

[Acts No. 4249, November 06, 1935]

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.

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.