trued as granting that right only to injured persons who are not themselves at fault. (*Domingo Mabutas v. Calapan Electric Company, CA—G. R. No.* 9583-R, May 6, 1954.)

CRIMINAL LAW

PARAGRAPH 2, ARTICLE 319 OF THE REV. PENAL CODE CONSTRUED: TO SUPPORT A CONVICTION THEREUNDER, THE MORTGAGE MADE BY THE MORTGAGOR-DEBTOR, WHO SELLS OR MORTGAGES WITHOUT THE CONSENT OF THE MORTGAGEE THE PROPERTY ALREADY MORTGAGED, SHOULD HAVE BEEN MADE UNDER THE TERMS OF THE CHATTEL MORTGAGE LAW.

FACTS: This appeal seeks the reversal of a judgment by the Court of First Instance of Manila, finding the defendant-appellant Consuelo Agrava Vda. de Agoncillo guilty of the violation of Article 319 of the Revised Penal Code.

It appears that Antonia Alfonso, daughter of the appellant, secured a loan from the complainant in this case, Isabel de Guzman, and to guarantee said loan the appellant executed a deed of chattel mortgage on her house, jeep, and furniture in favor of the complainant. The deed was neither notarized nor recorded in the Office of the Register of Deeds in Quezon City where the properties were located. Nor was an affidavit of good faith as required by Section 5 of Act No. 1508 appended to the deed of mortgage.

Subsequently, the appellant executed a real estate mortgage in favor of the Rehabilitation Finance Corporation, covering several parcels of land, including the lot on which the house previously mortgaged to the complainant under the chattel mortgage was located. In executing the said real estate mortgage, the appellant did not secure the consent of the complainant-mortgagee.

HELD: The judgment should be reversed. The law clearly states that a mortgage made by the mortgagor-debtor, who sells or mortgages without the consent of the mortgagee property previously mortgaged, should have been made under the terms of the Chattel Mortgage Law. It has been held that in offenses consisting of selling or disposing of mortgaged property, it is essential that there be a valid and subsisting mortgage.[14] In the light of the statutory requirements of the Chattel Mortgage Law, the chattel mortgage in question is obviously not valid because it does not appear in a notarial document,[15] nor is it accompanied by the indispensable affidavit of good faith made by the parties to the effect that the mortgage was made for the purpose of securing the obligation therein expressed, and that the same is a just and valid obligation and not one entered into for the purpose of fraud.[16] Lastly, it was not recorded, contrary to the express requirement of Section 4 of Act No. 1508. Hence the deed cannot be the basis of a criminal complaint under Article 319 and much less of a conviction. (*People v. Consuelo A. Vda. de Agoncillo, CA-G.R. No.* 9113-R, April 8, 1954.)

ILLEGAL POSSESSION OF FIREARM: A PERSON WHO CARRIES A GUN IN OBEDIENCE MERELY TO AN ORDER FROM THE OWNER WHO HOLDS A PROPER PERMIT FOR THE SAME IS NOT GUILTY OF ILLEGAL POSSESSION OF FIREARM.

FACTS: This is an appeal from a judgment of the Court of First Instance of Batangas finding the defendant guilty of the crime of illegal possession of firearm. It appears that Juan Asa was a councilor and an MIS agent. In the former capacity he was able to procure a temporay permit to possess three firearms for protection against dissidents. On December 13, 1953, Sgt. E. Viernes was sent to Puting Kahoy, Rosario, Batangas, to search for and confiscate unlicensed firearms. Juan Asa, Isabelo Asa and Mariano Balbastro were caught in the possession of unlicensed firearms.

The lower court acquitted Juan Asa but convicted the other two of illegal possession of firearm. Hence this appeal.

[14] Wyrick v. Commonwealth, 54 S. W. (2nd Ed.), 629, 246 Ky. 127.
[15] Maloney v. Tuason, 39 Phil. 959.
[16] Section 5, Act No. 1508; Giberson v. Jureidini, 44 Phil. 216.

The evidence for the defendants is to the effect that on account of threats from dissidents, Juan Asa had secured from the Provincial Commander of the Philipine Constabulary a permit covering three firearms; these weapons Juan Asa entrusted to the two defendants who were members of the civilian guards organization.

HELD: Upon the proof presented, inasmuch as (1) the firearms were not used for any illegal purposes, (2) there is uncontradicted evidence that they were employed for self-protection against dissidents, and (3) the defendants are not of doubtful character, the Court considers it unfair to convict the appellants, who were willing to risk their lives in aiding the military protect the life, liberty and property of the inhabitants of the community. A person who carries a gun in obedience merely to an order from the owner who holds a proper license therefor is not guilty of the crime of having illegally possessed a firearm.[17]

It is obvious that both appellants had no intention to commit the offense charged; both believed that as civilian guards of Councilor Asa they could have, under the circumstances, possessed the firearms. This belief, although erroneous, was however entertained in good faith. They acted, we might say, under a mistake of fact. (*People v. Isabelo Asa and Mariano Balbastro, CA—G. R. No.* 11011-R, May 14, 1954.)

INTERNATIONAL LAW

EXTRATERRITORIAL APPLICATION OF UNITED STATES LAW IN THE PHILIPPINES: THE PHILIPPINE PROPERTY ACT OF 1946 OF THE UNITED STATES CONGRESS HAS EXTRATERRITORIAL APPLICATION TO THE PHILIPPINES BY CONSENT OF THE PHILIPPINE GOVERNMENT, WHICH CONSENT NEED NOT BE EXPRESSED BUT MAY BE IMPLIED FROM ACTS OF THE PRESIDENT AND THE CONGRESS OF THE PHILIPPINES.

[17] U. S. v. Samson, 16 Phil. 323.

FACTS: This is a petition instituted in the Court of First Instance of Manila by the Attorney General of the United States under the provisions of the Philippine Property Act of 1946 of the United States Congress against the Sun Life Assurance Company of Canada. The petition seeks to compel the latter company to comply with the demand of the Attorney General to pay to him the sum of ₱310.00, which represents one-half of the proceeds of an endowment policy which had matured on August 20, 1946, payable to one Naogira Aihara. Aihara and his wife, Filomena Gayapan, were insured jointly for the sum of ₱1,000.00. Under the terms of the policy, the proceeds upon maturity were payable to said insured, share and share alike, or ₱310.00 each.

The lower court granted the petition and the respondent company appealed, contending that the court of origin erred in holding that the Trading with the Enemy Act of the United States Congress is binding upon the inhabitants of this country, notwithstanding the attainment of complete independence on July 4, 1946, and in ordering the payment prayed for.

HELD: The Philippine Property Act of 1948 [18] was passed by the United States Congress on July 3, 1946. Section 3 thereof provides that the Trading with the Enemy Act of October 6, 1917,[19] as amended, shall continue in force in the Philippines after July 4, 1946. When the proclamation of Philippine independence was made by President Truman, said independence was granted in accordance with and subject to the reservations provided for in the applicable statutes of the United States. It was therefore contemplated within the meaning of the reservation that the Enemy Trading Act would be applicable even after independence.

On the part of the Philippine Government, conformity with the enactment of the Philippine Property Act of 1946 of the United States Congress was announced by President Roxas in a joint statement signed by him and High Commissioner McNutt. After the grant of independence, the Congress of the Philippines approved Republic Acts Nos. 7, 8, and 477, which were aimed at implementing or carrying out the benefits accruing from the operation of the Philippine Property Act of 1946. Likewise, shortly after the passage of the latter

[18] Public Law 485, 79th Congress.
[19] 40 Stat. 411.

law, the Philippine Government formally expressed, through the Secretary of Foreign Affairs, conformity therewith.[20]

There is no question that a foreign law may have extra-territorial effect in a country other than the country of its origin, provided the latter country in which the said law is sought to be made operative gives its consent thereto. This principle is supported by unquestioned authority.[21]

It is clear that the consent of the Philippine Government to the application of the Philippine Property Act of 1946 to the Philippines after independence was given not only by the Executive Department but also by the Congress which enacted laws aimed at implementing or carrying out the benefits accruing from the United States law.

In answer to the contention of the respondent-appellant that no provision in Republic Acts Nos. 7, 8 and 477 makes said Philippine Property Act expressly applicable to the Philippines, it must be stated that the consent of a state to the operation of a foreign law within its territory does not need to be expressed; it is enough that said consent be implied from its conduct or from that of its duly authorized officers.[22] In the case at bar, that consent was implied from the acts of both the Executive and Legislative branches of the Government. (*Herbert Brownell, Jr. v. Sun Life Assurance Company of Canada, G.R. No.* L-5731, June 22, 1954.)

LABOR LAW

WHEN BONUS MAY BE DEMANDABLE: WHEN THE PAYMENT OF A YEARLY BONUS HAS GENERATED IN THE MINDS OF THE EMPLOYEES THE FIXED HOPE OF RECEIVING THE SAME CONCESSION IN SUBSEQUENT YEARS, THEY DESERVE, ON THE GROUND OF EQUITY, TO BE PAID A BONUS FOR SUBSEQUENT YEARS IF THE COMPANY HAS REALIZED ENOUGH PROFITS.

[20] See Letters of the Secretary dated August 22, 1946 and June 3, 1947.

[21] Philippine Political Law by Sinco, pp. 27-28, citing Chief Justice Marshall's statement, 7 Cranch 116; *Digest of International Law* Backworth, Vol. II, pp. 1-2.

[22] Oppenheim, pp. 818-819; *Treaties and Executive Agreements*, Myres S. McDougal and Asher Lands, *Yale Law Journal, Vol. 54*, pp. 318-319.

FACTS: This is a petition for *certiorari* by H. E. Heacock's and Company, assailing a decision of the Court of Industrial Relations.

The National Labor Union, filed a petition in the CIR on June 26, 1950, against Heacock's, praying that the latter be ordered to pay to all its low-salaried employees their bonus for the years 1948 and 1949 in an amount equivalent to one month's salary for each year. The petition further alleged that on the occasion of the distribution on April 17, 1948 of the same bonus for the year 1947, the company had promised that said benefit would be granted yearly to the employees, provided sufficient profits were made; that in 1948 and 1949 the company, notwithstanding profits, distributed a bonus to high-salaried employees only; that upon the company's failure to accede to the union's demand for the payment of the stipulated bonus for the years 1948 and 1949 and upon its refusal to submit the matter to the labor-management committee in accordance with their collective bargaining agreement, the employees declared a strike on June 19, 1950.

The company in its answer alleged in substance that it had never bound itself to pay an annual bonus. The strikers returned to work in obedience to a directive of the court. After hearing, the CIR, through Judge Jose Bautista, ordered the company to pay the employees one month's salary as bonus for the year 1949. A subsequent motion for reconsideration filed by the company was denied by the CIR; hence this petition.

HELD: The petition for *certiorari* is dismissed and the decision of the Court of Industrial Relations affirmed.

The lower court found that Donald Gunn, president and general manager of the company, had in fact promised all low-salaried employees on April 17, 1946, that a bonus of one month's salary would be paid them yearly, provided there were profits.

The court also found that in the "Heacock's Supplement" [23]

[23] See the August 22, 1948, issues of the Manila Times and Manila Chronicle; and the Manila Daily Bulletin issue of August 23, 1948.