

[ Act No. 1459, March 09, 1906 ]

**AN ACT PROVIDING FOR THE FORMATION AND ORGANIZATION OF CORPORATIONS, DEFINING THEIR POWERS, FIXING THE DUTIES OF DIRECTORS AND OTHER OFFICERS THEREOF, DECLARING THE RIGHTS AND LIABILITIES OF SHAREHOLDERS AND MEMBERS, PRESCRIBING THE CONDITIONS UNDER WHICH SUCH CORPORATIONS MAY TRANSACT BUSINESS, AND REPEALING CERTAIN ARTICLES OF THE CODE OF COMMERCE AND ALL LAWS OR PARTS OF LAWS IN CONFLICT OR INCONSISTENT WITH THIS ACT.**

*By authority of the United States, be it enacted by the Philippine Commission, that:*

CHAPTER I.—*General provisions as to corporations.*

SHORT TITLE OF ACT, CORPORATION DEFINED AND HOW ORGANIZED.

SECTION 1. The short title of this Act shall be "The Corporation Law."

SEC. 2. A corporation is an artificial being created by operation of law, having the right of succession and the powers, attributes, and properties expressly authorized by law or incident to its existence.

SEC. 3. Corporations may be public or private. Public corporations are those formed or organized for the government of a portion of the state. Private corporations are those formed for some private purpose, benefit, aim, or end. as distinguished from public corporations which have for their purpose the general good, and welfare. Private corporations are divided into stock corporations and nonstock corporations. Corporations which have a capital stock divided into shares and are authorized to distribute to the holders of such shares dividends or allotments of the surplus profits on the basis of the shares held are stock corporations. All other private corporations are non-stock corporations.

SEC. 4. Corporators of a corporation are those who compose the corporation, whether stockholders or members or both. Incorporators are those members or stockholders or both mentioned in the articles of incorporation as originally forming and composing the corporation.

SEC. 5. The owners of shares in a corporation which has capital stock are called stockholders or shareholders. Corporators of a corporation which has no capital stock and corporators of a corporation who do not own capital stock are members.

SEC. 6. Five or more persons, not exceeding fifteen, a majority of whom are residents of the Philippine Islands, may form a private corporation for any lawful purpose by filing with the Division of Archives, Patents, Copyrights, and Trade-Marks of the Executive Bureau articles of incorporation duly executed and acknowledged before a notary public, setting forth:

1. The name of the corporation ;
2. The purpose for which the corporation is formed ;
3. The place where the principal office of the corporation is to be established or located, which place must be within the Philippine Islands;
4. The term for which it is to exist, not exceeding fifty years, except as hereinafter provided ;
5. The names and residences of the incorporators;
6. Unless otherwise provided by this Act, the number of directors of the corporation, not less than five nor more than eleven. The directors named in the articles of incorporation shall be the directors until their successors are elected and qualified as provided by the by-laws: *Provided, however,* That at any time during the existence of the corporation the number of directors may be increased to any number not exceeding fifteen or diminished to any number not less than five in the case of a nonstock corporation by the formal assent of a majority of the members at a regular or special meeting of the membership, and in the case of a stock corporation the number of directors may be increased to any number not exceeding eleven or diminished to any number not less than five by the formal assent of the stockholders of the corporation at a regular or special meeting of stockholders representing or holding a majority of the stock: *And provided further,* That a certificate selling out such increase or diminution in the numbers of directors of any corporation shall be duly signed and sworn to by the president, managing agent, secretary or clerk, or treasurer of such corporation and forthwith filed in the Division of Archives, Patents, Copyrights, and Trade-Marks of the Executive Bureau;
7. If it be a stock corporation, the amount of its capital stock, in Philippine currency, and the number of shares into which it is divided;
8. If it be a stock corporation, the amount of capital stock actually subscribed, the names and residences of the persons subscribing, the amount subscribed by each, and the sum paid by each on his subscription.

1. The starting point and terminus of the railroad, tramway, wagon road, or telegraph or telephone line, its estimated length, the provinces through which it will pass, and all of its intermediate branches and connections;
2. In the case of railroads or tramways, the gauge of the road, the motive power to be used and the means of applying it, and the materials to be used in the construction;
3. In the case of wagon roads, the width of the road, the method of construction, and the construction material to be used;
4. In the case of telegraph or telephone lines, the construction material, appliances, method of construction, and system to be used.

ARTICLES OF INCORPORATION

(Here insert full name of corporation.)

FIRST. That the name of said corporation shall be the (Here insert full name of corporation.)

SIXTH. That the number of directors of said corporation shall be (Here insert number of directors, not less than five nor more than fifteen.)..... and that the names and residences of the directors of the corporation who are to serve until their successors are elected and qualified as provided by the by-laws

are as follows, to wit:

NAME

WHOSE RESIDENCE IS AT

SEVENTH. That the capital stock of said corporation is (Here insert amount of capital stock.)..... pesos, and said capital stock is divided into.(Here insert number of shares.) ..... shares of the par value each of (Here insert par value of each share.)..... pesos.

EIGHT. That the amount of said capital stock which has been actually subscribed is (Here insert full amount of capital subscribed.).....pesos, and the following persons have subscribed for the number of shares and amount of capital stock set out after their respective names:

Name.	Residence.	Number of shares	Amount of capital stock subscribed.
Total .....		.....	.....

NINTH. That the following persons have paid on the shares of capital stock for which they have subscribed the amounts set out after their respective names:

[illegible]

Total	.....	.....	.....

TENTH. That.....  
 (Here insert name of treasurer elected by subscribers.)

has been elected by the subscribers as treasurer of the corporation to act as such until his successor is duly elected and qualified in accordance with the by-laws, and that as such treasurer he has been authorized to receive for the corporation and to receipt in its name for nil subscriptions paid in by said subscribers.

ELEVENTH. (If the corporation be a railroad, tramway, wagon road, telegraph, or telephone corporation, here insert estimated length of railroad, tramway, wagon road, telegraph or telephone line, provinces through which such line will pass, and all of its intermediate brandies and connections.)  
 .....

TWELFTH. (If the corporation be a railroad or tramway corporation, here insert gauge of road, motive power to be used, means of applying such power, and materials to be used in the construction.)  
 .....

THIRTEENTH. (If the corporation be a wagon-road corporation, here insert width of the road, method of construction, and the construction material to be used.)  
 .....

FOURTEENTH. (If the corporation be a telegraph or telephone corporation, here insert construction material, appliances, method of construction, and system to be used.)  
 .....

In Witness Whereof, We have hereunto set our hands and seals this ..... day of....., A. D. 190....

	.....
	[Seal.]
	.....
	[Seal.]
	.....
	[Seal.]
	.....
	[Seal.]
	.....
	[Seal.]
	.....
	[Seal.]
SIGNED AND SEALED IN THE	.....
	[Seal.]
PRESENCE OF	.....
	[Seal.]
.....	.....
	[Seal.]
.....	.....
	[Seal.]
	.....
	[Seal.]
	.....
	[Seal.]
	.....
	[Seal.]
	.....
	[Seal.]

On this.....day of....., in the year A. D. one thousand nine hundred and....., before me,

..... a notary public in and for the  
....., personally appeared (Here insert names of  
Incorporators.) ..... known to  
me to be the persons whose names are subscribed and who executed the within instrument, and each of them  
acknowledged to me that he freely and voluntarily executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

.....,  
Notary Public.

CITY OR MUNICIPALITY OF .....

PROVINCE OF ..... SS.:

*Philippine Island*

.....  
(Here insert name of treasurer elected by subscribers.)

being duly sworn, deposes and says that on the ..... day of ....., A. D. 190.... he was duly elected by the  
subscribers named in the foregoing articles of incorporation as treasurer of the corporation to act as such until his  
successor has been duly elected and qualified in accordance with the by-laws of the corporation, and that as such  
treasurer he has been authorized by the subscribers to receive for the corporation all subscriptions paid in by  
subscribers for the capital stock; that ..... pesos has  
been actually subscribed and that..... pesos has been actually paid to him for the  
benefit and to the credit of the corporation, and that at least twenty per centum of the entire capital stock has been  
subscribed and at least twenty-five per centum of the subscription has been actually paid to him for the benefit and to  
the credit of the corporation.

Subscribed and sworn to before me this..... day of....., A. D. 190....

.....

SEC. 8. The Chief of the Division of Archives, Patents, Copyrights, and Trade-Marks of the Executive Bureau shall be  
entitled to collect and receive for the filing of Articles of incorporation filed in accordance with the provisions of his Act  
a fee of twenty-five pesos.

SEC. 9. The Chief of the said Division of Archives, Patents, Copyrights, and Trade-Marks shall not file the articles of  
incorporation of any stock corporation unless accompanied by a sworn statement of a treasurer elected by the  
subscribers showing that at least twenty per centum of the entire capital stock has been subscribed, and that at least  
twenty-five per centum of the subscription has been paid to him for the benefit and to the credit of the corporation.

SEC. 10. A copy of any articles of incorporation filed with the said Division of Archives, Patents, Copyrights, and Trade-  
Marks in pursuance of this Act and duly certified by the chief of the said division shall be received in the courts and all  
other places as *prima facie* evidence of the facts therein stated.

SEC. 11. The Chief of the Division of Archives, Patents, Copyrights, and Trade-Marks of the Executive Bureau, on the  
filing of the articles of incorporation provided by this Act to be filed, shall issue to the incorporators a certificate, under  
the seal of his office, setting forth that such articles of "incorporation have been duly filed in his office in accordance  
with law; and thereupon the persons signing the articles of incorporation and their associates and successors shall  
constitute a body politic and corporate, under the name stated in the certificate, for the term specified in the articles of  
incorporation, not exceeding fifty years, unless sooner legally dissolved or unless otherwise provided in this Act.

SEC. 12. No corporation shall occupy or use any private property without the consent of the owners or prior  
condemnation proceedings and paying or tendering just compensation therefor, and no corporation shall occupy or use  
any public lands, places, roads, highways, streets, avenues, lanes, alleys, sidewalks, bridges, or any other public  
property whatever without first securing a franchise for such use or occupancy from the Government of the Philippine  
Islands: *Provided, however,* That street railways, tramways, electric light, power, or telephone corporations may, in the  
manner prescribed in Act Numbered Six hundred and sixty-seven, secure a franchise to occupy or use any public  
lands, places, roads, highways, streets, avenues, lanes, alleys, sidewalks, bridges, or any other public property  
necessary for the transaction of its business: *And provided further,* That street railway, tramway, telephone, telegraph,  
electric power or light corporations for the purpose of doing business in the city of Manila, and railroad corporations For  
the purpose of doing business in the Philippine Islands, may form and organize as corporations under this Act.

#### GENERAL POWERS OF CORPORATIONS.

SEC. 13. Every corporation has the power:

1. Of succession by its corporate name for the period of time limited in the articles of incorporation and not  
exceeding the time prescribed by law;
2. To sue and be sued in any court;