

Closure of investigation on alleged anticompetitive conduct involving the provision of Community Antenna Television services in certain condominium towers in Mandaluyong City

Industry	:	Provision of Community Antenna Television (“CATV”) services in certain condominium towers in Mandaluyong City
Case Reference	:	CEO-20-0080-FAI
Case Closed	:	26 December 2024
Issue(s)	:	Possible anticompetitive agreement for the exclusive provision of CATV services in certain condominium towers in Mandaluyong City to the exclusion of all other CATV service providers, and/or possible market limitation in the provision of CATV services in certain condominium towers in Mandaluyong City to the prejudice of consumers
Relevant Provision(s)	:	Section 14(c) and/or Section 15(i) of the Philippine Competition Act

I. Background

1. On 28 November 2019, the Philippine Competition Commission (PCC) received an email-complaint from a resident of GA Tower 2, alleging that the condominium is charging its unit owners and residents a mandatory monthly subscription with an exclusive CATV service provider, Cable Link and Holdings Inc. (“Cable Link”). A similar complaint was received from a resident of GA Tower 1 on 03 March 2021.
2. After verifying the allegations of private complainants and gathering supporting information, the Competition Enforcement Office (Enforcement Office) conducted an initial assessment on the matter.
3. On 20 January 2021, the Enforcement Office issued an *Enforcement Advisory Letter* (“EAL”)¹ of even date addressed to Mr. Delfin Lee, the President and Chief Executive Officer of Globe Asiatique Realty Holdings Corp. (“GARHC”),

¹ An Enforcement Advisory Letter is an investigative tool that provides immediate response to an anti-competitive practice in the market. It allows the Enforcement Office to gather information at the initial assessment stage, by engaging and obtaining information from entities whose alleged conduct is the subject of an enforcement-related informal complaint, query, letter, monitoring, or any other report of similar nature.

the developer of GA Towers 1 & 2 (collectively, “GA Towers”) and the Chairman of the Board of Directors of GA Tower 1 Condo Corp.

4. On 02 February 2021, the Enforcement Office issued another *EAL* of even date. The GA Towers Management, through the GA Tower 1 Condo Corp., wrote a *Letter* dated 14 February 2021 denying the allegations in the *EAL*.
5. The Enforcement Office likewise conducted a market inquiry with residents of GA Towers during the initial assessment.
6. On 01 April 2022, the Commission directed the Enforcement Office to conduct a Preliminary Inquiry (“PI”) on the possible anticompetitive agreement between GARHC and Cable Link for the provision of CATV services in GA Towers in violation of Section 14(c) and possible abuse of dominant position by GARHC in violation of Section 15(i) of the Philippine Competition Act (PCA).
7. During PI, the Enforcement Office found that:
 - 7.1. The *Memorandum of Understanding* (2018) between GARHC and Cable Link contained an exclusivity clause, which provided that “[GARHC] hereby agrees and grants [Cable Link] with an exclusive right to provide, operate and maintain CATV services to [GARHC] for a period of five years...”
 - 7.2. Since 2018, the sole provider of the mandatory CATV services in GA Towers has been Cable Link.
 - 7.3. There are no direct subscription agreements between the unit owners nor residents of GA Towers and Cable Link. The contract is between Cable Link and GARHC, the developer of GA Towers.
 - 7.4. GARHC had taken on certain tasks such as billing, pricing, and identifying which cable providers to transact with, tasks which are usually undertaken by the CATV service provider.
 - 7.5. The management of GA Towers, through GARHC, imposed mandatory CATV subscription to all unit owners and residents.
8. On 19 May 2022, the Enforcement Office issued *Show Cause Order* (“SCO”) No. 2022-002 to GARHC ordering it to show cause in writing, an explanation (i) disputing, denying, or justifying or (ii) admitting the anti-competitive conduct described below:

Globe Asiatique Realty Holdings, Inc., as the developer and

property manager of GA Towers 1 and 2 (“GA Towers”) in Mandaluyong City, Metro Manila, limits the market for the provision of Cable Television System or Community Antenna Television (“CATV”) services in GA Towers by ensuring that alternative suppliers cannot offer services directly to its unit owners and residents, in violation of Section 15(i) of the PCA. Further, the continuous enjoyment of water and electricity services in GA Towers is made dependent on the payment of the unrelated subscription to a CATV operator, in violation of Section 15(c) of the PCA.

9. On 29 June 2022, based on reasonable grounds, the Enforcement Office proceeded to the conduct of a Full Administrative Investigation (“FAI”).

II. Findings

A. On Cable Link:

8. During FAI, on 11 August 2022, the Enforcement Office issued *SCO No. 2022-006* to Cable Link ordering it to show cause in writing, an explanation (i) disputing, denying, or justifying or (ii) admitting the anti-competitive conduct described below:

Cable Link entered into an exclusive agreement with [GARHC] for the provision of [CATV] services to residents of [GA Towers] in Mandaluyong City, Metro Manila, to the exclusion of all other cable providers, in violation of Section 14(c) of the PCA.

9. After several rounds of negotiations and pursuant to the Show Cause proceedings in *SCO No. 2022-006*, Cable Link submitted its *Final Revised Explanation/Proposal* dated 07 February 2024 (the “*Final Revised Explanation/Proposal*”).
10. On 16 February 2024, the Enforcement Office submitted its *Memorandum* of even date containing its comments to the *Final Revised Explanation/Proposal*. In the same *Memorandum*, the Enforcement Office recommended that the *Final Revised Explanation/Proposal* filed by Cable Link be approved by the Commission as it appears to address the concerns raised in the SCO and the directives of the Commission.
11. On 31 May 2024, the Enforcement Office received an *Order* dated 14 March 2024 from the Commission accepting and approving the *Final Revised Explanation/Proposal* of Cable Link. The *Order* stated the following:

“In the *Final Revised Explanation/Proposal*, endorsed by the CEO for approval by the Commission, Cable Link admitted the conduct alleged to be anti-competitive in SCO No. 2022-006 and made the following commitments to address the same:

- a. Require its officers to attend competition law seminars;
- b. Disseminate and post an explanation or apology for their past conduct in bulletin boards and other conspicuous locations within the premises of GA Tower I;
- c. Issue an advisory to multi-dwelling unit clients of Cable Link that the provision of cable services is not exclusive to Cable Link;
- d. Ensure compliance with competition law in their future actions or business conduct;
- e. Cooperate with the Commission should the latter decide to continue its investigation on other entities involved in any violation of Republic Act No.10667 or the Philippine Competition Act (“PCA”);
- f. Pay a settlement amount of One Hundred Ten Thousand Twenty Pesos and Seventy-One Centavos (Php 110,020.71); and
- g. Submit reports for the monitoring of the progress and accomplishment of their commitments.”

12. The Enforcement Office will monitor Cable Link’s compliance with the commitments detailed in the *Final Revised Explanation/Proposal*.

B. On GARHC:

13. During FAI, the Enforcement Office and GARHC had a series of negotiations pursuant to SCO No. 2022-002.
14. On 20 May 2024 and pursuant to the Show Cause proceedings in SCO No. 2022-002, GARHC submitted its *Final Revised Written Proposal* of even date (the “*Final Revised Written Proposal*”).
15. On 20 May 2024, the Enforcement Office submitted its *Memorandum* of even date containing its comments on the *Final Revised Written Proposal*. In the same *Memorandum*, the Enforcement Office recommended that the *Final Revised Written Proposal* filed by GARHC be approved by the Commission as it appears to address the concerns raised in the SCO, as well as the directive of the Commission.
16. On 16 September 2024, the Enforcement Office received a *Resolution* dated

28 May 2024 issued by the Commission accepting and approving GARHC's *Final Revised Written Proposal*. The *Resolution* states:

“In the Revised Settlement Proposal endorsed by the CEO for approval by the Commission, GARHC admitted the conduct alleged to be anti-competitive in SCO No. 2022-002 and made the following commitments to address the same:

- a. Non-engagement in anti-competitive agreements, admission of past conduct and termination of the previous Memorandum of Understanding (MOU) with Cable Link;
- b. Adoption and implementation of a robust competition policy;
- c. Mandatory attendance of all GARHC employees to the inaugural competition law seminar and of the key compliance officers to the subsequent seminars once a year for three (3) years from approval by the PCC of the Revised Written Proposal;
- d. Issuance of an advisory letter addressed to unit owners and residents of GA Tower 1 and GA Tower 2 Condominiums, cable service providers and the general public, apologizing for the confusion regarding cable tv providers. This shall be posted in bulletin boards, main entrance and other conspicuous locations in the premises of GA Towers. The advisory shall also be posted on GA Towers' social media platforms;
- e. Payment of a settlement amount of One Million Two Hundred Six Thousand Pesos (Php 1,206,000.00) in six (6) equal monthly installments;
- f. Submission of proof of compliance to the Commission regarding its payment of the settlement amount within thirty (30) days from acceptance of each installment payment;
- g. Continued assistance to the PCC in its investigation and prosecution of other individuals or entities involved in the subject [agreement]; and
- h. Submission of reports to the PCC for the monitoring of the progress and accomplishment of their commitments annually for a period of three (3) years.”

17. The Enforcement Office will monitor GARHC's compliance with the commitments detailed in the *Final Revised Written Proposal*.

18. On 26 December 2024 the Enforcement Office resolved to terminate the FAI pursuant to Sections 3.14 and 3.16 of the 2017 Rules of Procedure of the PCC, following the recommendation of the FAI Team upon the Commission's approval of the *Final Revised Explanation/Proposal* filed by Cable Link and of the *Final Revised Written Proposal* filed by GARHC, without prejudice to any other investigation with respect to the same or other possible violations of the PCA and other competition laws.
19. The Enforcement Office will monitor compliance with the commitments detailed in the written proposals.

III. Conclusion

20. In view of the findings above, the Enforcement Office formally closed its investigation on 26 December 2024.
21. Nonetheless, in accordance with Section 2.13 of the 2017 Rules of Procedure of the PCC, closure of the FAI shall be without prejudice to the conduct of another inquiry or investigation if the circumstances so warrant.
22. The foregoing findings are based solely on the facts and circumstances of this investigation and relevant only to the particular issues examined herein.