

**Title:**

Philips Export B.V., et al. vs Court of Appeals, Securities and Exchange Commission, and Standard Philips Corporation

**Facts:**

Petitioners Philips Export B.V. (PEBV), Philips Electrical Lamps, Inc., and Philips Industrial Development, Inc., part of the PHILIPS Group of Companies, challenged the use of the name “PHILIPS” by Standard Philips Corporation in the Philippine market. PEBV owned Philippine registered trademarks PHILIPS and PHILIPS SHIELD EMBLEM. Philips Electrical and Philips Industrial were authorized users of these marks and had been incorporated in the Philippines since 1956. Standard Philips Corporation, incorporated in 1982, was operating under a name petitioners deemed infringed on their trademark rights. After unsuccessful attempts to have Standard Philips amend its name, the petitioners filed a case with the Securities and Exchange Commission (SEC) asking for a directive to change the respondent’s corporate name. The SEC and subsequently the Court of Appeals (CA) dismissed the petitioners’ claims, leading them to appeal to the Philippine Supreme Court.

**Issues:**

1. Whether Petitioner PEBV had legal capacity to sue notwithstanding being a foreign corporation not engaged in business in the Philippines.
2. Whether the use of the word “PHILIPS” in Standard Philips Corporation’s corporate name constitutes infringement of petitioners’ exclusive right.
3. Whether the similarities in the corporate names of the petitioners and respondent are confusing and thus should be prohibited under Philippine corporate law.

**Court’s Decision:**

The Supreme Court reversed the decisions of the SEC and CA. It affirmed that the right to a corporate and trade name is a property right, which an entity has the right to protect against infringement. The Court identified two requisites for determining the infringement of corporate name rights: (1) prior right to the use of the name by the complainant, and (2) that the proposed name is identical, deceptively confusingly similar, or deceptive. The Court found that the name “PHILIPS” in Standard Philips Corporation’s name was likely to cause confusion, given the pre-existing use and registration of the trademark “PHILIPS” by the petitioners. Consequently, the Supreme Court ordered the amendment of Standard Philips Corporation’s articles of incorporation to delete the word “PHILIPS” from its corporate name.

**Doctrine:**

A corporation's right to use its corporate and trade name is a property right, a right in rem, which it may assert and protect against the world similarly to its tangible property. Under Philippine Corporation Code Section 18, no corporate name may be allowed if it is identical or deceptively or confusingly similar to an existing corporation name or any other name protected by law.

**Class Notes:**

- A corporation's name is an essential element of its existence and identity.
- The right to the exclusive use of a corporate name with freedom from infringement by similarity is established by the principle of priority.
- Demonstrating actual confusion is not necessary for proving infringement; the likelihood of confusion suffices.
- The Philippine Corporation Code explicitly prohibits the registration of a corporate name that is likely to mislead the public due to similarity with an already registered name or trademark.

**Historical Background:**

This case underscores the evolving jurisprudence regarding corporate name disputes in the Philippines, highlighting the protection accorded to businesses against the potential confusion created by similar names. It emphasizes the priority rights principle and the assessment basis for the similarity of corporate names, affirming that existing businesses have a right to protect their trademarks and brand identity, especially from newer entities potentially capitalizing on their established goodwill.