The Dual Personality Of The Corporation Sole

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THE Philippine Corporation Law (Act 1459, Sec. 154) states that "for the administration of the temporalities of any religious denomination, society, or church, and the management of the estates and properties thereof, it shall be lawful for the bishop, chief priest, or presiding elder of any such religious denomination, society, or church to become a corporation sole unless inconsistent with the rules, regulations, or discipline of his religious denomination, society or church or forbidden by competent authority thereof."

According to Blackstone, a "corporation sole consists of one person only and his successors, in some particular station, who are incorporated by law, in order to give them some legal capacities and advantage, particularly that of perpetuity which in their natural persons they could not have had." (1 Bl. Com. 469) It has been judicially defined as "a single individual having an artificial or legal personality from his natural character." (*Roman Catholic Archbishop of San Francisco vs. Shipman, 79 Cal. 288; 21 Pac. 830*) From these definitions, it is obvious that the corporation sole possesses, as one of its most essential attribute, the faculty of artificial personality. This means that in legal contemplation every corporation sole is a "person," an entity distinct and separate from the natural person who is its sole component.

However, we must never forget that the bishop, chief priest, or presiding elder who has duly incorporated as a corporation sole under the provisions of the Philippine Corporation Law is, in his natural self, also a "person" in contemplation of the law. Thus, we have the very unique status of an individual under our law who is both a "person" in the natural and in the juridical sense. This dual personality or combination of the natural and artificial personality simultaneously in the bishop, chief priest, or presiding elder may give rise to serious legal problems, inasmuch as in both capacities, real or juridical, he is susceptible of rights and obligations, or of being the subject of a legal relation. Being thus possessed of the aptitude to be the subject of rights and obligations or of legal relation in both capacities, the question that naturally always occurs is: When will such bishop, chief priest, or presiding elder be held responsible as a natural person and when as a legal entity? In some cases, it is difficult to draw with mathematical precision the dividing line between the two. The statute itself, as far as the real and the legal being of the corporation sole is concerned, does not establish and divide fields of black and white.

Moreover, the corporation sole has wrought havoc instead of making clear and intelligible our legal theories regarding the corporation. Thus it is an elementary principle of our corporate concept that the corporation is an artificial person entirely distinct and separate from the natural per-

sons composing it. However, this orthodox notion seems to be inapplicable to the corporation sole. Thus, we have been told that a "sole corporation, as a bishop or a person, could not make a lease to himself, because he cannot be both lessor and lessee." (*Salter vs. Grosvenor, 8 Mod. 303, 304.*) In another English case, we are again reminded that "if a bishop hath lands in both capacities he cannot give or take to or from himself." (*Wood vs. Mayor of London, Salk. 397, 398; Grant, Corporations, 635*) And again, in a California case, it was held that an archbishop, as a corporation sole, cannot acquire by adverse possession properly from himself, as a natural person, because "one cannot hold in hostility to himself; nor can one holding in one capacity hold adversely to himself, claiming in another capacity." (*Roman Catholic Archbishop of San Francisco vs. Shipman, 79 Cal. 288; 21 Pac. 830*) The courts in using these phrases show plainly enough that in their opinion there is no second "person" involved in the cases of which they speak; "he" is "himself," and that is all there is to it. From the cases cited above, it is apparent that there can be no legal transaction, no act in the law, between the corporation sole and the natural man who is its sole component and corporator. This obviously strikes deep into our common concepts of the corporation. Thus, under the orthodox rule, a sale made by one person to a corporation of which he is a member or stockholder is a conveyance between one person to another person. This sweeping abrogation of a long settled legal principle is of no consequence if the matter were one of purely philosophical or academic study; but such is not the case, since the dual personality of the corporation sole provokes the significant and ever-perplexing question of when to hold the bishop, chief priest, or presiding elder responsible as a natural person and when as a legal entity.

In the solution of this problem, there is no standard formula, but the courts, in most cases, seek to drive a wedge between the two divergent capacities by emphasizing the use of a corporate name by such bishop, chief priest, or presiding elder. Thus, in the case of *Reid vs. Barry (93 Fla, 849; 112 So. 846)*, the Court laid great stress upon the use of a corporate name when it held: "If the deed in this case had read merely to 'Right Rev. John Moore, Bishop of St. Augustine,' not being preceded by the word "as" might have been merely descriptio personae; but the grantee in the deed is, 'Right Rev. John Moore, Bishop of St. Augustine, Florida, of the County of St. Johns, and his successors in office and assigns forever,' and the deed contains full covenants of seisin, quiet enjoyment, and warranty. It was the plain purpose of the deed to vest the complete legal title in fee, with full power of alienation, in Bishop Moore, and his successors in office, in their official, as contradistinguished from their individual, capacities, respectively." And in a still later case, a certain Willard secured a judgment against the Rt. Rev. Patrick Barry, Bishop of the Diocese of St. Augustine. The judgment declares against "Right Reverend Patrick Barry, Bishop of the Diocese of St. Augustine." The Bishop then brought an action, seeking to procure a decree holding the judgment to be a judgment against Patrick Barry as an individual and not a judgment against Rt. Rev. Patrick Barry, bishop of

the diocese of St. Augustine as a corporation sole. The defendant Willard answered, stressing great importance on the use of the title of the ecclesiastical office by the prelate in his transactions with the defendant which culminated in the litigation and the consequent judgment against the bishop. The Court held, "The allegations of the answer, if proven to be true, constitute a sufficient basis for an adjudication that the judgment which the complainant contends is ambiguous is a judgment against the corporation sole and not a judgment against the individual. That a suit in equity may be maintained for the purpose of such an adjudication is not questioned." (*Willard vs. Barry, 152 So. 441*)

However, the test given by the courts in the cases cited above may not be sufficient to solve the problem. The bishop, chief priest, or presiding elder may purposely use the corporate title in order to escape personal liability or may refrain from using his corporate name in order that his successors in office may not be held liable upon his death. Since our statute has not made a clear-cut distinction between the two divergent status and there is no standard formula for answering the problem, the corporation sole, in this respect, may forever remain a legal freak, a juristic abortion, a bewildering enigma, and an inexhaustible source of never-ending legal controversies.

No Proof Required

THERE is an old story of the Indiana judge, who was declared by an enthusiastic neighbor to be the most distinguished jurist who ever sat on the bench in that State. "You can't prove that," said the man he was talking to. "I don't need to," was the answer, "he admits it himself."—*Modern Eloquence, Vol. 10.*