Republic of the Philippines
Department of Trade and Industry
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City

DE LA SALLE BROTHERS, INC., DE LA SALLE UNIVERSITY, INC., LA SALLE ACADEMY, INC., DE LA SALLE - SANTIAGO ZOBEL SCHOOL, INC. (formerly named De La Salle-South Inc.) and DE LA SALLE-CANLUBANG, INC. (formerly named De La Salle University-Canlubang, Inc.),
Petitioners-Appellees,

-versus-

SCHOOL OF SAINT LA SALLE OF QUEZON CITY, INC. (formerly St. Lasalle Learning Center, Inc.),
Respondent-Appellant.

SEC En Banc Case No. 08-10-208
For: Change of Name

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DECISION

For consideration is the *Appeal* dated 31 July 2010 filed on 2 August 2010 by School of Saint La Salle of Quezon City, Inc. ("appellant", for brevity) from the Order of the Commission's Office of the General Counsel ("OGC") dated 9 July 2010 granting the petition of De La Salle Brothers, Inc., De La Salle University, Inc., La Salle Academy, Inc., De La Salle-Santiago Zobel School, Inc. and De La Salle-Canlubang, Inc. ("appellees") for the change of appellant's corporate name.

The parties to this case are all educational institutions.

Appellee De La Salle Brothers, Inc. ("the Brothers") is the community of educators which founded the De La Salle College in the Philippines in June 1911 and, thereafter, numerous other schools throughout the country. The Brothers consistently included the phrase "*La Salle*" in the names of these various schools to distinguish them from those that were founded by other individuals or sectors.

Appellees' incorporation dates and registration numbers are as follows: (1) De La Salle Brothers, Inc. – 9 October 1961, under SEC Registration No. 19569; (2) De La Salle University, Inc., -- 19 December 1975, under SEC Registration No. 65138; (3) La Salle Academy, Inc. – 26 January 1960, under SEC Registration No. 16293; (4) De La Salle-Santiago Zobel School, Inc. – 7 October 1976, under SEC Registration No. 69997; and (5) De La Salle-Canlubang, Inc. – 5 August 1998, under SEC Registration No. A1998-01021.

Appellant, on the other hand, was incorporated on 28 August 2003 under SEC Registration No. CN200318902.

On 1 September 2009, appellees filed before the OGC a petition to change the corporate name of appellant, pursuant to Section 18 of the Corporation Code ("the Code")[1], which reads:

> "Sec. 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. xxx." (Emphasis supplied).

On 9 July 2010, the OGC issued its herein assailed Order. Hence, this *Appeal.*

Appellant raises the following issues: (1) whether or not the OGC erred in not finding that the phrase "*La Salle* " is generic; and (2) whether or not the OGC erred in ruling that appellant's name is deceptively or confusingly similar to those of the appellees.

ON WHETHER OR NOT "*LA SALLE*" IS GENERIC, AND HENCE, CANNOT BE EXCLUSIVELY APPROPRIATED

Appellant maintains that "*La Salle* " is generic in that: (a) it is the name of a saint, St. Jean-Baptiste de La Salle, the patron saint of teachers; and (b) it also refers to a place or a geographic location.

Contrary to appellant's assertion, the phrase "*La Salle* " is not generic with respect to the appellees' names. In trademark law, rules on generic, descriptive and suggestive terms are already settled, to wit:

> "**Generic terms** are those which constitute *'the common descriptive name of an article or substance'*, or comprise the *'genus of which the particular product is a species'*, or are *'commonly used as the name or description of a kind of goods'*, or *'imply reference to every member of a genus and the exclusion of individuating characters'*, or *'refer to the basic nature of the wares or services provided rather than to the more idiosyncratic characteristics of a particular product'*, and are not legally protectable. On the other hand, **a term is descriptive** and therefore invalid as a trademark if, as understood in its normal and natural sense, it '*forthwith conveys the characteristics, functions, qualities or ingredients of a product to one who has never seen it and does not know what it is*', or '*if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods,*' or if *it clearly denotes what goods or services are provided in such a way that the consumer does not have to exercise powers of perception or imagination.*" [2]

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[1] Batas Pambansa Blg.68 (1980).

[2] *Societe des Produits Nestle, S.A., et al. vs. Court of Appeals, et al.*, G.R. No. 112012, 4 April 2001.

> "**Suggestive terms** are those which xxx require '*imagination, thought and perception to reach a conclusion as to the nature of the goods.*' xxx. While suggestive marks are capable of shedding '*some light*' upon certain characteristics of the goods or services in dispute, they nevertheless involve '*an element of incongruity,*' '*figurativeness,*' or '*imaginative effort on the part of the observer.*'" [3] They '*are words, pictures, or other symbols that suggest, but do not directly describe, something about the goods or services in connection with which they are used as marks*' [4]; as they merely give hint as to the quality or nature of the product, **suggestive marks can thus be distinctive and are registrable.**[5] (Emphasis ours).

Whether or not the phrase "*La Salle*" or "*De La Salle*" means or refers to the French priest and saint Jean-Baptiste de la Salle is of no moment because such a circumstance does not necessarily make the phrase a generic or descriptive term in the technical sense described above. "*La Salle*" or "*De La Salle*" is not generic in that it does not particularly refer to the basic or inherent nature of the services provided by the appellees; neither is it descriptive in the sense that it does not forthwith and clearly convey an immediate idea of what appellees' services are. In fact, it merely gives a hint, and requires imagination, thought and perception to reach a conclusion as to the nature of such services. Unlike the word "*Lyceum*" which, in one case [6], was found to have been incorporated in the English language as synonym of "*school*"[7] and is thus clearly descriptive of the very being and defining purpose of an educational corporation, the term "*La Salle*" or "*De La Salle*" does not inherently mean school, and hence, still requires one's imagination to associate it with the name of the saint.

As to appellant's argument that the phrase also pertains to a place or a geographical location, suffice it to state that this defense was not raised in the proceedings *a quo*, and as such, cannot be considered in this *Appeal*. At any rate, the contention still holds no water. As a name of a place, "*La Salle*" or "*De La Salle*" is not descriptive of the business location of both parties, considering that "*La Salle*" or "*De La Salle*" is not part of any geographical area in the Philippines where any of the parties may set up their business. Therefore, the rationale why a geographical name cannot be exclusively appropriated in favor of any party does not apply because here, the choice by appellees of "*La Salle*" or "*De La Salle*" was arbitrary and fanciful, not made on account of one's business location.[8] Ironically, appellant's point that "*La Salle*" is also a geographical location further tends to argue for the phrase's distinctiveness, it appearing that the same does not exclusively refer to name of the saint.

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[3] Supra, Note 2.
[4] McCarthy's Desk Encyclopedia of Intellectual Property, 1991 Ed., p. 322.
[5] Vicente B. Amador, Trademarks Under the Intellectual Property Code 27 (1999 Edition), citing *American Wire and Cable Co. vs. Director of Patents and Central Banahaw Industries*, G.R. No. L-26557, February 18, 1970.
[6] *Lyceum of the Philippines, Inc. vs. Court of Appeals, et al.*, G.R. No. 101897, March 5, 1993.
[7] Also found in the Spanish language as "*liceo*" and the French language as "*lycee*".
[8] *Decision* dated 4 December 2008 in *SEC En Banc Case No. 06-012* entitled *Beverly Hills Plastic Surgery and Skin Center, Inc. vs. Beverly Hills Cosmetic Surgery and Skin Institute, Inc.*

Having established that "*La Salle* " is not generic, there is no more need to discuss appellant's contention that the phrase has not attained secondary meaning in appellees' favor. The doctrine of secondary meaning cannot be invoked in this case as it presupposes that, and applies only when, the term is originally generic.

ON WHETHER OR NOT APPELLANT'S NAME IS DECEPTIVELY OR CONFUSINGLY SIMILAR TO THOSE OF APPELLEES

Appellant argues that: (a) actual or probable deception and confusion must appear; (b) its name must be considered in its entirety to see that it contains distinctive words in compliance with SEC Memorandum Circular No. 14, Series of 2000 ("MC No. 14-00")[9], the governing rule at the time it was incorporated; (c) the OGC should not have limited itself to the similarities in name and should have taken into consideration the difference in the parties' logo, color and uniform; and (d) parents are very discerning in choosing schools for their children and are not likely to be deceived.

In determining the presence of confusing similarity in corporate names, the test is whether the similarity is such as to mislead a person using ordinary care and discretion. **It is already settled, however, that proof of actual confusion need not be shown and it suffices that confusion is probably or likely to occur.**[10]

Also, we cannot sustain appellant's claim that its name contains distinctive words that distinguish it from those of the appellees. The words "*School* " and "*Saint* " in appellant's name cannot serve as effective differentiating media: the first word is obviously a generic term; and the second is an insufficiently distinct common word which, considering the religious leanings of the Brothers, can still be reasonably associated with the appellees. Neither can the appendage of "*Quezon City* " serve such purpose as it can reasonably mislead a person using ordinary care and discretion into thinking that appellant is an affiliate or a branch of, or is likewise founded by, any or all of the appellees, thereby causing confusion.

Besides, the rule in MC No. 14-00[11] to the effect that "*if the proposed name is similar to the name of a registered firm, the proposed name must contain at least one distinctive word different from the name of the company already registered* " applies only if the word already used or registered as part of a corporate name is a generic name; it does not apply if the word is a valid trademark or trade name of another person or entity or is a dominant word or feature of a previously used or registered corporate name.[12] As adverted to above, "*La Salle* " or "*De La Salle* " is

[9]Revised Guidelines in the Approval of Corporate and Partnership Names.
[10]*Industrial Refractories Corporation of the Philippines vs. Court of Appeals, et al.*, G.R. No. 122174, October 3, 2002, citing *Philips Export B.V., et al. vs. CA, et al.*, G.R. No. 96161, February 21, 1992.
[11]Already amended by SEC Memorandum Circular No. 5, Series of 2008.
[12]Ruben E. Agpalo, The Law on Trademark, Infringement and Unfair Competition 110 (2000 Edition), citing *Lyceum of the Philippines, Inc. vs. CA*, 219 SCRA 610, and *Philips Export B.V. vs. CA*, 206 SCRA 458.

not generic. Moreover, it is the dominant term, a fixture, in appellees' corporate names, the same having been consistently included therein by the Brothers.[13]

Indeed, confusion is probably or likely to occur, considering not only such similarity in the parties' names but also in the business or industry they are engaged in. These considerations alone are already sufficient to support a finding of confusing similarity. Unlike the typical stock corporation which is engaged in profit-making business and has various products in trade designated by their corresponding trademarks by which the corporation may also be known, educational corporations like the parties in this case are primarily known by their respective corporate names. Thus, consideration of the parties' logo, color and uniform are no longer necessary in this case. Besides, appellant's logo still prominently uses the word "*LaSalle* " and dominantly utilizes the color green, which is also the color of appellees, thereby not precluding the likelihood of confusion.

Appellant's assertion that the parents are not likely to be deceived is self-serving, unsubstantiated and loses sight of certain factors like the demographics of the prospective clients, for one. On the contrary, the fact remains that "*LaSalle* " is the reason for the confusing similarity, effectively conjuring the inference that appellant is affiliated with and/or was founded by the appellees. This inference is the main selling point or come-on to the general public which, because of the promise it connotes, would more likely cause them to let their guard down.

Lastly, it is on record that appellant, through its owners and teachers, are vigilant in informing the public, especially the parents of the enrollees, that it is not connected with the appellees.[14] As the OGC correctly concluded, this is telling evidence that appellant itself recognizes and admits that its name is confusingly similar with those of the apellees and that, accordingly, confusion is very likely to occur.

WHEREFORE, premises considered, the instant *Appeal* is hereby **DENIED**, and the Order dated 9 July 2010 of the Office of the General Counsel is hereby **AFFIRMED**.

SO ORDERED.

Mandaluyong City, 9 September 2010.

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[13] *Philips Export B.V., et al. vs. CA, et al.*, G.R. No. 96161, February 21, 1992.
[14] *Rejoinder*, par. 5; *Answer*, par. 3.

PE B. BARIN
Chairperson

MA. JUANITA E. CUETO
Commissioner

RAUL J. PALABRICA
Commissioner

MANUEL HUBERTO B. GAITE
Commissioner

ELADIO M. JALA
Commissioner