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

RELATIVES OF THE PASSENGER-VICTIMS OF THE MV PRINCESS OF THE STARS,
Appellants,

- versus -

PHILIPPINE SPAN ASIA CARRIER CORP. (Doing Business under the Name and style of "Span Asia Carrier") (Formerly: Sulpicio Lines, Inc.)
Appellee.

SEC En Banc Case No. 05-11-234
(SEC Case No. 04-10-309)
For: *Cancellation/Revocation Of Amendment of Corporate Name*

x---x

DECISION

On Appeal is the Assailed Decision dated 17 March 2011 of the SEC Cebu Extension Office (SEC-CEO) denying the *Petition for Cancellation/Revocation of the Amendment of the Articles of Incorporation* (Petition) filed by appellants "Relatives of the Passenger-Victims of the MV Princess of the Stars" (appellants) against appellee Philippine Span Asia Carrier Corp. [Doing Business under the name and style of "Span Asia Carrier"] [Formerly: Sulpicio Lines, Inc.] (appellee).

The Facts

The pertinent facts, as culled from the records of the case, are as follows:

The appellee, which owns and operates common carriers of both passengers and cargoes, was incorporated under SEC Registration No. 46775 on 29 February 1972.[1] One of the vessels owned and operated by the appellee is the M/V Princess of the Stars.[2]

The appellants, on the other hand, represent themselves or "the relatives/survivors of the ill-fated passengers of the MV Princess of the Stars, which capsized on 21 June 2008."[3]

The appellants allege that they are also the complainants in various civil, criminal and administrative cases filed against the appellee and/or its corporate officers and crew of M/V Princess of the Stars, before the Regional Trial Courts of Manila and Cebu, the Maritime Industry Authority (MARINA) and that they are the Oppositors in

---

1 General Information Sheet for the year 2008, p. 1; Records, page 297.
2 Assailed Decision, pages 1-2.
3 Memorandum on Appeal, par. 1.

the application filed by the appellee for the change of its corporate name as appearing on its Certificate of Public Convenience (CPC) before the MARINA.[4]

The SEC-CEO approved the appellee's Amended Articles of Incorporation on 12 May 2010 changing its corporate name from Sulpicio Lines, Inc. to Philippine Span Asia Carrier Corp. (Doing Business under the name and style of "Span Asia Carrier")(Formerly: Sulpicio Lines, Inc.").[5]

The appellants learned of the appellee's amendment of its Articles of Incorporation when they came to know of the latter's application before the MARINA for the change of its corporate name as appearing on their CPC.[6]

The appellants filed their Petition on 30 April 2010 before the SEC-CEO. After an exchange of pleadings and submission of their legal Memoranda,[7] the SEC-CEO issued the Assailed Decision dated 17 March 2011, the dispositive portion of which reads:

> "WHEREFORE, premises considered, the petition is **DENIED** for lack of merit."[8]

The appellants filed a Motion for Reconsideration dated 31 March 2011 of the Decision. In an Order dated 15 April 2011, the SEC-CEO denied the Motion for Reconsideration since it is a prohibited pleading under the 2006 Rules of Procedure of the Commission (2006 Rules). The Order treated the same as an Appeal and the records of the case were elevated to the Commission *En Banc*.[9] In a Letter-Order dated 03 May 2011 from the Office of the General Counsel (OGC) of the Commission, the appellants were given five (5) days from receipt of the letter to file the Appeal, observing the formal and substantive requirements thereof under the 2006 Rules.[10] The appellants filed the instant Notice of Appeal and Memorandum on Appeal on 09 May 2011.

In an Order dated 25 May 2011, the appellee was directed to file its Reply Memorandum within ten (10) days from receipt thereof which it complied on 10 June 2011.

Hence, the instant case.

Issues

---

[4] Memorandum on Appeal, pars. 3-6.
[5] *Id.*, Annex "B" (Answer dated 5 October 2010, par. 27, and Annex "1" [Certificate of Filing of Amended Articles of Incorporation]).
[6] Assailed Decision, page 2.
[7] See paragraphs 10-14 of the Memorandum on Appeal and the corresponding Annexes "A" to "F," respectively.
[8] Memorandum on Appeal, Annex "G" (Assailed Decision).
[9] *Id*, Annex "H" (Order of the SEC-CEO dated 15 April 2011).
[10] Notice of Appeal, Annex "A" (Order of the OGC dated 9 May 2011).

As culled from the pleadings and records of the case, the issues to be resolved are the following:

1) Whether or not the instant Appeal is dismissible on procedural grounds -- i.e. the failure of the appellants to perfect the same within the period provided under the 2006 Rules;
2) Whether or not the SEC-CEO erred in denying the *Petition*.

The Ruling

We uphold the SEC-CEO.

First, we will address the procedural issue raised by the appellee regarding the failure of the appellants to perfect their Appeal on time as provided under the 2006 Rules.

The appellee alleges that the appellants should have been aware that the 2006 Rules does not admit and in fact, considers a Motion for Reconsideration, a prohibited pleading, expunged from the records of a case.[11] Moreover, the appellee asserts that the appellants failed to comply with Section 11-2[12] of the 2006 Rules by filing its Appeal outside of the period.

The observation of the appellee is well taken.

However, it bears stressing that even the Supreme Court has had occasion to temper the strict application of procedural rules for considerations of equity and substantial justice. To wit:

> "x x x ***It bears stressing that the rules of procedure are merely tools designed to facilitate the attainment of justice. They were conceived and promulgated to effectively aid the court in the dispensation of justice.*** Courts are not slaves to or robots of technical rules, shorn of judicial discretion. In rendering justice, courts have always been, as they ought to be, conscientiously guided by the norm that, on the balance, technicalities take a backseat against substantive rights, and not the other way around. ***Thus, if the application of the Rules would tend to frustrate rather than promote justice, it is always within the power of the Court to suspend the Rules, or except a particular case from its operation.***"[13]

---

[11] Section 3-5, 2006 Rules.

[12] Section 11-2. How Appeal is Taken. – Appeal may be taken by serving upon the adverse party and filing with the Commission *En Banc* within fifteen (15) days from notice of Decision, Order or Ruling, a Notice of Appeal and a Memorandum on Appeal and paying the corresponding docket fee therefor. Provided, that no appeal shall be given due course unless it includes a certification of non-filing of multiple petitions and complaints provided for in Section 3-5 hereof.

[13] *Santiago Cua, et al. vs. Miguel Ocampo Tan*, et al. G.R. No. 181455-56 and G.R. No. 182008, 4 December 2009.

This policy is in fact, embodied in Sec 1-3 of the 2006 Rules, which provides that the rules "shall be liberally construed in order to promote public interest and assist the parties in obtaining a just, prompt, expeditious and inexpensive resolution, settlement, and/or disposition of all actions brought before the Commission and to carry out the objectives of the laws it is mandated to implement."

Thus, the Commission takes note of the Order dated 15 April 2011 of the SEC-CEO treating the Motion for Reconsideration as an Appeal and elevating the case to the Commission *En Banc*, and the subsequent Letter-Order dated 03 May 2011 of the OGC informing the appellants to file their Appeal in the form and manner provided under the 2006 Rules. Moreover, the Commission observes that the appellants have substantially complied with the directives in these orders. Further, the Commission takes note that the appellants are merely being assisted by the PAO lawyers in the pursuit of the instant case and the failure of the PAO to observe the procedural requirements under Section 3-6 of the 2006 Rules should not operate to deprive the appellants of the opportunity to ventilate their Appeal before the Commission. This is especially important considering that the purpose of the proceedings before the Commission is to promote public interest and aid the parties in obtaining just settlement or resolution of cases brought before the Commission.

After a consideration of the foregoing, the Commission deems that the Appeal filed by the appellants shall be allowed in this case, for the purpose of resolving the issues presented in the instant Appeal judiciously.

We now turn to the substantive issues raised in this Appeal.

The appellants seek the cancellation and revocation of the amendment of the Articles of Incorporation amending the corporate name of the appellee mainly on the following grounds:

(1) The change of name from Sulpicio Lines, Inc. to its current name is a deliberate move of the appellee to deceive the riding public who may be unaware that the former Sulpicio Lines, Inc. has a history of numerous loss of lives and properties;

(2) The change of name is disguised as a cloak to prevent liability, which attaches to Sulpicio Lines, Inc. in view of the sinking of the M/V Princess of the Stars as well as an indication of the evasive character of the Respondent.

The appellants argue that the appellee has always been known by its original name, Sulpicio Lines, Inc. for more than three (3) decades and allege that the new name of the appellee will deceive the riding public into patronizing its services, unaware that it is still the same entity with a history of owning and operating vessels "which figured in the worst maritime disasters in Philippine history".[14] Likewise, the appellants claim

[14] Memorandum on Appeal, par. 35.

that the timing of the appellee in changing its corporate name while in the midst of administrative, civil and criminal cases is a move to evade its liability and that it is an attempt at "obstructing the public's right to be informed, in the least, of the true identity and history of the company, with which it deals; and consequently be allowed to make an informed choice based on such information."[15]

The appellant ultimately invokes the Commission's broad authority "to de-register at all times and under all circumstances corporate names which in its estimation are likely to spawn confusion x x x to prevent confusion in the use of corporate names not only for the protection of the corporations involved but more so for the protection of the public."[16]

However, it must be emphasized at the onset that the broad authority accorded to Commission to de-register corporate names for the protection of the public must still be in accordance with the provisions of Corporation Code[17] and administrative guidelines implemented by the Commission.

The Corporation Code specifies the basic procedure and requisites before a corporation can amend its Articles of Incorporation, to wit:

> "**Sec. 16.** ***Amendment of Articles of Incorporation.*** - Unless otherwise prescribed by this Code or by special law, and for legitimate purposes, any provision or matter stated in the articles of incorporation may be amended by ***a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock***, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code x x x
>
> The original and amended articles together shall contain ***all provisions required by law to be set out in the articles of incorporation***. Such articles, as amended shall be indicated by underscoring the change or changes made, and ***a copy thereof duly certified under oath by the corporate secretary and a majority of the directors or trustees stating the fact that said amendment or amendments have been duly approved*** by the required vote of the stockholders or members, shall be submitted to the Securities and Exchange Commission. x x x
>
> **Sec. 17.** ***Grounds when articles of incorporation or amendment may be rejected or disapproved.*** - The Securities and Exchange Commission may reject the articles of incorporation or disapprove any amendment thereto ***if the same is not in compliance with the requirements of this Code***: Provided, That the Commission shall give the incorporators a reasonable time within which to correct or modify the objectionable portions of the

---

[15] *Id,* par. 39.

[16] *Id.*, par. 34, citing *Ang Mga Kaanib sa Iglesia ng Dios Kay Kristo Hesus, H.S.K. Sa Bansang Pilipinas, Inc. vs. Iglesia ng Dios Kay Cristo Jesus, Haligi at Suhay ng Katotohanan*, G.R. No. 137592, 12 December 2001.

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

articles or amendment. The following are grounds for such rejection or disapproval:

1. That the articles of incorporation or any amendment thereto is not substantially in accordance with the form prescribed herein;

2. That the purpose or purposes of the corporation are patently unconstitutional, illegal, immoral, or contrary to government rules and regulations;

3. That the Treasurer's Affidavit concerning the amount of capital stock subscribed and/or paid if false;

4. That the percentage of ownership of the capital stock to be owned by citizens of the Philippines has not been complied with as required by existing laws or the Constitution.

No articles of incorporation or amendment to articles of incorporation of xxx corporations governed by special laws shall be accepted or approved by the Commission ***unless accompanied by a favorable recommendation of the appropriate government agency to the effect that such articles or amendment is in accordance with law***."

The *Guidelines and Procedures on the Use of Corporate and Partnership Names* or SEC Memorandum Circular No. 5, series of 2008 (SEC MC 05-08) requires, among others, the following:

"2. A term that ***describes the business of a corporation*** in its name should refer to its primary purpose.xx

3. a) The name shall ***not be identical, misleading or confusingly similar*** to a corporate or partnership name registered with the Commission x x x

14) Notwithstanding the foregoing, the Commisison shall, for the protection of the public interest and other justifiable causes, disallow the use of names that, in its judgment, are ***misleading, deceptive, confusingly similar to a registered name***, or contrary to public morals, good customs or public policy. x x x

In the case of amendment of the corporate name of an existing company or partnership, the affidavit shall be signed by any of the directors or partners."

An applicant corporation seeking to amend its Articles of Incorporation to change its corporate name must submit the following:

1) Name verification slip;
2) Directors' certificate;
3) Affidavit of undertaking to change name;
4) Reproduction of the original Treasurer's Affidavit; and

5) Favorable endorsement from the appropriate government agency (in this case, MARINA, for the appellee).[18]

The SEC-CEO found that the appellee complied with the above requirements, and hence the Amended Articles of Incorporation were approved.[19]

In addition to its compliance with documentary requirements, the SEC-CEO noted:

> "In the case of respondent, which has changed its corporate name to Philippine Span Asia Carrier Corp. (Doing business under the name and style of 'Span Asia Carrier'), ***there is no existing corporation, partnership or person who has acquired a prior right to the use of the name 'Philippine Span Asia Carrier' or 'Span Asia Carrier' nor are these names confusingly similar to a registered name, or contrary to public morals, good customs or public policy.***"[20]

After considering the same, we agree with the findings of the SEC-CEO and find that the appellee's change of name complies with the requisites of the Corporation Code and SEC administrative regulations.

Next, based on the allegations made by the appellants, it appears that they are concerned more about the appellee's business name or trade name – the name it uses in its dealings with the public, e.g. marketing materials, advertisements, etc. Theoretically, the appellee could have changed its corporate name to Philippine Span Asia Carrier Corp. and still opted to use "Sulpicio Lines" or a different business/trade name, which is not prohibited for as long as the above-quoted conditions are met. In the case of the appellee, it elected to use its corporate name as its business or trade name, to which the appellants are opposed because they allege that the public will not have the resources or means to verify or ascertain that Span Asia Carrier is really actually just Sulpicio Lines.

To clarify, a corporation may have its corporate name and a business or trade name, and these are governed by different laws.[21] A business or trade name different from that of its corporate name is generally allowed except:

> "(I)n cases that are ***contrary to public order or morals, or is liable to deceive trade circles or the public as to the nature of the enterprise*** identified by that name, Philippine laws, including the Corporation Code, do not prohibit a corporation from using name different from its corporate name for the purpose of doing business thereunder. ***In the absence of such a prohibition, it seems to be universally recognized that a corporation may***

---

[18] Assailed Decision, page 8.
[19] *Id.*, page 10.
[20] *Id.*, at 12.
[21] See Act No. 3883 (Business Names Law) and Republic Act No. 8293 (Intellectual Property Code of the Philippines) for further information.

do business under an assumed name, or under a name different from its corporate name."[22]

The appellee's new corporate name "Philippine Span Asia Carrier Corp." is not confusingly similar to an existing name that has been registered prior to that of the appellee. Likewise, there is nothing in the said name that suggests it is contrary to public order or morals, either, since it is merely descriptive of the nature of its business, and considering that it describes the purpose and nature of its business, it is not liable to deceive trade circles or the public as to the nature of its enterprise.

The case of *Philippine First Insurance Company, Inc. vs. Maria Carmen Hartigan, et al.* [23] is likewise illustrative. In this case, the Supreme Court reversed the ruling of the trial court when it held that a corporation could not change its corporate name because the same is not provided for by law, that a change of corporate name dissolved the corporation, and that allowing a corporation to change its name was to contrary to public policy. The Court clarified:

> "Since an individual has the right to change his name under certain conditions, ***there is no compelling reason why a corporation may not enjoy the same right.*** There is nothing sacrosanct in a name when it comes to artificial beings. The sentimental considerations which individuals attach to their names are not present in corporations and partnerships. ***Of course, as in the case of an individual, such change may not be made exclusively by the corporation's own act. It has to follow the procedure prescribed by law for the purpose; and this is what is important and indispensably prescribed — strict adherence to such procedure.***"

Moreover, the Supreme Court stated in *Philippine First Insurance Company, Inc.*: "x x x ***what We have held to be contrary to public policy is the use by one corporation of the name of another corporation as its trade name.***" (emphasis supplied)

In any case, the public will not be confused or deceived by the change of corporate name of the appellee from Sulpicio Lines, Inc. to its current name. The original name of the appellee, Sulpicio Lines, Inc., is still indicated in public documents filed with the Commission such as its Certificate of Amendment of Articles of Incorporation and Articles of Incorporation as follows: "Philippine Span Asia Carrier Corp. (Doing business under the name and style of 'Span Asia Carrier') (Formerly: Sulpicio Lines, Inc.)". In fact, these public documents are available and accessible at any time to the public upon request.

Likewise, the SEC registration number of the appellee remains the same no matter how many times it changes its corporate name, indicating the continuity of its existence as a corporation. At this juncture, we reiterate the following statement, also quoted in the assailed SEC-CEO Decision:

---

[22] SEC-OGC Opinion No. 59-03 dated November 10, 2003 addressed to Mr. Ferdinand M. Mangahas.
[23] G.R. No. L-26370 July 31, 1970.

"x x x **A mere change in the name of a corporation** either by the legislature or by the corporation or stockholders under a legislative authority, **does not, generally speaking, affect the identity of the corporation** **nor in any way affect the rights, privileges or obligations *previously* acquired or incurred by it. The corporation, upon such change in its name, is in no sense a new corporation, nor the successor of the original one, but remains to and continues to be the original corporation.** x x x (6 Fletcher Cyc. Corp., Ch. 22, Sec. 2456, 1979 rev. vol. p. 216)"[24] (emphasis supplied)

In this case, the liabilities and obligations of the appellee arising from any civil and administrative cases will still attach even if it has a new corporate name. Moreover, if there are damages awarded by the courts, the appellants will still be entitled to the same by the appellee under its new corporate name since it is not a new corporation and remains and continues to be the original corporation.

Thus, we find no cogent reason to disturb the findings of fact of SEC-CEO in this regard and so hold that the Amendment of the appellee's corporate name was in accordance with law and administrative regulations and find no justification to order the de-registration of the same.

WHEREFORE, premises considered, the Decision dated 17 March 2011 of the SEC-Cebu Extension Office is hereby **AFFIRMED.** The Appeal is hereby **DISMISSED** for lack of merit.

SO ORDERED.

Mandaluyong City, 5 March 2015.

TERESITA J. HERBOSA
Chairperson

MANUEL HUBERTO B. GAITE
Commissioner

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG *
Commissioner

BLAS JAMES G. VITERBO
Commissioner

[24] Assailed Decision, page 11, *citing* SEC Opinion dated 27 December 1989 addressed to Mr. Antonio O. Garin.

*On official business