

WEST COAST LIFE INSURANCE CO., PLAINTIFF, VS. GEO. N. HURD, JUDGE OF COURT OF FIRST INSTANCE, DEFENDANT.

G.R. No. 8527. March 30, 1914

Ponente: MORELAND, J.

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MORELAND, J.:

This is an action for the issuance of a writ of prohibition against the defendant "commanding the defendant to desist or refrain from further proceedings in a criminal action pending in that court."

The petitioner is a foreign life-insurance corporation, duly organized under and by virtue of the laws of the State of California, doing business regularly and legally in the Philippine Islands pursuant to its laws.

On the 16th of December, 1912, the assistant prosecuting attorney of the city of Manila filed an information in a criminal action in the Court of First Instance of that city against the plaintiff, said corporation, and also against John Northcott and Manuel C. Grey, charging said corporation and said individuals with the crime of libel. On the 17th day of December the defendant in his official capacity as judge of the Court of First Instance signed and issued a process directed to the plaintiff and the other accused in said criminal action, which said process reads as follows:

"UNITED STATES OF AMERICA,

"PHILIPPINE ISLANDS.

"In the Court of First Instance of the Judicial District of Manila.

"THE UNITED STATES

"versus "No. 9661.

"WEST COAST LIFE INSURANCE CO., JOHN "Libel.

NORTHCOTT, AND MANUEL C. GREY.

"To West Coast Life Insurance Co., John Northcott, and Manuel C. Grey, Manila.

"SUMMONS.

"You are hereby summoned to appear before the Court of First Instance of the city of Manila, P. I., on the 18th day of December, 1912, at the hour of 8 a. m., to answer the charge made against you upon the information of F. H. Nesmith, assistant prosecuting attorney of the city of Manila, for libel, as set forth in the said information filed in this court on December 16, 1912, a copy of which is hereto attached and herewith served upon you.

"Dated at the city of Manila, P. L., this 17th day of December, 1912.

(Sgd.) "GEO. N. HURD,

"Judge, Court of First Instance."

The information upon which said process was issued is as follows:

[Heading omitted.]

"The undersigned accuses the West Coast Life Insurance Company, John Northcott, and Manuel C. Grey of the crime of libel, committed as follows:

"That on or about the 14th day of September, 1912, and continuously thereafter up to and including the date of this complaint, in the city of Manila, P. L., the said defendant West Coast Life Insurance Company was and has been a foreign corporation duly organized in the State of California, United States of America, and registered and doing business in the Philippine Islands; that the said defendant John Northcott then and there was and has been the general agent and manager for the Philippine Islands of the said defendant corporation West Coast Life Insurance Company, and the said defendant Manuel C. Grey was and has been an agent and employee of the said defendant corporation West Coast Life Insurance Company, acting in the capacity of treasurer of the branch of the said defendant corporation in the Philippine Islands; that on or about the said 14th day of September, 1912, and for some time thereafter, to wit, during the months of September and October, 1912, in the city of Manila, P. L., the said defendants West Coast Life Insurance Company, John Northcott, and Manuel C. Grey, conspiring and confederating together, did then and there willfully, unlawfully, and maliciously, and to the damage of the Insular Life Insurance Company, a domestic corporation duly organized, registered, and doing business in the Philippine Islands, and with intent to cause such damage and to expose the said Insular Life Insurance Company to public hatred, contempt, and ridicule, compose and print, and cause to be printed a large number of circulars, and, in numerous printings in the form of said circulars, did publish and distribute, and cause to be published and distributed, among other persons, to policy holders and prospective policy holders of the said Insular Life Insurance Company, among other things, a malicious defamation and libel in the Spanish language, of the words and tenor following:

" 'First. For some time past various rumors are current to the effect that the Insular Life Insurance Company is not in as good a condition as it should be at the present time, and that really it is in bad shape. Nevertheless, the investigations made by the representative of the "Bulletin" have failed fully to confirm these rumors. It is known that the Insular Auditor has examined the books of the company and has found that its capital has diminished, and that by direction of the said official the company has decided to double the amount of its capital, and also to pay its reserve fund. All this is true.'

"That the said circulars, and the matters therein contained hereinbefore set forth in this information, tend to impeach and have impeached the honesty, virtue, and reputation of the said Insular Life Insurance Company by exposing it to public hatred, contempt, and ridicule; that by the matters printed in said circulars, and hereinbefore set forth in this information, the said defendants West Coast Life Insurance Company, John Northcott, and Manuel C. Grey meant and intended to state and represent to those to whom the said defendants delivered said circulars as aforesaid, that the said Insular Life Insurance Company was then and there in a dangerous financial condition and on the point of going into insolvency, to the detriment of the policy holders

of the said Insular Life Insurance Company, and of those with whom the said Insular Life Insurance Company have and have had business transactions, and each and all of said persons to whom the said defendants delivered said circulars, and all persons as well who read said circulars understood the said matters in said circulars to have said libelous sense and meaning. Contrary to law."

On the 20th day of December, 1912, the plaintiff, together with the other persons named as accused in said process, through their attorneys, served upon the prosecuting attorney and filed with the clerk of the court a motion to quash said summons and the service thereof, on the ground that the court had no jurisdiction over the said company, there being no authority in the court for the issuance of the process, Exhibit B, the order under which it was issued being void. The court denied the motion and directed plaintiff to appear before it on the 28th day of December, 1912, and to plead to the information, to which order the plaintiff then and there duly excepted.

It is alleged in the complaint that "unless restrained by this Court the respondent will proceed to carry out said void order and compel your petitioner to appear before his court and plead, and submit to criminal prosecution without having acquired any jurisdiction whatever over your petitioner."

The prayer of the complaint is, "your petitioner prays judgment for the, issuance of a writ of prohibition against the respondent, commanding the respondent absolutely to desist or refrain from further proceedings against your petitioner in the said criminal action,"

The basis of the action is that the Court of First Instance has no power or authority, under the laws of the Philippine Islands, to proceed against a corporation, as such, criminally, to bring it into court for the purpose of making it amenable to the criminal laws. It is contended that the court had no jurisdiction to issue the process in evidence against the plaintiff corporation; that the issuance and service thereof upon the plaintiff corporation were outside of the authority and jurisdiction of the court, were authorized by no law, conferred no jurisdiction over said corporation, and that they were absolutely void and without force or effect.

The plaintiff, further attacking said process, alleges that the process is a mixture of civil and criminal process, that it is not properly signed, that it does not direct or require an arrest; that it is an order to appear and answer on a date certain without restraint of the person, and that it is not in the form required by law.

Section 5 of General Orders, No. 58, defines an information as "an accusation in writing charging a person with a public offense." Section 6 provides that a complaint or information is sufficient if it shows "the name of the defendant, or if his name cannot be discovered, that he is described under a fictitious name with a statement that his true name is unknown to the informant or official signing the same. His true name may be inserted at any stage of the proceedings instituted against him; whenever ascertained." These provisions, as well as those which relate to arraignment and counsel, and to demurrers and pleas, indicate clearly that the maker of the Code of Criminal Procedure had no intention or expectation that corporations would be included among those who would fall within the provisions thereof. The only process known to the Code of Criminal Procedure, or which any court is by that order authorized to issue, is an order of arrest. The Code of Criminal Procedure provides that "if the magistrate be satisfied from the investigation that the crime complained of has been committed, and there is reasonable ground to believe that the party charged has committed it, he must issue an order for his arrest. If the offense be bailable, and the defendant offer a sufficient security, he shall be admitted to bail; otherwise he shall be committed to prison." There is no authority for the issuance of any other process than an order of arrest. As a necessary consequence, the process issued in the case before us is without express authorization of statute.

The question remains as to whether or not the court may, of itself and on its own motion, create not only a process but a procedure by which the process may be made effective.

We do not believe that the authority of the courts of the Philippine Islands extends so far. While having the

inherent powers which usually go with courts of general jurisdiction, we are of the opinion that, under the circumstances of their creation, they have only such authority in criminal matters as is expressly conferred upon them by statute or which it is necessary to imply from such authority in order to carry out fully and adequately the express authority conferred. We do not feel that Courts of First Instance have authority to create new procedure and new processes in criminal law. The exercise of such power verges too closely on legislation. Even though it be admitted, a question we do not now decide, that there are various penal laws in the Philippine Islands which corporations as such may violate, still we do not believe that the courts are authorized to go to the extent of creating special procedure and special processes for the purpose of carrying out those penal statutes, when the legislature itself has neglected to do so. To bring a corporation into court criminally requires many additions to the present criminal procedure. While it may be said to be the duty of courts to see to it that criminals are punished, it is no less their duty to follow prescribed forms of procedure and not to go out upon unauthorized ways or act in an unauthorized manner.

There are many cases cited by counsel for the defendant which show that corporations have been proceeded against criminally by indictment and otherwise and have been punished as malefactors by the courts. Of this, of course, there can be no doubt; but it is clear that, in those cases, the statute, by express words or by necessary intendment, included corporations within the persons who could offend against the criminal laws; and the legislature, at the same time established a procedure applicable to corporations. No case has been cited to us where a corporation has been proceeded against under a criminal statute where the court did not exercise its common law powers or where there was not in force a special procedure applicable to corporations.

The courts of the Philippine Islands are creatures of statute and, as we have said, have only those powers conferred upon them by statute and those which are required to exercise that authority fully and adequately. The courts here have no common law jurisdiction or powers. If they have any powers not conferred by statute, expressly or impliedly, they would naturally come from Spanish and not from common law sources. It is undoubted that, under the Spanish criminal law and procedure, a corporation could not have been proceeded against criminally, as such, if such an entity as a corporation in fact existed under the Spanish law, and as such it could not have committed a crime in which a willful purpose or a malicious intent was required. Criminal actions would have been restricted or limited, under that system, to the officials of such corporations and never would have been directed against the corporation itself. This was the rule with relation to associations or combinations of persons approaching, more or less, the corporation as it is now understood, and it would undoubtedly have been the rule with corporations. From this source, then, the courts derive no authority to bring corporations before them in criminal actions, nor to issue processes for that purpose.

The case was submitted to this Court on an agreed statement of facts with a stipulation for a decision upon the merits. We are of the opinion that the plaintiff is entitled, under that stipulation, to the remedy prayed for.

It is adjudged that the Court of First Instance of the city of Manila be and it is hereby enjoined and prohibited from proceeding further in the criminal cause which is before us in this proceeding, entitled United States vs. West Coast Life Insurance Company, a corporation, John Northcott and Manuel C. Grey, so far as said proceedings relate to the said West Coast Life Insurance Company, a corporation, the plaintiff in the case.

Arellano, C. J., and Araullo, J., concur.

Carson, J., concurs in the result.

Prohibition granted.

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