

UNIVERSAL MILLS CORPORATION, PETITIONER, VS. UNIVERSAL TEXTILE MILLS, INC., RESPONDENT.

G.R. No. L-28351. July 28, 1977

Ponente: BARREDO, J.

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BARREDO, J.:

Appeal from the order of the Securities and Exchange Commission in S. E. C. Case No. 1079, entitled In the Matter of the Universal Textile mills, Inc. vs. Universal Mills Corporation, a petition to have appellant change its corporate name on the ground that such name is "confusingly and deceptively similar" to that of appellee, which petition the Commission granted.

According to the appealed order, "the Universal Textile Mills, Inc. was organized on December 29, 1953, as a textile manufacturing firm for which it was issued a certificate of registration on January 8, 1954. The Universal Mills Corporation, on the other hand, was registered in this Commission on October 27, 1954, under its original name, Universal Hosiery Mills Corporation, having as its primary purpose the 'manufacture and production of hosieries and wearing apparel of all kinds.' On May 24, 1963, it filed an amendment to its articles of incorporation changing its name to Universal Mills Corporation, its present name, for which this Commission issued the certificate of approval on June 10, 1963.

"The immediate cause of this present complaint, however, was the occurrence of a fire which gutted respondent's spinning mills in Pasig, Rizal. Petitioner alleged that as a result of this fire and because of the similarity of respondent's name to that of herein complainant, the news items appearing in the various metropolitan newspapers carrying reports on the fire created uncertainty and confusion among its bankers, friends, stockholders and customers prompting petitioner to make announcements, clarifying the real identity of the corporation whose property was burned. Petitioner presented documentary and testimonial evidence in support of this allegation.

"On the other hand, respondent's position is that the names of the two corporations are not similar and even if there be some similarity, it is not confusing or deceptive; that the only reason that respondent changed its name was because it expanded its business to include the manufacture of fabrics of all kinds; and that the word 'textile' in petitioner's name is dominant and prominent enough to distinguish the two. It further argues that petitioner failed to present evidence of confusion or deception in the ordinary course of business; that the only supposed confusion proved by complainant arose out of an extraordinary occurrence - a disastrous fire." (pp. 16-17, Record.)

Upon these premises, the Commission held:

"From the facts proved and the jurisprudence on the matter, it appears necessary under the circumstances to enjoin the respondent Universal Mills Corporation from further using its present corporate name. Judging from what has already happened, confusion is not only apparent, but possible. It does not matter that the instance of confusion between the two corporate names was occasioned only by a fire or an extraordinary occurrence. It is precisely the duty of this Commission to prevent such confusion at all times and under all circumstances not

only for the purpose of protecting the corporations involved but more so for the protection of the public.

"In today's modern business life where people go by tradenames and corporate images, the corporate name becomes the more important. This Commission cannot close its eyes to the fact that usually it is the sound of all the other words composing the names of business corporations that sticks to the mind of those who deal with them. The word 'textile' in 'Universal Textile Mills, Inc.' can not possibly assure the exclusion of all other entities with similar names from the mind of the public especially so, if the business they are engaged in are the same, like in the instant case.

"This Commission further takes cognizance of the fact that when respondent filed the amendment changing its name to Universal Mills Corporation, it correspondingly filed a written undertaking dated June 5, 1963 and signed by its President, Mr. Mariano Cokiat, promising to change its name in the event that there is another person, firm or entity who has obtained a prior right to the use of such name or one similar to it. That promise is still binding upon the corporation and its responsible officers." (pp. 17-18, Record.)

It is obvious that the matter at issue is within the competence of the Securities and Exchange Commission to resolve in the first instance in the exercise of the jurisdiction it used to possess under Commonwealth Act 287 as amended by Republic Act 1055 to administer the application and enforcement of all laws affecting domestic corporations and associations, reserving to the courts only conflicts of judicial nature, and, of course, the Supreme Court's authority to review the Commission's actuations in appropriate instances involving possible denial of due process and grave abuse of discretion. Thus, in the case at bar, there being no claim of denial of any constitutional right, all that We are called upon to determine is whether or not the order of the Commission enjoining petitioner to change its corporate name constitutes, in the light of the circumstances found by the Commission, a grave abuse of discretion.

We believe it is not. Indeed, it cannot be said that the impugned order is arbitrary and capricious. Clearly, it has rational basis. The corporate names in question are not identical, but they are indisputably so similar that even under the test of "reasonable care and observation as the public generally are capable of using and may be expected to exercise" invoked by appellant, We are apprehensive confusion will usually arise, considering that under the second amendment of its articles of incorporation on August 14, 1964, appellant included among its primary purposes the "manufacturing, dyeing, finishing and selling of fabrics of all kinds" in which respondent had been engaged for more than a decade ahead of petitioner. Factually, the Commission found existence of such confusion, and there is evidence to support its conclusion. Since respondent is not claiming damages in this proceeding, it is, of course, immaterial whether or not appellant has acted in good faith, but We cannot perceive why of all names, it had to choose a name already being used by another firm engaged in practically the same business for more than a decade enjoying well earned patronage and goodwill, when there are so many other appropriate names it could possibly adopt without arousing any suspicion as to its motive and, more importantly, any degree of confusion in the mind of the public which could mislead even its own customers, existing or prospective. Premises considered, there is no warrant for our interference.

As this is purely a case of injunction, and considering the time that has elapsed since the acts complained of took place, this decision should not be deemed as foreclosing any further remedy which appellee may have for the protection of its interests.

WHEREFORE, with the reservation already mentioned, the appealed decision is affirmed. Costs against petitioners.

Fernando, (Chairman), Antonio, Aquino, Concepcion, Jr., and Santos, JJ., concur.

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