

Title: De La Salle Montessori International of Malolos, Inc. vs. De La Salle Brothers, Inc., et al.

Facts:

De La Salle Montessori International of Malolos, Inc. (petitioner) reserved and later registered its corporate name with the Philippines' Securities and Exchange Commission (SEC) from June 4 to August 3, 2007. The Department of Education (DepEd) endorsed the articles of incorporation and by-laws without objections, leading to government recognition for the petitioner's various educational courses in subsequent years.

On January 29, 2010, De La Salle Brothers, Inc., and related entities (respondents) filed a petition with the SEC seeking to compel the petitioner to change its corporate name, arguing that it misleadingly suggested an association with their "La Salle" schools. The SEC's Office of the General Counsel (OGC) ruled in the respondents' favor, directing the petitioner to change its name due to the prior right of the respondents to use the name and the confusing similarity.

The petitioner appealed to the SEC En Banc, which affirmed the OGC's order. Unconvinced, the petitioner sought review from the Court of Appeals (CA), which also upheld the SEC's decision.

Issues:

1. Whether the respondents have a prior right to the exclusive use of the phrase "La Salle" in their corporate names.
2. Whether the petitioner's corporate name is confusingly similar to that of the respondents.
3. Whether the Lyceum of the Philippines case applies here, thus not granting exclusivity to the phrase "La Salle."

Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision and reiterating that corporate names are protectable property rights. The Court held that respondents had priority right to use the phrase "La Salle," and the petitioner's name coupled with the similar educational services it provides likely leads to confusion. Furthermore, the Court found the petitioner's arguments on exclusivity and non-confusion unpersuasive.

Doctrine:

1. A corporate name is a property right in rem, protectable against the world.
2. Section 18 of the Corporation Code prohibits registration of corporate names that are

identical or deceptively similar to existing names.

3. The prior right to use a corporate name is based on priority of adoption.

4. A generic term cannot receive exclusive use, but a suggestive, arbitrary, or fanciful term can be protected.

Class Notes:

- A corporation's name is a protectable property right.
- Confusing similarity in corporate names is assessed based on the potential for confusion among the public.
- Section 18 of the Corporation Code defines the criteria for the lawful use of corporate names.
- The prior right to use a corporate name with freedom from infringement is established by the priority of its adoption.
- The key tests for similarity are visual, aural, connotation similarities, and the totality of circumstances.

Historical Background:

The use of "La Salle" in the educational context stems from the association with Saint Jean Baptiste de La Salle, a French priest and educational reformer. The respondents' rights to the name "La Salle" have been established over time through prior registration and use in the educational sector. This case reaffirms the principles of corporate name protection and the role of the SEC in ensuring the uniqueness and lack of confusion in corporate name usage, significant in a historical context of growing educational institutions and the importance of branding therein.