Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City

YAHOO! INC.

Petitioner-Appellant,

- Versus -

SEC En Banc Case No. 01-07-94
(SEC Case No. 02-06-111)
For: Change of Name

YAHOO FOOD INDUSTRIES INC.,
YAHOO COMPUTER CENTER CO.,
YAHOO TRADING CO.,
YAHOO TRANSPORT INC.,
YAHO CORPORATION,
YAHO SALES INTERNATIONAL CORPORATION.

Respondents-Appellees.

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DECISION

Before the Commission *En Banc* is an *Appeal* filed by Petitioner-Appellant Yahoo! Inc. (*for brevity* "**Appellant Yahoo!**") praying to reverse and set aside the *Order* dated 03 January 2007 (*for brevity* "**Assailed Order**") of the Office of the General Counsel (*for brevity* "**OGC**"). The Assailed Order dismissed Appellant Yahoo!'s *Verified Petition* for Change of Name against Yahoo Food Industries Inc.; Yahoo Computer Center Co.; Yahoo Trading Co.; Yahoo Transport Inc.; Yaho Corporation; Yaho Sales International Corporation (*for brevity* "**Respondent-Appellees**").

Appellant Yahoo! is a foreign corporation organized and existing under the laws of the State of Delaware, United States of America, with address at 701 First Avenue, Sunnyvale, California, USA[1].

Respondent-appellees are the following[2]:

1.) Yahoo Food Industries Inc. is a corporation duly organized and existing under Philippine laws with address at 365 Scout Gandia St., Quezon City, Metro Manila. It is registered under SEC Registration No. A199611993 issued on 08 January 1997. Its primary purpose is to manage and operate a chain of restaurants and food outlets.

2.) Yahoo Computer Center Co. is a partnership duly organized and existing under Philippine laws with address at Halili Complex, Project 4. It is

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[1] Memorandum of Appeal, paragraph 4.
[2] Ibid. paragraph 5.

registered under SEC Registration No. 199900073 issued on 06 January 1999. The purpose of the partnership is to offer high technology desktop publishing serves, hardware maintenance, systems administration, programming, management, consultancy, and computer repair and upgrading.

3.) Yahoo Trading Co. is a partnership duly organized and existing under Philippine laws with address at 1342 Antipolo St., Sta. Cruz, Manila. It is registered under SEC Registration No. A199905618 issued on 12 April 1999. The purpose of the partnership is to engage in trading, marketing, wholesaling and retailing, advertising printing, services and importation of auto parts, accessories and computers.

4.) Yahoo Transport Inc. is a corporation duly organized and existing under Philippine laws with address at 7527 Sycamore St., Marcelo Green Village, Paranaque; Metro Manila. It is registered under SEC Registration No. A199608104 issued on 15 October 1996. Its primary purpose is to engage in the business of land transportation services and to maintain related ticketing and cargo services.

5.) Yaho Corporation is a corporation duly organized and existing under Philippine laws with address at Luwasan Bulac, Sta. Maria, Bulacan. It is registered under SEC Registration No. A200005548 issued on 05 April 2000. Its primary purpose is to engage in the manufacture, sale, trade and assembly of corrugated boxes and other allied products and to engage in the business of trading/importing and exporting of goods on wholesale basis.

6.) Yaho Sales International Corporation is a corporation duly organized and existing under Philippine laws with address at 36 Jefferson Street, San Juan, Metro Manila. It is registered under SEC Registration No. 0000141876 issued on 26 June 1987.

On 20 February 2006, Appellant Yahoo! filed a verified *Petition for Cancellation of Corporation/Partnership Name* praying for the cancellation of the corporate and partnership names of the above-enumerated respondent-appellees pursuant to Section 18[3] of the Corporation Code.

On 03 January 2007, the OGC issued the Assailed Order dismissing Appellant Yahoo!'s *Petition* for lack of merit. In the Assailed Order, the OGC ruled that:

a.) Appellant Yahoo! has no priority of adoption over the name "YAHOO!" because four (4) of the respondent-appellees were incorporated earlier than the former;
b.) Appellant Yahoo! cannot seek refuge in the protection afforded in the Intellectual Property Code (IPC) because the trademarks "YAHOO!" and "YAHOOLIGANS!" were registered (date of registration) after the incorporation of respondent-appellees;
c.) Appellant Yahoo! trademark is not considered as an "internationally known mark" because two requisites are absent 1) it has not been determined sufficiently by competent authorities nor was it established

[3] Section 18. *Corporate name.* – No corporate name may be allowed by the Securities and Exchange Commission if the proposed name is identical or deceptively or confusingly similar to that of any existing corporation or to any other name already protected by law or is patently deceptive, confusing or contrary to existing laws. When a change in the corporate name is approved, the Commission shall issue an amended certificate of incorporation under the amended name.

when it attained its status; and 2) there is no similarity that would cause confusion in the goods and services.

On 25 January 2007, Appellant Yahoo! filed a *Notice of Appeal* and *Memorandum of Appeal* which raised the following issues and errors: 1) the Decision erred in not ruling that Appellant has priority of adoption of the Yahoo mark; 2) the Decision erred in ruling that even if Appellees were incorporated later than Appellant, Appellant still has no protection for its "Yahoo" name because said name was registered as a trademark by Appellant after Appellees had been incorporated; 3) the Decision erred in not holding that the "Yahoo" name is internationally known or world-famous.

In an *Order* dated 26 February 2007, respondent-appellees were directed to file their respective comments to the appeal filed by Appellant Yahoo! However, *Orders* sent to Yahoo Food Industries Inc. and Yahoo Computers Center Co. via registered mail were returned for unknown reasons. Despite the said orders, none of the Respondent-appellees filed their respective comments.

On 30 October 2007, Appellant Yahoo! filed a *Supplement* to its *Memorandum of Appeal* which it presented a Department of Trade and Industry (DTI) *Decision*[4] that declared the "YAHOO!" mark as famous, internationally and in the Philippines.

We find merit in the *Appeal*.

Section 18 of the Corporation Code (Code) expressly provides:

> "Section 18. *Corporate name.* – **No corporate name may be allowed** by the Securities and Exchange Commission **if the proposed name is identical or deceptively or confusingly similar to that of any existing corporation or to any other name already protected by law or is patently deceptive, confusing or contrary to existing laws**. When a change in the corporate name is approved, the Commission shall issue an amended certificate of incorporation under the amended name."

It is the Commission's duty to prevent confusion in the use of corporate names not only for the protection of the corporations involved but more so for the protection of the public, and it has authority to de-register at all times and under all circumstances corporate names which in its estimation are likely to generate confusion.[5]

To fall within the prohibition of the law, two requisites must be proven, to wit:

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[4] Yahoo! Inc. vs. Liezel B. Imbien, doing business under the name and style "YAHOO SARI-SARI STORE, DTI Adm Case No. 06-051, October 1, 2007.

[5] Ang Kaanib sa Iglesia ng Dios kay Kristo Hesus, H.S.K. sa Bansang Pilipinas, Inc. vs. Iglesia ng Dios kay Cristo Jesus, Haligi at Suhay ng Katotohanan, G.R. No. 137592, December 12, 2001

(1) that the complainant corporation acquired a prior right over the use of such corporate name; and
(2) the proposed name is either:
(a) identical, or
(b) deceptively or confusingly similar to that of any existing corporation or to any other name already protected by law; or
(c) patently deceptive, confusing or contrary to existing law.[6]

Priority of adoption of the name "Yahoo!"

As to the first requisite, Appellant Yahoo! has priority of registration over the names "YAHOO!" and "YAHOOLIGANS!" based on three (3) reasons.

First, evidence presented in the *Appeal Memorandum* shows that Appellant Yahoo! was incorporated in 05 March 1995 in the State of California, U.S.A., based on its 1996 quarterly report to the United States Securities and Exchange Commission (US SEC)[7]. Thereafter, it was reincorporated in 1999 in the State of Delaware, U.S.A., based on its 1999 annual report to the US SEC[8]. In its *Appeal Memorandum*, Appellant averred that during the OGC proceedings it was not able to produce its Certificate of Incorporation due to time constraints, but was able to present its Amended and Restated Certificate of Incorporation[9]. In its present *Appeal*, Appellant presented pieces of evidence showing its incorporation in 1995. It is evident that Appellant Yahoo! has priority of adoption over the words "YAHOO!" and "YAHOOLIGANS!" compared to Respondent-appellees except for Yaho Sales International Corp. because the latter entity was incorporated in 1987 or prior to the incorporation of Appellant Yahoo! in 1995.

Second, Appellant Yahoo! was able to register with the Intellectual Property Office (IPO) the said trademarks on an earlier date (date of filing) compared to the date of incorporation of the respondent-appellees.

Appellant Yahoo! filed for registration the said trademarks in 1996 to wit:

Reg No.	*Trademark*	*Filing Date*	*Date of Registration*
4-1996-110519[10]	YAHOOLIGANS!	August 12, 1996	December 14, 2003
4-1996-110520[11]	YAHOOLIGANS!	August 12, 1996	July 21, 2003
4-1996-110029[12]	YAHOO!	July 24, 1996	February 24, 2005
4-1996-110030[13]	YAHOO!	July 24, 1996	February 24, 2005

[6] Industrial Refractories Corporation of the Philippines vs. Court of Appeals, et. al., GR No. 122174, October 3, 2002 citing Philips Export B.V. vs. Court of Appeals 206 SCRA 457, 463 [1992].
[7] Annex "L" and "L-1" of the Appeal.
[8] Annex "M" and M-1 of the Appeal.
[9] Paragraph 9 of the Appeal.
[10] Annex B-1 of the Appeal.
[11] Annex B-2 of the Appeal.
[12] Annex B-3 of the Appeal.

4-1996-110031[14]	YAHOO!	July 24, 1996	February 24, 2005
4-1996-000952[15]	YAHOO!	February 13, 1998	February 24, 2005

While the respondent-appellees, except for Yaho Sales International Corporation, were incorporated on a later date, to wit:

Respondent-Appellee	*Date of Incorporation*
Yahoo Food Industries	January 8, 1997
Yahoo Computer Center Co.	January 9, 1999
Yahoo Transport Inc.	October 15, 1996
Yaho Sales International Corporation	June 26, 1987
Yahoo Trading Co.	April 12, 1999
Yaho Corporation	April 5, 2000

It is evident from the foregoing that Appellant Yahoo! filed its application for the trademarks "YAHOO!" and "YAHOOLIGANS!" in 1996. In this connection, Republic Act No. 8293 or the Intellectual Property Code of the Philippines (IPC) adopts a "*first-to-file*" system in the registration of trade names or trademarks. Thus, the OGC was incorrect when it declared that Appellant Yahoo! has no priority of adoption.

In *E.Y. Industrial Sales, Inc. vs. Shen Dar Electricity and Machinery Corp. LTD.*[16], the Supreme Court has ruled that:

> **"RA 8293 espouses the "first-to-file" rule as stated under Sec. 123.1(d) which states:**
> Section 123. Registrability. - 123.1. **A mark cannot be registered if** it:
> x x x
> **(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date**, in respect of:
>
> (i) The same goods or services, or
> (ii) Closely related goods or services, or
> (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion. (Emphasis supplied.)
>
> Under this provision, **the registration of a mark is prevented with the filing of an earlier application for registration**. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark."

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[13] Annex B-4 of the Appeal.
[14] Annex B-5 of the Appeal.
[15] Annex B-6 of the Appeal.
[16] GR No. 184850, October 20, 2010.

The protection of law on trademarks is reckoned from the date of filing of its registration with the IPO. The date of filing is vital and controlling in determining a trade name or trademarks priority of adoption. Appellant Yahoo! filed for registration in 1996 the trademarks "YAHOO!" and "YAHOOLIGANS!". Thus, it acquired priority of adoption over the said mark during that time which is earlier to the incorporation of respondent-appellees, except for Yaho Sales International Corp.

Third, assuming for the sake of argument that Appellant Yahoo! filed its application for trademark registration after the Respondent-appellees' incorporation, the registration of the trade name or trademark is not necessary to invoke ownership. Evidence of prior and continuous use in trade and commerce is essential to prove ownership over a trade name or trademark. In the instant case, Respondent-appellees failed to respond to Petitioner-appellant's claim. Thus, they admitted Petitioner-appellant's prior use of the "YAHOO" mark.

Also in *E.Y. Industrial Sales, Inc. vs. Shen Dar Electricity and Machinery Corp. LTD*[17]., the Supreme Court has ruled that:

> "As aptly stated by the Court in Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.:
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> Registration, without more, does not confer upon the registrant an absolute right to the registered mark. **The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant** and may very well entitle the former to be declared owner in an appropriate case.
>
> x x x
>
> **Ownership of a mark or trade name may be acquired not necessarily by registration but by adoption and use in trade or commerce**. As between actual use of a mark without registration, and registration of the mark without actual use thereof, the former prevails over the latter. For a rule widely accepted and firmly entrenched, because it has come down through the years, is that **actual use in commerce or business is a pre-requisite to the acquisition of the right of ownership**.
>
> x x x
>
> By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for registration of the same. Registration merely creates a prima facie presumption of the validity of the registration, of the registrant's ownership of the trademark and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the

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[17] GR No. 184850, October 20, 2010 citing Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc., GR No. 159938, March 31, 2006, 486 SCRA 405, pp. 419-421.

performance of official functions, is rebuttable and must give way to evidence to the contrary."

The uncontroverted evidence on record show that Appellant Yahoo! had adopted and used the "YAHOO!" mark when it started its business in 1994 and when it was incorporated in 1995. Likewise, the mere fact that it filed the "YAHOO!" mark, with the Philippine IPO in 1996, is a clear indication of its usage of the said mark locally. Additionally, Appellant Yahoo! presented a list of trademark applications and registrations for the "YAHOO!" mark in different countries as early as in 1995[18]. Thus, it has shown that it acquired prior right over the mark "YAHOO!".

Moreover, the SEC rules on corporate names, pursuant to Section 18 of the Code, should be construed in relation to the pertinent provisions of the IPC governing the registration and protection of trademarks or trade names and service marks. What Republic Act No. 8293 protects as a mark or trade name of a person or entity may not be used as a corporate name or part thereof by another without infringing or violating the former's property rights thereto[19]. In essence, if a trade name or trademark is protected under the IPC, then it cannot be used as a corporate name pursuant to Section 18 of the Code. Thus, the first requisite is present.

Yahoo! is a well-known mark, internationally and locally

As to the second requisite, Art. 6bis[20] of the Paris Convention provides that well-known marks should enjoy protection against any reproduction, imitation or translation that would create confusion. This treaty obligation for the protection of well-known marks is now being implemented through Section 123 (e) and (f) of R.A. No. 8293, to wit:

"Section 123. Registrability. - 123.1. **A mark cannot be registered** if it:

(e) Is **identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here**, as being already the mark of a person other than the applicant for registration, **and used for identical or similar goods or services**: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

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[18] Annex "K" of *Memorandum of Appeal*.

[19] The Law on Trademark, Infringement and Unfair Competition, Ruben E. Agpalo, 2000 First Edition, page 110.

[20] Article 6bis, Paris Convention provides x x x the countries of the Union undertakes, either administratively if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration and to prohibit the use of a trademark which constitutes a reproduction, imitation or translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of the present Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any of such well-known mark or an imitation liable to create confusion therewith.

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered **well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for**: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use;"

In *246 Corporation (Rolex Music Lounge) vs. Daway*[21], the Supreme Court further expounded the above-quoted provision, to wit:

"A **junior user of a well-known mark on goods or services which are not similar to the goods or services**, and are therefore **unrelated, to those specified in the certificate of registration of the well-known mark is precluded from using the same on the entirely unrelated goods or services**, subject to the following requisites, to wit:

1. The mark is well-known internationally and in the Philippines. Under Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers, in determining whether a mark is well known, the following criteria or any combination thereof may be taken into account:

(a) the duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
(b) the market share in the Philippines and in other countries, of the goods and/or services to which the mark applies;
(c) the degree of the inherent or acquired distinction of the mark;
(d) the quality-image or reputation acquired by the mark;
(e) the extent to which the mark has been registered in the world;
(f) the exclusivity of the registration attained by the mark in the world;
(g) the extent to which the mark has been used in the world;
(h) the exclusivity of use attained by the mark in the world;
(i) the commercial value attributed to the mark in the world;
(j) the record of successful protection of the rights in the mark;
(k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and
(l) the presence of absence of identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.

2. The **use of the well-known mark on the entirely unrelated goods or services would indicate a connection between such unrelated goods or services** and those goods or services specified in the certificate of registration in the well known mark. This requirement refers to the

[21] G.R. No. 157216, November 20, 2003.

likelihood of confusion of origin or business or some business connection or relationship between the registrant and the user of the mark.

3. The interests of the owner of the well-known mark are likely to be damaged. For instance, if the **registrant will be precluded from expanding its business to those unrelated good or services, or if the interests of the registrant of the well-known mark will be damaged** because of the inferior quality of the good or services of the user.

In *Fredco Manufacturing Corporation vs. President and Fellows of Harvard College (Harvard University)*[22], the Supreme Court ruled that:

"Indeed, **Section 123.1(e) of R.A. No. 8293** (IPC) now categorically states that **"a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here," cannot be registered by another in the Philippines**. Section 123.1(e) **does not require that the well-known mark be used in commerce in the Philippines but only that it be well-known in the Philippines**."

When Appellant Yahoo! filed a *Supplement*, it presented a Department of Trade and Industry (DTI) *Decision*[23] dated 01 October 2007. DTI declared the mark "YAHOO" to be a well-known international mark, to wit:

"Undoubtedly, **evidence amply suggest of Complainant's (Appellant Yahoo!) use of the "YAHOO" mark began in 1994 when it came out with the YAHOO! Website**. And such name became its corporate name in 1995 when it incorporated in the State of Delaware, U.S.A.

x x x

In this connection, this Office's (DTI) authority to recognize and declare trademarks as being well-known has been affirmed by a number of cases, such as La Chemise Lacoste S.A. vs. Ram Sadhwani (AC-GR No. SP-13356, June 17, 1983) and LA Chemise Lacoste, S.A. vs. Fernandez (129 SCRA 39), which reiterated the ruling in the first case. In these cases, **it has been declared that the Minister of Trade (now the Department of trade and Industry) is the competent authority under the Paris Convention to determine whether a mark is well-known which the Philippines, as party to the Convention is bound to protect**.

The numerous documentary evidence presented by Complainant, namely: the 1) list of trademark registrations and applications of complainant for the mark "YAHOO!"; 2) Certificates of Registration issued by the Intellectual Property Office under the name of Complainant for the mark "YAHOO!" and variations thereof; 3) decisions of the World Intellectual Property Organization Arbitration and Mediation

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[22] GR No. 185917, June 1, 2011.

[23] Yahoo! Inc. vs. Liezel B. Imbien, doing business under the name and style "YAHOO SARI-SARI STORE", Adm Case No. 06-051, October 1, 2007, Annex "A" of *Supplement to Memorandum of Appeal* dated 18 October 2007.

> Center and the National Arbitration Forum declaring Complainant's "YAHOO!" mark famous; and 4) the large number of "hits" and "page views" from Internet users form the Philippines, which is an accurate measure in determining the number of visits to Complainant's websites; - **leave no doubt about the fact that "YAHOO!" enjoys a well-known worldwide status and that "YAHOO!" trademark and/or trade name is famous in the Philippines as well.**[24]"

Since the DTI is the competent authority to declare whether a mark is well-known, its evaluation and declaration should be given credence. In the said DTI case, there is an unequivocal declaration by the DTI that the mark "YAHOO!" is an internationally well-known mark and it is also famous in the Philippines. Hence, it enjoys the protection of law against any infringement. Furthermore, the protection of as provided by the IPC for those trade names registered in the Philippines extends to goods or services not similar to that of the owner of the well-known mark.

As above-discussed, it has been established that Appellant Yahoo! acquired a prior right over the mark "YAHOO!" in 1996 when it filed its application with the IPO and its incorporation in 1995. The corporate names of the respondent-appellees are confusingly similar to appellant's mark since their names contain the dominant words "YAHOO" and "YAHO". Thus, the two (2) above-stated requisites are present and in which case falls within the prohibition of the law. Furthermore, the DTI has declared that "YAHOO!" to be a well-known mark, internationally and locally.

As for Yaho Sales International Corporation, while its name is considered as confusingly similar to Appellant Yahoo!, the latter does not have a prior right because the former was incorporated earlier (26 June 1987) compared to that of the latter (1995). Thus, one of the above-stated requirements is absent.

Moreover, Commission's records reveal that Yaho Sales International Corporation, including Yahoo Food Industries Inc. and Yahoo Transport Inc., are already revoked corporations. Hence, this decision applies only to those respondent-appellees that are still registered with the Commission.

WHEREFORE, premises considered, the instant *Appeal* is hereby **PARTIALLY GRANTED** and the *Order* of Office of the General Counsel dated 03 January 2007 is hereby **MODIFIED**. Respondent-Appellees Yahoo Computer Center Co.; Yahoo Trading Co.; Yaho Corporation, are hereby **ORDERED** to **CHANGE** its corporate name within thirty (30) days from receipt of this *Decision*. It is further directed to submit a compliance report attaching therein certified copies of the approved Certificate of Amendment of their Articles of Incorporation and General Information Sheet, within the said period.

As for Yaho Sales International Corporation; Yahoo Transport Inc. and Yahoo Food Industries Inc., the case against them is rendered moot since these are already revoked corporations.

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[24] Ibid, Page 9.

SO ORDERED.

Mandaluyong City, Philippines; 05 November 2015.

TERESITA J. HERBOSA*
Chairperson

ANTONIETA F. IBE
Commissioner

MANUEL MUERTO B. GAITE
Commissioner

EPHYRO LUIS B. AMATONG**
Commissioner

BLAS JAMES G. VITERBO
Commissioner

* On Official Travel
** On Official Travel