Republic of the Philippines
Department of Finance
Securities and Exchange Commission
PICC Secretariat Building, PICC Complex, Pasay City

TH COFFEE SERVICES PHILIPPINES CORPORATION,

Appellant,

- versus -

COMPANY REGISTRATION AND MONITORING DEPARTMENT,

Appellee.

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SEC En Banc Case No. 05-17-425
Right to Use Corporate Name

DECISION

For the consideration of the En Banc is the Appeal Memorandum filed on 22 May 2017 by TH COFFEE SERVICES PHILIPPINES CORPORATION (TH COFFEE), which seeks to reverse the **Letter-Order dated 12 April 2017 of the Commission's COMPANY REGISTRATION AND MONITORING DEPARTMENT (CRMD)**, where the CRMD denied TH COFFEE's reservation of the corporate name "TIM HORTONS PHILIPPINES, INC.," for being identical or confusingly similar to TIM HORTONS INC., a name which has since been revoked.

RELEVANT FACTS

TH COFFEE is a domestic corporation, registered on **28 June 2016**[1] and established for the purpose of procurement, importing, exporting, distributing, and wholesaling [of] **coffee** and other coffee-related products.[2]

On **28 July 2016**, TH COFFEE entered into a Master Franchise and Development Agreement with Tim Hortons International, S.A. (THISA), a multinational quick service restaurant franchisor registered in Canada.[3] TH COFFEE thus became the sole franchisee of the international trademark "TIM HORTONS" in the Philippines.

In **October 2016**, TH COFFEE attempted to reserve the corporate name "TIM HORTONS PHILIPPINES, INC." with the CRMD. The reservation was rejected because TH COFFEE's proposed name was similar to two earlier registered names: (1) TIM HORTONS, INC., which has since been revoked; and (2) TIM GROUP PHILIPPINES, INC.

TIM HORTONS, INC. (THI) is a domestic corporation,[4] registered on **2 February 2004** and established for the purpose of "trading goods such as textile, food stuff, canned goods, frozen foods, vitamins, chocolate drink, milk, **coffee** bean, and other basic commodities on wholesale/retail basis."[5]

THI's certificate of incorporation was **revoked** via an Order dated **18 June 2012**, for non-compliance with the Commission's reportorial requirements.

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[1] Company Reg. No. CS201613664
[2] TH COFFEE's Articles of Incorporation
[3] Page 7 of Appeal Memorandum
[4] Company Reg. No. CS200411406
[5] THI's Articles of Incorporation

Meanwhile, **TIM GROUP PHILIPPINES, INC. (TIM GROUP)** is a domestic corporation,[6] registered on **8 May 1990** and established as a holding company.

On **13 October 2016**, TH COFFEE sent a letter for reconsideration with the CRMD, arguing that:

(1) **As to the proposed name's similarity with TIM GROUP**, the proposed name sufficiently differs because of the word "HORTONS," which forms part of "TIM HORTONS" which is a protected trademark;
(2) **As to the proposed name's similarity with THI**, while the proposed name is nearly identical—
    a. THI never had a right to use the name "TIM HORTONS" because it was not authorized by THISA, which owns trademarks over the words "TIM HORTONS" in several countries, including the Philippines;
    b. **Section 11 of SEC Memorandum Circular No. 14-2000** prohibits the registration of a corporate name similar to the name of an internationally known foreign corporation, such as THISA; and
    c. THISA's sole franchisee in the Philippines is TH COFFEE.

On **12 April 2017**, the CRMD issued the assailed Letter-Order. Citing **Section 18 of the Corporation Code** and **SEC Memorandum Circular No. 21-2013 (Omnibus Guidelines on Corporate and Partnership Names)**, it ruled that "the proposed name 'TIM HORTONS PHILIPPINES, INC.' is clearly identical or confusingly similar with 'TIM HORTONS, INC.' a corporation duly-registered with the Commission."

On **22 May 2017**, TH COFFEE filed the instant Appeal Memorandum.

On **2 June 2017**, the En Banc ordered the CRMD to file its Comment.

The CRMD failed to file a timely Comment.

On **25 August 2017**, TH COFFEE submitted copies of THISA's various registrations of the trademark "TIM HORTONS" filed with the Intellectual Property Office of the Philippines. The earliest was registered on **28 October 2008** (Reg. No. 4-2008-014270).

Hence this Appeal.

DISCUSSION

In order to establish a right over a corporate name, such that that the CRMD may validly deny reservation and/or registration, the two (2) requisites laid-down in the Supreme Court case of **Philips Export B.V. v. Courts of Appeals, G.R. No. 96161 21 February 1992** (*Philips* case), must be satisfied, to wit:

> Our own Corporation Code, in its Section 18, expressly provides that:
>
> 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 law.* Where a change in a corporate name is approved, the commission shall

[6] Company Reg. No. 0000176748

> issue an amended certificate of incorporation under the amended name. (Emphasis supplied)
>
> The statutory prohibition cannot be any clearer. To come within its scope, **two requisites** must be proven, namely:
>
> **(1)** that the complainant corporation acquired a **prior right** over the use of such corporate name; and
>
> **(2)** the proposed name is either:
>
> (a) identical; or
>
> (b) deceptively or **confusingly similar** to that of any existing corporation or to any other name already protected by law; or
>
> (c) patently deceptive, confusing or contrary to existing law.
>
> (Emphasis supplied)

Prior Right

According to the *Philips* case, the test of prior right is priority of adoption.

THI adopted its name as early as its incorporation on **2 February 2004**. On the other hand, TH COFFEE was only incorporated on **28 July 2016**.

As THISA's franchisee, TH COFFEE argues that its date of adoption must be reckoned from THISA's date of adoption. TH COFFEE alleged that THISA and its predecessors-in-interest have held the name and mark TIM HORTONS since before 2004,[7] but it produced no documentary evidence that could support this claim.

TH COFFEE presented a timeline of how THISA acquired the rights over the trademark TIM HORTONS, but the timeline does not sufficiently show that THISA held the name and/or mark "TIM HORTONS" in 2004, when THI was incorporated, viz.

DATE OF ACQUISITION	NAME OF TIM HORTONS ENTITY
Prior to 8 October 2007	The TDL Group Ltd.
8 October 2007	The TDL Group Corp.
26 January 2012	Tim Hortons, Inc.
8 February 2012	THISA

Moreover, the record shows that THISA registered TIM HORTONS as a trademark only in 2010, or 6 years after THI's incorporation. It follows that TH COFFEE's rights over the name TIM HORTON only date back to 2010 as well.

Therefore, THI has a prior right over the name TIM HORTONS.

Confusingly Similar

According to the *Philips* case, the test of whether a name is confusingly similar is "whether the similarity is such as to mislead a person, using ordinary care and discrimination. In so doing, the Court must look to the record as well as the names

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[7] Page 6 of Appeal Memorandum

themselves." The case adds that "proof of actual confusion need not be shown. It suffices that confusion is probably or likely to occur."

Here, it is evident, even to an ordinary person, that "TIM HORTONS PHILIPPINES" is confusingly similar to "TIM HORTONS, INC." The unique combination of words "TIM HORTONS" is identical, while the word "Philippines" merely refers to the country where such business operates and it not sufficiently distinctive.

Also, the purpose clause of both corporations refer to the wholesale of coffee and other related products.

Therefore, "TIM HORTONS PHILIPPINES" is confusingly similar to the "TIM HORTONS, INC."

Use of Revoked Corporation's Name

The **Consolidated Guidelines and Procedures on the Use of Corporate and Partnership Names** provide that the name of a revoked corporation may be used in meritorious cases as determined by the Commission En Banc, viz.

> The name of a corporation or partnership that has been dissolved or whose registration has been revoked shall not be used by another corporation, **except in meritorious cases as determined by the Commission En Banc.**[8]

We note that THI has been revoked for more than 6 years; before that, it was in continuous non-operation for several years. On the other hand, TH COFFEE is still operating and has shown that it has a right over the trademark TIM HORTONS as sole franchisee of THISA. In other words, **there is only one TIM HORTONS operating today**.

Thus, public interest would be served and public confusion would be avoided if TH COFFEE is allowed to use the name of the revoked corporation.

WHEREFORE, the 12 April 2017 Letter-Order of the CRMD is hereby REVERSED and SET ASIDE. The CRMD is directed to allow TH COFFEE's reservation and/or registration of the proposed name "TIM HORTONS PHILIPPINES, INC." as its new corporate name.

SO ORDERED.

Pasay City, Philippines; 20 December 2018.

EMILIO B. AQUINO
Chairperson

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG
Commissioner

JAVEY PAUL D. FRANCISCO
Commissioner

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[8] Item 14 of Memorandum Circular 14-2017.