SOUTHEAST ASIAN MEDICAL CENTER, INC.,
Appellant,

-versus- **SEC En Banc Case No. 02-15- 345**

SOUTHEAST ASIAN MEDICAL SPECIALIST (SEAMSI), INC.,
Appellee.
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D E C I S I O N

Before this Commission is the *Memorandum on Appeal* dated 05 February 2015 (the "Appeal") filed by Appellant Southeast Asian Medical Center Inc. (SAMCI) on 15 February 2015, assailing the Order dated 22 December 2014 (the "Assailed Order") of the Enforcement and Investor Protection Department ("EIPD") directing Appellant SAMCI to change its corporate name and pay a fine, the dispositive portion of which reads:

> "In fine, SAMCI is hereby ordered to change its name within thirty (30) days from date of receipt of this order and submit the corresponding Amended Articles of Incorporation to this Commission Approval.
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> x x x
>
> Applying the aforequoted proviso to the instant case, a maximum fine of
> P 10,000.00 is hereby imposed against Southeast Asian Medical Center Inc. for its failure toc comply with the lawful directive under CRMD letter of 19 July 2010.
>
> A stricter penalty shall be imposed against the corporation for a similar violation in the future.
>
> SO ORDERED."

THE RELEVANT FACTS

On 19 July 2010, the Company Registration and Monitoring Department (CRMD) issued a Letter-Order directing Appellant SAMCI to change its corporate name for being confusingly similar to South East Asian Medical Specialist (SEAMSI), Inc., a corporation that was registered with the Commission on 5 August 2005. The CRMD informed Appellant SAMCI that

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the action on its name reservation was erroneous resulting from a computer glitch, since the name applied for was already registered under the name of another corporation. The CRMD thus directed Appellant SAMCI to change its corporate name, based on its undertaking in its Articles of Incorporation (AOI) to change its corporate name in the event that another entity has acquired prior right to the use of the same.[1]

The CRMD Letter-Order was received by Appellant SAMCI on 23 December 2010 as shown by the CRMD Return Slip.

On 3 May 2011, Appellee SEAMSI filed before the Regional Trial Court, Imus Cavite, Branch 21 (RTC) a complaint against Appellant SAMCI for the change of the latter's corporate name. This was docketed as SEC Case No. 088-11.

On 8 April 2014, the CRMD endorsed the matter subject of the Letter-Order to the Enforcement and Investor Protection Department (EIPD) for appropriate action, on the basis of Appellant SAMCI's refusal to comply with the same.

On 28 April 2014, the EIPD issued a Show Cause Order directing Appellant SAMCI to show cause why no penalties should be imposed upon it for its failure to comply with the directive of the Commission issued thru the CRMD.

On 22 May 2014, Appellant SAMCI filed with the EIPD its Response with Motion dated 21 May 2014, praying that an order be issued terminating the proceedings on the ground that (a) Appellee SEAMSI violated the rule against forum shopping, (b) that its corporate name is not confusingly similar to the name of Appellee SEAMSI, and (c) that jurisdiction over the matter subject of the instant case has already been assumed by the RTC.

On 23 July 2014, Appellee SEAMSI filed its Rely to Response with Motion maintaining that the imposition of appropriate sanction against Appellant SAMCI is warranted on account of its failure to comply with a lawful order of the Commission.

ISSUES

A. Whether the CRMD Letter-Order was validly issued.
B. Did the EIPD commit reversible error in penalizing Appellant SAMCI on the basis of a finding that it failed to comply with the order of the Commission?

RULING

[1] Annex "C" of the Appeal

We dismiss the Appeal for lack of merit.

A. The Commission has jurisdiction and authority to direct the change of corporate name pursuant to the Corporation Code.

In its Appeal, Appellant SAMCI argued that the EIPD erred in taking cognizance of, and in acting on the CRMD Letter-Order on the ground that the Commission has no jurisdiction over matters/complaints for change of corporate name. In support thereof, Appellant SAMCI heavily relied on, and emphasized the circumstance relating to the filing of the Complaint before the RTC, and maintained that under Section 5.2 of the Securities Regulation Code, "jurisdiction over quasi-judicial proceedings" is lodged with Regional Trial Courts. Appellant SAMCI is in effect saying that petitions or complaints for change of name under the Corporation Code are automatically considered as quasi-judicial proceedings exclusively cognizable by the Regional Trial Courts.

Appellant SAMCI's arguments are not supported by law and jurisprudence.

The Supreme Court (the "Court") defined and discussed the concept of jurisdiction in *People v. Mariano*[2], to wit:

> "The word "Jurisdiction" is derived from two Latin words "juris" and "dico" — "I speak by the law" — which means <u>fundamentally the power or capacity given by the law to a court or tribunal to entertain, hear, and determine certain controversies</u>. Bouvier's own definition of the term "jurisdiction" has found judicial acceptance, to wit: "Jurisdiction is the right of a Judge to pronounce a sentence of the law in a case or issue before him, acquired through due process of law;" it is "the authority by which judicial officers take cognizance of and decide cases." In Herrera vs. Barretto, (September 10, 1913), 25 Phil. 254, 251, this Court, defined "jurisdiction" simply as the authority to hear and determine a cause — the right to act in a case. "Jurisdiction" has also been aptly described as the right to put the wheels of justice in motion and to proceed to the final determination of a cause upon the pleadings and evidence." (Emphasis supplied)

In the Philippines, it is settled that nothing is as elementary as the concept of jurisdiction, for the same is the foundation upon which the courts exercise their power of adjudication, and without which, no rights or obligation could emanate from any decision or resolution issued by a court or quasi-judicial body. In *Mitsubishi Motors Philippines Corporation vs Bureau of Customs*[3], the Court reiterated the foregoing principle, to wit:

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[2] G.R. No. L-40527, June 30, 1976
[3] G.R. No. 209830, June 17, 2015

> "Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case. In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter. **It is axiomatic that jurisdiction over the subject matter is the power to hear and determine the general class to which the proceedings in question belong; it is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists**. Thus, when a court has no jurisdiction over the subject matter, the only power it has is to dismiss the action." (Emphasis supplied)

Section 5 of the Securities Regulation Code[4] (SRC) categorically conferred jurisdiction over all corporations to the Commission, to wit:

> "SECTION 5. Powers and Functions of the Commission. — 5.1. The Commission shall act with transparency and shall have the powers and functions provided by this Code, Presidential Decree No. 902-A, the Corporation Code, the Investment Houses Law, the Financing Company Act and other existing laws. Pursuant thereto the Commission shall have, among others, the following powers and functions:
>
> (a) **Have jurisdiction and supervision over all corporations**, partnerships or associations **who are the grantees of primary franchises and/or a license or permit issued by the Government**; xxx" (Emphasis supplied)

In *Pilipinas Loan Company, Inc. vs Securities and Exchange Commission*[5], the Supreme Court affirmed the jurisdiction granted by law to the Commission and went further to specify the nature of such jurisdiction, to wit:

> "It must be recalled that the complaint of private respondent alleged that the articles of incorporation of petitioner contained this prohibition: "without, however, engaging in pawnbroking as defined in PD 114" and despite this restriction, petitioner allegedly continued to actually operate and do business as a pawnshop. The complaint thus treats of a violation of petitioner's primary franchise. Section 5 of PD 114, the same law invoked by petitioner, mandates that a corporation desiring to engage in the pawnshop business must first register with the SEC. Without question, the complaint filed by private respondent against petitioner called upon the SEC to exercise its adjudicatory and supervisory powers. By law, **the SEC has absolute jurisdiction, supervision and control over all corporations that are enfranchised to act as corporate entities**. A violation by a corporation of its franchise is properly within the jurisdiction of the SEC.
>
> A corporation, under the Corporation Code, has only such powers as are expressly granted to it by law and by its articles of incorporation, those which may be incidental to such conferred powers, those reasonably necessary to accomplish its purposes and those which may be incident to its

[4] Republic Act No. 8799
[5] G.R. No. 104720, April 4, 2001.

> existence. In the case at bar, the limit of the powers of petitioner as a corporation is very clear, it is categorically prohibited from "engaging in pawnbroking as defined under PD 114".
>
> xxx xxx xxx
>
> **Jurisprudence has laid down the principle that it is the certificate of incorporation that gives juridical personality to a corporation and places it within SEC jurisdiction**. The case of *Orosa, Jr. vs. Court of Appeals* teaches that this jurisdiction of the SEC is not affected even if the authority to operate a certain specialized activity is withdrawn by the appropriate regulatory body other than the SEC. With more reason that we cannot sustain the submission of petitioner that a declaration by the Central Bank that it violated PD 114 is a condition precedent before the SEC can take cognizance of the complaint against petitioner. (Emphasis supplied)

In relation to the Commission's absolute jurisdiction over corporations, Section 143 of the Corporation Code[6] categorically provides that all matters relating to the interpretation and implementation of the Corporation Code is cognizable at the first instance, by the Commission, to wit:

> "**Section 143. – The Securities and Exchange Commission shall have the power and authority to implement the provisions of this Code**, and to promulgate rules and regulations reasonably necessary to enable it to perform its duties hereunder, particularly in the prevention of fraud and abuses on the part of the controlling stockholders, members, directors, trustees or officers. (Emphasis supplied)

In *San Miguel Properties, Inc. v. Perez*[7], the Court explained the reasons why Congress, in its judgment, may choose to grant primary jurisdiction over matters within the erstwhile jurisdiction of the courts, to an agency, to wit:

> "The doctrine of *primary jurisdiction* bas been increasingly called into play on matters demanding the special competence of administrative agencies even if such matters are at the same time within the jurisdiction of the courts. **A case that requires for its determination the expertise, specialized skills, and knowledge of some administrative board or commission because it involves technical matters or intricate questions of fact, relief must first be obtained in an appropriate administrative proceeding. before a remedy will be supplied by the courts although the matter comes within the jurisdiction of the courts.** The application of the doctrine does not call for the dismissal of the case in the court but only for its **suspension until after the matters within the competence of the administrative body are threshed out and determined." (**Emphasis supplied)

[6] Batas Pambansa Blg. 68 (Now Republic Act No. 11232 or the Revised Corporation Code)
[7] San Miguel Properties, Inc. vs Perez (G.R. No. 166836, September 4, 2013)

In the instant case, the records will show that Appellant SAMCI is assailing (a) the CRMD Letter-Order which was issued to implement Section 18 of the Corporation Code, and (b) the Order of the EIPD which imposed a penalty under Section 143 of the Corporation Code based on a finding that Appellant SAMCI defied a lawful order of the Commission. Considering that the foregoing official actions directly relate to the interpretation and implementation of the provisions of the Corporation Code, a matter that is clearly within the jurisdiction of the Commission, the next important question that we need to address is whether the CRMD had the authority to issue the Letter-Order directing Appellant SAMCI to change its corporate name for being confusingly similar with that of Appellee SEAMSI.

We answer in the affirmative.

The power and authority of the Commission to implement the provisions of the Corporation Code was categorically affirmed in *Industrial Refractories Corporation of the Philippines v. Court of Appeals*[8] where the Supreme Court ruled that the same includes the authority to deregister corporate names which, in its estimation or assessment, violates Section 18 thereof, to wit:

> "Petitioner's argument on the SEC's jurisdiction over the case is utterly myopic. The jurisdiction of the SEC is not merely confined to the adjudicative functions provided in Section 5 of P.D. 902-A, as amended. **By express mandate, it has absolute jurisdiction, supervision and control over all corporations. It also exercises regulatory and administrative powers to implement and enforce the Corporation Code, one of which is Section 18,** xxx xxx**"** (Emphasis supplied)

It bears emphasis that under Section 18 of the Corporation Code, the authority to direct *motu proprio* the modification of a corporate name can be exercised the moment the Commission, after investigation, determines that the use of the same will likely generate confusion. More importantly, it is settled that proof of actual confusing similarity of corporate names is not required, because the probability or the likelihood of confusion suffices to warrant the exercise of such authority, to wit:

> "On the second point (b), there is a deceptive and confusing similarity between petitioner's proposed name and respondent's corporate name, as found by the SEC. **In determining the existence of confusing similarity in corporate names, the test is whether the similarity is such as to mislead a person using ordinary care and discrimination. And even without such proof of actual confusion between the two corporate names, it suffices that confusion is probable or likely to occur**."[9] (Emphasis supplied)

[8] G.R. No. 122174, October 3, 2002
[9] GSIS Family Bank - Thrift Bank v. BPI Family Bank (G.R. No. 175278, September 23, 2015)

In implementing Section 18 as well as the other provisions of the Corporation Code, the Commission has the express authority to conduct investigations *motu proprio* consistent with its mandate, among others, of protecting the investing public and eliminating fraudulent practices[10], to wit:

> "**The Commission** shall act with transparency and **shall have the powers and functions provided by** this Code, Presidential Decree No. 902-A, **the Corporation Code**, the Investment Houses Law, the Financing Company Act and other existing laws. Pursuant thereto the Commission shall have, among others, the following powers and functions:
>
> xxx xxx xxx
>
> (d) Regulate, **investigate** or supervise **the activities of persons to ensure compliance**."[11] (Emphasis supplied)

The exercise by the CRMD of the foregoing function did not affect the validity of the Letter-Order because the same was sanctioned by the Commission pursuant to the express authority granted under Section 4.1 of the SRC which provides:

> "**The Commission may, for purposes of efficiency, delegate any of its functions to any department** or office of the Commission, an individual Commissioner or staff member of the Commission except its review or appellate authority and its power to adopt, alter and supplement any rule or regulation." (Emphasis supplied)

In relation to the foregoing, the Commission issued SEC Office Order No. 819 series of 2014 specifically authorizing the CRMD to investigate and/or take cognizance of matters or actions relating to the use of corporate names.[12]

The records show that the CRMD conducted an investigation *motu proprio* based on the information received from SEAMSI. The records also show that the CRMD discovered in the course of its investigation that the action on the application of Appellant SAMCI was erroneous as it was due to system glitches, a fact that was fully disclosed by the CRMD in its Letter-Order. Given this, the Commission, acting through the CRMD was not supposed to allow the use of "Southeast Asian Medical Center, Inc." as a corporate name on the ground that the Commission has previously approved and registered "Southeast Asian Medical Specialist (SEAMSI), Inc. It is in this context that the CRMD directed Appellant SAMCI to change its corporate name as its continued use thereof was in violation of Section 18 of the Corporation Code. This act was clearly made pursuant to the mandate of the

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[10] See Section 2 of the Securities Regulation Code
[11] Section 5 (d) of the Securities Regulation Code
[12] The CRMD "verifies and reserves proposed company names and issues certification on corporate filing and information."

Commission to ensure that fraud is not perpetrated through, among others, the use of corporate names, to wit:

> "**It is the SEC's duty 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, **and it has authority to de-register at all times and under all circumstances corporate names which in its estimation are likely to generate confusion**. Clearly therefore, the present case falls within the ambit of the SEC's regulatory powers."[13]

It was thus imperative for the CRMD to issue the Letter-Order which was intended to rectify an erroneous action that was earlier occasioned by a computer glitch. This is justified and warranted by the fact that as the agency tasked with the proper implementation of the Corporation Code, the Commission cannot and will not, at any time, sanction any act that is violative of its provisions. More importantly, the Court had consistently upheld the doctrine that the State can always correct errors or mistakes of its agents as it is immune from estoppel, to wit:

> "At any rate, it is a time-honored principle that the statute of limitations or the lapse of time does not run against the State. **Jurisprudence also recognizes the State's immunity from estoppel as a result of the mistakes or errors of its officials and agents.**" (Emphasis supplied)

Moreover, the Commission would like to emphasize the rule that the approval of the use of a corporate name with the issuance of the Certificate of Incorporation does not vest or give the corporation an absolute right over the corporate name as the same is always subject to Section 18 of the Corporation Code which categorically proscribes the use of corporate name that is confusingly similar to one that is already registered. This rule was in fact recognized and accepted by Appellant SAMCI which expressly agreed and undertook to change its name in the event that another corporation has acquired prior right to the use of the same, to wit:

> "**That the incorporators undertake to change the name of the corporation immediately upon receipt of the notice or directive** from the Securities and Exchange Commission **that another corporation**, partnership or person **has acquired a prior right to the use of that name** has been declared as misleading, deceptive, confusingly similar to a registered name, or contrary to public morals, good customs or public policy."[14] (Emphasis supplied)

The afore-quoted provision of the Articles of Incorporation (AOI) of Appellant SAMCI estops and bars it from questioning the CRMD Letter-Order which is clearly both a notice that its corporate name is confusingly similar to the corporate name of Appellee SEAMSI, and a

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[13] Industrial Refractories Corporation of the Philippines v. Court of Appeals (G.R. No. 122174, October 3, 2002)
[14] Article ELEVENTH of the Articles of Incorporation of Appellant SAMCI

directive to change its corporate name so that it will not be violative of Section 18 of the Corporation Code.[15] The afore-quoted provision of the Articles of Incorporation (AOI) militates against the position of Appellant SAMCI that the CRMD Letter-Order was infirm on the ground that it was allegedly issued in violation of the SEC Rules.

On the basis thereof, the Commission holds that the Letter-Order issued by the CRMD was valid as it was made in the exercise of a delegated authority, and was carried out consistent with its mandate of implementing the provisions of the Corporation Code.

Section 5(f) of the SRC specifically authorizes the Commission to "impose sanctions for the violation of laws and the rules, regulations and orders issued pursuant thereto."

In relation to the foregoing, the records show that Appellant SAMCI failed to comply with the order of the CRMD. Considering that the issuance of the Letter-Order by CRMD and the Assailed Order by the EIPD were validly and lawfully made pursuant to the power and authority granted by law to the Commission, the willful defiance of Appellant SAMCI to comply with the same, notwithstanding its express undertaking to modify its corporate name under its AOI, warrants the imposition of the applicable penalties which the EIPD correctly made in the Assailed Order.

Finally, the argument of Appellant SAMCI that the EIPD erred in giving due course to the Letter Order of CRMD and in failing to dismiss the complaint on the alleged ground of forum shopping, is not supported by evidence. The records show that the CRMD took cognizance of the matter, conducted an investigation *motu proprio*, and issued the Letter Order on 19 July 2010 which is about ten (10) months prior to the filing of the complaint with the RTC on 3 May 2011. On 19 July 2010, when the Commission through the CRMD exercised jurisdiction over the matter relating to Appellant SAMCI's violation of Section 18 of the Corporation Code vis-à-vis its undertaking in its AOI, no forum shopping could have possibly been committed as no case involving the same subject matter was yet pending with any court or tribunal.

B. The EIPD did not commit reversible error in affirming the finding of the CRMD that

[15] "Estoppel as known to the Rules of Court and prior to that to the Court of Civil Procedure, has its roots in equity. Good faith is its basis. It is a response to the demands of moral right and natural justice. **For estoppel to exist though, it is indispensable that there be a declaration**, act or omission **by the party who is sought to be bound**. Nor is this all. **It is equally a requisite that he, who would claim the benefits of such a principle, must have altered his position, having been so intentionally and deliberately led to comport himself thus, by what was declared or what was done or failed to be done**. (Dizon v. Suntay, G.R. No. L-30817, September 29, 1972)

Appellant SAMCI's corporate name is confusingly similar to the corporate name of Appellee SEAMSI.

In its Appeal, Appellant SAMCI maintained that the EIPD committed reversible error in finding that its corporate name is confusingly similar to the corporate name of Appellee SEAMSI. In support thereof, Appellant SAMCI argued that the presence of the distinctive word "*Center*" in its corporate name differentiates it from Appellee SEAMSI's corporate name which contains the word "*Specialists*".[16] Appellant SAMCI further argues that any person exercising ordinary care and discrimination would not confuse its corporate name with that of Appellee SEAMSI.[17]

We do not agree.

Section 18 of the Corporation Code, the provision that regulates the use of corporate names, provides:

> "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. When a change in the corporate name is approved, the Commission shall issue an amended certificate of incorporation under the amended name." (Emphasis supplied)

It is established in jurisprudence that the use of a corporate name is prohibited under Section 18 of the Corporation Code if the two (2) requisites are present, to wit:

> "To come within its scope, two requisites must be proven, namely:
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> (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."[18] (Emphasis supplied)

The Supreme Court has consistently ruled that in determining who among two (2) or more corporations have acquired prior right over the use of a corporate name, the date of registration is controlling since it is the date

[16] Par. 37 of the Appeal (page 15)
[17] Par. 39 of the Appeal
[18] Philips Export B.V. vs Court of Appeals (G.R. No. 96161, 21 February 1992)

when they begin using their respective corporate names. Thus, in *Indian Chamber of Commerce Phils., Inc. v. Filipino Indian Chamber of Commerce in the Philippines, Inc.*[19], the Court ruled as follows:

> "In Industrial Refractories Corporation of the Philippines v. Court of Appeals, **the Court applied the priority of adoption rule to determine prior right, taking into consideration the dates when the parties used their respective corporate names**. It ruled that "Refractories Corporation of the Philippines" (RCP), as opposed to "Industrial Refractories Corporation of the Philippines" (IRCP), has acquired the right to use the word "Refractories" as part of its corporate name, being its prior registrant on October 13, 1976. **The Court noted that IRCP only started using its corporate name when it amended its Articles of Incorporation** on August 23, 1985."

In the instant case, the records show, and the Commission so holds, that Appellee SEAMSI acquired prior right over such corporate name since it was registered and incorporated on 5 August 2005, or almost four (4) years ahead of Appellant SAMCI, whose certificate of registration was obtained only on 18 December 2009.

Moreover, the proscription on the use of identical or confusingly similar corporate names has been strictly implemented and applied by the Commission to ensure the avoidance of fraud upon the public which would have occasion to deal with the entity concerned, the evasion of legal obligations and duties, and the reduction of difficulties of administration and supervision over corporations.[20]

In the light of the fact that both parties are engaged in the business of providing health care services, maintaining health care facilities and in the distribution of medical equipment, the Commission finds that the use by Appellant SAMCI of the words "*South East Asian Medical*" as part of its corporate name clearly violates Section 18 of the Code as it will likely give an impression that it is related to or is operated by the Appellee SEAMSI. Besides, it is unnecessary to show that anyone had actually been misled or confused by the similarity in the corporate names of the parties. It is sufficient that the use of corporate name is likely to produce deception or confusion. In this case, the public will likely confuse the business establishment of Appellant SAMCI as that of Appellee SEAMSI considering that their buildings are practically located near each other i.e. around five hundred (500) meters apart from each other, in Cavite. In *Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*[21], it was held that:

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[19] G.R. No. 184008, August 3, 2016
[20] Lyceum of the Philippines, Inc. vs CA (G.R. No. 101897. March 5, 1993)
[21] G.R. No. 169504, March 3, 2010

> "**The likelihood of confusion is higher in cases where the business of one corporation is the same or substantially the same as that of another corporation**.
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> Respondent has acquired an exclusive right to the use of the trade name "SAN FRANCISCO COFFEE & ROASTERY, INC." since the registration of the business name with the DTI in 1995. Thus, respondent's use of its trade name from then on must be free from any infringement by similarity." (Emphasis supplied)

In relation to the foregoing, the Court has consistently applied the rule that the probability or the likelihood of confusion suffices to bar any corporation from using/adopting as its corporate name, one that is deceptively or confusingly similar to that of any existing corporation, to wit:

> "On the second point (b), there is a deceptive and confusing similarity between petitioner's proposed name and respondent's corporate name, as found by the SEC. **In determining the existence of confusing similarity in corporate names, the test is whether the similarity is such as to mislead a person using ordinary care and discrimination. And even without such proof of actual confusion between the two corporate names, it suffices that confusion is probable or likely to occur**." (Emphasis supplied)[22]

In the instant case, the Commission agrees with the finding of the CRMD, which was affirmed by the EIPD that the words "*South East Asian Medical*" in the corporate name of Appellant SAMCI is confusingly similar to the corporate name of Appellee SEAMSI which contains exactly the same words. A person using ordinary care and discrimination, specifically the target clients or market of the parties, will most probably fail to distinguish one from the other which will result in fraud upon the public. More importantly, the probability or likelihood that confusion will occur suffices to warrant the prohibition of Appellant SAMCI from using its corporate name. The Commission is not directed to wait, and will not wait, until actual confusion on the public results as a consequence of the use of a name that is confusingly similar to one that is already registered. To do otherwise will constitute a clear neglect in the performance of its mandate.

In *Ang mga Kaanib sa Iglesia ng Dios kay Kristo Hesus v. Iglesia ng Dios kay Cristo Jesus*[23], the Court pointed out the risk that every corporation assumes in choosing or using a corporate name, to wit:

> "<u>Parties organizing a corporation must choose a name at their peril; and the use of a name similar to one adopted by another corporation, whether a business or a nonprofit organization, if misleading or likely to injure in the exercise of its corporate functions, regardless of intent, may be prevented</u>

[22] GSIS Family Bank - Thrift Bank v. BPI Family Bank (G.R. No. 175278, September 23, 2015)
[23] G.R. No. 137592, December 12, 2001

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> by the corporation having a prior right, by a suit for injunction against the new corporation to prevent the use of the name."

In deciding to use the words "*South East Asian Medical*" as its corporate name, Appellant SAMCI obviously took the foregoing risk, and expressly undertook in its Articles of Incorporation to change its name in the event that another corporation has acquired prior right to the use of the same. Appellant SAMCI cannot now take a difference stance and be allowed repudiate that undertaking.

Finally, the Commission does not agree with the argument of Appellant SAMCI that it was deprived of due process because the records of the case show that it was afforded the opportunity to present its position and arguments, which were addressed in this Decision. Lest it should be forgotten by Appellant SAMCI, the instant case is an administrative proceeding where the demands of due process were satisfied after its pleadings were submitted and given due course by this Commission. As held in *Magcamit v. Internal Affairs Service-Philippine Drug Enforcement Agency*[24]:

> "Administrative determinations of contested cases are by their nature quasi-judicial; there is no requirement for strict adherence to technical rules that are observed in truly judicial proceedings. As a rule, technical rules of procedure and evidence are relaxed in administrative proceedings in order "to assist the parties in obtaining just, speedy and inexpensive determination of their respective claims and defenses." By relaxing technical rules, administrative agencies are, thus, given leeway in coming up with a decision.
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> Nonetheless, in deciding disciplinary cases pursuant to their quasi-judicial powers, administrative agencies must still comply with the fundamental principle of due process. Administrative tribunals exercising quasi-judicial powers are unfettered by the rigidity of certain procedural requirements, subject to the observance of fundamental and essential requirements of due process in justiciable cases presented before them.
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> **Due process in administrative cases, in essence, is simply an opportunity to explain one's side or to seek a reconsideration of the action or ruling. For as long as the parties were given fair and reasonable opportunity to be heard before judgment was rendered, the demands of due process were sufficiently met**." (Emphasis supplied)

WHEREFORE, premises considered, the Memorandum of Appeal of Southeast Asian Medical Center Inc. (SAMCI) is hereby **DENIED** for lack of merit. The Order of the Enforcement and Investor Protection Department dated 22 December 2014 is hereby **AFFIRMED.**

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[24] G.R. No. 198140, January 25, 2016

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Let a copy of this Decision be furnished to the Company Registration and Monitoring Department and the Enforcement and Investor Protection Department for their appropriate action.

SO ORDERED.

Pasay City, Philippines. 26 January 2021.

EMILIO B. AQUINO
Chairperson

EPHYRO LUIS B. AMATONG
Commissioner

JAVEY PAUL D. FRANCISCO
Commissioner

KELVIN LESTER K. LEE
Commissioner

KARLO S. BELLO
Commissioner