee the frequencies and wave-lengths to be used thereunder and determined the stations to and from which each such frequency and wave-length may be used, and issued to the grantee a license for such use. The grantee shall begin operation under this franchise within

three years from the date on which said license shall have been issued by the President of the Philippines.

The President of the Philippines on reasonable notice to the grantee, may at any time change or cancel or modify in whole or in part any or all of the allotments of frequencies or wave-lengths hereunder as well as any license issued hereunder to use frequencies or wave-lengths to or from any or all stations to and from which they may be used. He may take such action (a) Whenever in his judgment such frequencies and wave-lengths have been used or there is danger that they will be used by the grantee to impair electrical communication or stifle competition or to obtain a monopoly in electrical communication," or to secure unreasonable rates for such communication, or otherwise to violate the laws of public policy of the Philippines; (b) whenever in his judgment the public interest of the Philippines requires that such frequencies or wave-lengths should be used for other purposes than those of the grantee, either by the Commonwealth of the Philippines or by other individuals or corporations licensed by it; (c) whenever in his judgment for any reason the public interest of the Philippines so requires.

The President of the Philippines is authorized to appoint, employ or make use of such boards, commissions, or agents as in his discretion he may select, to investigate and determine the facts upon which he may act as aforesaid, and such boards, commissions and agents shall have the right by compulsory process of subpoena, to summon witnesses, administer oaths and take evidence.

SEC. 6. The station of the grantee shall be so constructed and operated that a minimum of interference will result and the wave-lengths selected with a view to avoiding interference with existing stations and to permit of the expansion of the grantee's service.

SEC. 7. A special right is reserved to the President of the United States, in time of war, insurrection, or domestic trouble, to take over and operate the said station upon the order and direction of the State Department of the Republic of the United States, the United States Government paying and compensating the grantee for the use of said station during the period when they shall be so operated by the said Government.

A similar right is hereby reserved to the Commonwealth of the Philippines, under similar circumstances and upon similar conditions, upon the order and direction of the President of the Commonwealth.

SEC. 8. The right is hereby reserved to the Commonwealth of the Philippines, through the Public Service Commission or such other official agency or officer as may be thereunto duly authorized, to fix the maximum and minimum rates to be charged by the grantee.

SEC. 9. 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 Auditor General and the Treasurer of the Philippines a copy of such account not later than the thirty-first day of January of each year for the preceding year. For the purpose of auditing accounts so rendered to the Auditor General and the Treasurer of the Philippines all of the books and accounts of the grantee or 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 Auditor General or his authorized representatives, and the audit and approval of such accounts 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 Commonwealth of the Philippines, under the terms and conditions provided in the laws of the Commonwealth of the Philippines, and the words "gross receipts" are herein defined as the total receipts from sources within the Philippines, less proportionate amounts belonging to connecting lines or stations.

SEC. 10. The grantee shall be liable to pay the same taxes on its real property, exclusive of the franchise as other persons or corporations are now or hereafter may be required by law to pay. The grantee shall further pay to the Treasurer of the Philippines each year, within ten days after the audit and approval of the accounts as prescribed

in section nine of this Act, one and one-half per centum of all gross receipts from business transacted under this franchise by the said grantee in the Philippines, and the said percentage shall be in lieu of all taxes on the franchise or earnings thereof.

SEC. 11. The grantee shall hold the national, provincial, and municipal governments of the Commonwealth 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 construction or operation of the station for reception and transmission of wireless messages of the grantee.

SEC. 12. No private property shall be taken for any purpose by the grantee of this franchise without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority contained herein to take and occupy land shall not apply to the taking, use, or occupation of any land except such as is required for the actual necessary purposes for which this franchise is granted.

SEC. 13. The grantee shall not issue stock or bonds except in exchange for actual cash or for property at a fair valuation equal to the par value of the stock or bond so issued, and shall not declare stock or bond dividends.

SEC. 14. It shall be unlawful for the grantee to use, employ, or contract for the labor of persons held in involuntary servitude.

SEC. 15. The rights to use and occupy public property and places hereby granted shall revert to the Commonwealth Government, upon the termination of this franchise, by such repeal or by forfeiture or expiration in due course.

Unless earlier terminated by any such repeal or forfeiture, or extended, the franchise and rights hereby granted shall terminate by expiration of time fifty years after the date of the issuance of the license mentioned in section & to the grantee.

SEC. 16. As a condition of the granting of this franchise, the grantee shall execute a bond in favor of the Commonwealth Government, in the sum of fifty thousand pesos, in a form and with surety satisfactory to the Secretary of Public Works and Communications conditioned upon the faithful performance of the grantee's obligation hereunder during the first three years of the life of this franchise. If, after three years from the date of issuance of the license referred to in section five hereof, the grantee shall have fulfilled said obligation or so soon thereafter as the grantee shall have fulfilled the same, the bond aforesaid shall be cancelled by the Secretary of Public Works and Communications.

SEC. 17. The bond required in the preceding section together with a written acceptance of this franchise shall be filed within six months after the approval of this Act. Upon the approval of the bond aforesaid by the Secretary of Public Works and Communications and upon the issuance of the license mentioned in section five hereof, the grantee shall be empowered to exercise the privilege granted hereby.

SEC. 18. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise nor the rights and privileges acquired thereunder to any person, firm, company or corporation or other commercial or legal entity, nor merge with any other company or corporation organized for the same purpose, without the approval of the National Assembly first had. Any corporation to which this franchise may be sold, transferred, or assigned, shall be subject to the corporation laws of the Philippines, and any person, firm, company, corporation or other commercial or legal entity to which this franchise is sold, transferred, or assigned shall be subject to all the conditions, terms, restriction, 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. 19. The term Public Service Commission, as herein used, means said commission as from time to time constituted or any other governmental body as from time to time constituted, hereafter created in place of or in succession to said Public Service Commission.

SEC. 20. This franchise is granted subject to the limitations contained in the Constitution and shall not be interpreted to mean an exclusive grant of the privileges herein provided for.

SEC. 21. This Act shall take effect on its approval.

Approved, June 9, 1938.

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