

[REPUBLIC ACT NO. 402, June 18, 1949]

**AN ACT GRANTING THE CLAVECILLA RADIO SYSTEM A
FRANCHISE TO ESTABLISH RADIO STATIONS FOR
BROADCASTING, TELECOMMUNICATION, AND TELEVISION.**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. There is hereby granted to the Clavecilla Radio System, hereinafter 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 Commerce and Industry, stations for international telecommunication, excluding domestic telecommunications, and stations for broadcasting, including television: *Provided*, That during the first five years, the grantee shall not televise any Picture or films, local or foreign.

SEC. 2. Subject to the limitations and procedure prescribed by law, the grantee is authorized to exercise the right of eminent domain, insofar as may be reasonably necessary to further the establishment and efficient maintenance and operation of its stations and connecting them one to another, and with the prior approval of the President the grantee is authorized to construct and maintain its works of public utility and service over and across public property of the Philippines, including streets, highways, squares and reservations, and other similar property 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 the said stations shall be put in operation, and is made upon the express condition that the same shall be void unless the construction of at least one international telecommunication station and one television station be begun within six months from the date of the approval of this Act and be completed within two years from said date.

SEC. 4. (a) This franchise shall not take effect nor shall any powers thereunder be exercised by the grantee until the Secretary of Commerce and Industry 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.

(b) The Secretary of Commerce and Industry, 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 to be used. He may take such action (1) 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 or public policy of the Philippine Republic; (2)

whenever in his judgment the public interests of the Philippines requires that such frequencies or wave lengths should be used for other purposes than those of the grantee, either by the Government of the Philippines or by other individuals or corporations licensed by it; (3) whenever in his judgment for any reason the public interests of the Philippines so require.

(c) The Secretary of Commerce and Industry 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. 5. The stations 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 services.

SEC. 6. A special right is reserved to the Government of the Republic of the Philippines, in time of war, insurrection, or domestic trouble, to take over and operate the said stations upon the order and direction of any authorized department of the Government of the Philippines without compensating the grantee of the use of said stations during the period when they shall be so operated by the said Government.

SEC. 7. The right is hereby reserved to the Government of the Philippines, through the Public Service Commission, or such other office as may be thereunto duly authorized, to fix the maximum and minimum rates to be charged by the grantee.

SEC. 8. 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 National Treasurer, all of the books and accounts of the grantee, or duplicate 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 Philippines, under the terms and conditions provided in the laws of the Philippines.

SEC. 9. (a) The grantee shall be liable to pay the same taxes on its real estate, buildings, and personal property exclusive of the franchise, as other persons or corporations are now or hereafter may be required by law to pay.

(b) 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 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.

(c) In order to foment local industry and the development of television in the Philippines, radio and television receiving sets manufactured or assembled in the Philippines, with Filipino labor and materials to the extent possible, shall be exempted from all taxes during a period of five years to be counted from the date this Act becomes into force and effect.