



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

**PUREGOLD CONSTRUCTION AND  
DEVELOPMENT CORPORATION,**

*Appellant,*

**SEC En Banc Case No. 08-13-299  
Change of Corporate Name**

- versus -

**PUREGOLD PRICE CLUB, INC.,**

*Appellee.*

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## **DECISION**

For the consideration of the En Banc is the Memorandum on Appeal filed on 12 August 2013 by PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION, which seeks to reverse the **Order dated 19 July 2013 of the Commission's OFFICE OF THE GENERAL COUNSEL (OGC)**, as well as the Reply Memorandum filed on 28 August 2013 by PUREGOLD PRICE CLUB, INC. The OGC directed PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION to change its corporate name for being confusingly similar to that of PUREGOLD PRICE CLUB, INC. which has a prior right to use such name.

### **RELEVANT FACTS**

PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION is a domestic corporation, registered on **11 May 2009**.<sup>1</sup> Its primary purpose is:

To engage in general construction business, including the constructing, enlarging, repairing, developing or engaging in any work upon buildings, houses, and condominium[s], roads, plants, bridges, airfields, piers, waterworks, railroads and other structures.<sup>2</sup>

PUREGOLD PRICE CLUB, INC. is a domestic corporation, registered on **8 September 1998**.<sup>3</sup> Its primary purpose is:

To engage in, conduct, and carry on the business of buying, selling, distributing, marketing at wholesale/retail, insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description[,] such as but not limited to consumer goods, including pharmaceutical and medical goods, cosmetic[s], medicines, medical formulations, food supplements and the like; to enter into all kinds of contracts for the export, import, purchase, acquisition, sale at wholesale or retail[,] and other disposition for its own account as principal or in representative capacity and [as] manufacturer's representative, merchandise broker, indenter, commission merchant, factors or agents, upon consignment of

<sup>1</sup> Company Reg. No. CS200906682

<sup>2</sup> PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION's Articles of Incorporation

<sup>3</sup> Company Reg. No. A199813754

all kinds of goods, wares, merchandise or products[,] whether natural or artificial, food or non-food, except as broker/dealer of securities.”<sup>4</sup>

On **3 April 2012**, PUREGOLD PRICE CLUB, INC. filed its **Complaint**, which was considered as a Petition for Change of Corporate Name. It argued that:

- (1) It acquired a prior right over the name PUREGOLD PRICE CLUB, where the dominant term is “PUREGOLD”;
- (2) The term “PUREGOLD” is protected by registered trademarks issued by the Intellectual Property Office (IPO) to PUREGOLD PRICE CLUB, INC. in 2005 and 2007, such that PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION needs the former’s consent to use the same;
- (3) The name PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION is confusingly similar to its own, since the dominant term is also “PUREGOLD”; and
- (4) Even though they are engaged in different industries, the public would be led to believe that PUREGOLD PRICE CLUB, INC., the older and more established company, has branched out into the construction business.

On **20 April 2012**, PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION filed its **Answer**. It did not contest that the name “PUREGOLD PRICE CLUB, INC.” was registered earlier. It also did not contest that the two corporate names are similar. However, it argued that:

- (1) The use of a similar name is allowed if one or more distinctive words are added, such as “CONSTRUCTION AND DEVELOPMENT CORPORATION”;
- (2) The names of the parties are not *confusingly* similar, because they are engaged in different industries; and
- (3) There is no evidence of actual confusion.

On **8 May 2012**, PUREGOLD PRICE CLUB, INC. filed its **Reply**. It argued that:

- (1) The addition of the terms “CONSTRUCTION AND DEVELOPMENT CORPORATION” are not distinctive enough because they merely describe the business; and
- (2) According to jurisprudence, evidence of actual confusion need not be shown.

On **19 July 2013**, after notice and hearing, the OGC issued the assailed Order, declaring that:

- (1) PUREGOLD PRICE CLUB, INC. **acquired a prior right** over the name because
  - a. PUREGOLD PRICE CLUB, INC. adopted it as early as its incorporation in 1998, whereas PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION only adopted the name upon its incorporation in 2009;
  - b. The term “PUREGOLD” is unique and may be appropriated, and it has been a registered trademark of PUREGOLD PRICE CLUB, INC. since 2005.
- (2) PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION is **confusingly similar** to PUREGOLD PRICE CLUB, INC. because:
  - a. Both corporate names contain the dominant term “PUREGOLD;”
  - b. The additional words “CONSTRUCTION AND DEVELOPMENT CORPORATION” are not sufficiently distinctive, because the first three words describes the business and the last word describes the entity;
  - c. Moreover, the addition of one or more distinctive words shall not be allowed if the registered name is *unique*, unless the Board of Directors of PUREGOLD PRICE CLUB, INC. consents—and it does not consent;

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<sup>4</sup> PUREGOLD PRICE CLUB, INC.’s Articles of Incorporation

- d. Although the goods and services are different, there is a likelihood of “confusion of business” (as opposed to “confusion of goods/services”), since the public may be misled into thinking there is a connection between the two business—*i.e.*, that PUREGOLD PRICE CLUB, INC. has branched-out into the construction business, or that it has the same owners as PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION.

On **12 August 2013**, PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION filed the instant Memorandum on Appeal. It argued that it registered its corporate name in compliance with the pertinent SEC Guidelines, viz.

Contrary to the findings of the SEC-OGC, it is respectfully submitted that the registration of respondent’s corporate name should be found valid and in order as it faithfully observed the requirements of the Honorable Commission in the adoption of the corporate name. Respondent has only followed the provisions under the **SEC Revised Guidelines on Corporate Names** as provided under **SEC Memorandum No. 14, Series of 2000**.<sup>5</sup> Expressly, the Guidelines provide that:

(a) **The corporate name shall contain the word “Corporation”** or its abbreviation “Corp.” or Incorporate or “Inc.”

(b) **Terms descriptive of a business in the name shall be indicative of the primary purpose.** If there are two (2) descriptive terms, the first shall refer to the primary purpose and the second shall refer to one of the secondary purposes.

(c) The name shall not be identical, misleading or confusingly similar to one already registered by another corporation or partnership with the Commission or a sole proprietorship registered with the Department of Trade and Industry (DTI).

**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. [Emphasis supplied]

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(h) **Name containing a term descriptive of a business different from the business of a registered company whose name also bears similar term(s) used by the former may be allowed.** [Emphasis supplied]

Following Sections “a”, “b”, “c” and “h” of the SEC Guidelines, the name of respondent “PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION” is allowable and should not be infringing or violating the rights of petitioner in the use of its corporate name.<sup>6</sup>

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<sup>5</sup> Superseded by SEC Memorandum Circular No. 21, Series of 2013 (MC 21-2013).

<sup>6</sup> Page 6 of Memorandum on Appeal.

It also argued that the OGC is limited only to SEC Rules and thus cannot order the change of a corporate name even if confusingly similar to a protected trademark, viz.

Furthermore, even if Petitioner has registered its “trade name” [and/or trademark] with the [IPO], **the SEC-OGC can only apply the rules of this Honorable Commission and not that of another administrative agency**, since the issue at hand is not trademark infringement.<sup>7</sup> [Emphasis supplied]

Finally, it argued that there is no likelihood of confusion because the two corporate names would not appear similar even to the general public, viz.

Contrary to the findings of the SEC-OGC, there is no actual confusion or any high probable confusion in business with the adoption by respondent of the name “PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION” vis-à-vis the petitioner’s PUREGOLD PRICE CLUB, INC. **There is arguably a whale of difference in the names of the two corporations** that the general public can easily mark and distinguish even without mentioning the goods or services that they offer.<sup>8</sup> [Emphasis supplied]

It reiterated that the two corporations are engaged in different industries and that there is no evidence of actual confusion.

On **28 August 2013**, PUREGOLD PRICE CLUB, INC. filed its **Reply Memorandum**. For the most part, it reiterated its arguments in the OGC case.

It highlighted that “PUREGOLD” is a unique name, capable of appropriation, viz.

The name “PUREGOLD” is a unique or distinctive name. It is not a generic or descriptive name.

Search as any one may from the dictionaries, there is no word “PUREGOLD” entered and given definition. In the attached page 1010 of the Merriam-Webster’s Collegiate Dictionary, Eleventh Edition, the word entries with “pure” followed by “pure-blooded”, “pure-bred”, and finally “pure democracy.” There is no entry of the single name or single word “PUREGOLD.”

There is also no entry of the single word or name “PUREGOLD” in literature. Writers use “pure” and “gold” not as a single word but as an adjective modifying a noun.<sup>9</sup>

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**No word or name “PUREGOLD” appears anywhere except in the corporate name of the appellee** because the name was coined by it for its own use as a unique and distinct name to distinguish it from other corporations, partnerships, business or even product names.<sup>10</sup> [Emphasis supplied]

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<sup>7</sup> Page 8 of Memorandum on Appeal.

<sup>8</sup> Page 9 of the Memorandum on Appeal.

<sup>9</sup> Page 6 of Reply Memorandum.

<sup>10</sup> Page 7 of Reply Memorandum.

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The appellee coined and appropriated for its sole use the unique and distinct name "PUREGOLD" as early as 8 September 1998 when it registered as a corporation with the Securities and Exchange Commission.

The appellee further exercised its sole ownership of the name "PUREGOLD" when it registered the name and mark "PUREGOLD" with the Intellectual Property Office on 11 August 2005 and 10 May 2007.

It also agreed with the OGC ruling that the words "CONSTRUCTION AND DEVELOPMENT" are not sufficiently distinctive.

*Hence this Appeal.*

### DISCUSSION

In order for a *Petition for Change of Corporate Name* to prosper, 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 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.

Here, PUREGOLD PRICE CLUB, INC. adopted its name as early as its incorporation on **8 September 1998**, while PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION only adopted its name upon its incorporation on **11 May 2009**.

The name "PUREGOLD PRICE CLUB, INC." is *unique*, not generic, and thus capable of appropriation. The dominant term "PUREGOLD" is a combination of the words "pure" and "gold", which are not necessarily related to each other, but taken together connote the highest quality of goods or services. However, it is *normally two separate words*.

Moreover, "PUREGOLD" is protected by trademarks issued by the IPO to PUREGOLD PRICE CLUB, INC. in 2015 and 2017. **No corporate name infringing upon a trademark may be registered**, because Section 18 of the Corporate Code prevents the registration of a "name already protected by law," which includes the law on trademarks, viz.

Section 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.

Moreover, the SEC Guidelines expressly state that the consent of the trademark owner is required before another person can use it as part of a corporate name, viz.

A tradename or trademark registered with the Intellectual Property Office may be used as part of the corporate name or partnership name of a party other than the owner, if the latter gives its consent to such use.<sup>11</sup>

Therefore, having earlier adopted its unique name, PUREGOLD PRICE CLUB, INC. has a prior right over PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION.

### 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 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 "PUREGOLD" is the dominant phrase in both of the parties' names and that the spelling is identical in both corporate names. The word "PURE" is not necessarily related to "GOLD" and thus the combination is unique, leading an ordinary person to assume that PUREGOLD PRICE CLUB, INC. and PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION are related.

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<sup>11</sup> Item 5 of MC 21-2013.

The OGC correctly ruled that evidence of actual confusion need not be shown, and that it is enough that there is likelihood of confusion, viz.

Respondent further argued that public confusion is unlikely, if not totally impossible, given the nature of their businesses and the products and services being offered. Although no confusion has occurred as of the present, the probability of confusion is still high considering the noticeable similarity in the dominant words used by the two corporations in their corporate names. As was stated in **Philips Export B.V. et. al. v. Court of Appeals, et. al. [G.R. No. 96161, 21 February 1992]**, “xxx proof of actual confusion need not be shown. It suffices that confusion is probably or likely to occur.”<sup>12</sup>

Moreover, even though the businesses of both corporations are different from each other, confusion of business may exist when products are non-competing but related enough to produce **confusion of affiliation**.<sup>13</sup> [Emphasis supplied]

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In the instant case, petitioner’s primary purpose allows it to engage in the business of buying and selling all kinds of goods, wares, commodities and products of all kinds, **including construction materials and supplies**, which respondent uses in its construction business. Consequently, allowing the use of the word “PUREGOLD” in respondent’s corporate name may mislead prospective purchasers of petitioner into thinking that it has extended its business [into] the field of construction, or is connected with the activities of the respondent.<sup>14</sup>

The OGC also correctly ruled that PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION failed to comply with the SEC Guidelines because no additional distinctive words were added to differentiate it from PUREGOLD PRICE CLUB, INC., viz.

**In the instant case, respondent failed to add one or more distinctive words to remove the similarity from a previous registered name.** The addition of the words “Construction and Development Corporation” are not considered distinctive words since the word “Corporation” is already required for all corporations seeking to register a corporate name so as to distinguish it from partnerships, while the words “Construction and Development” are generic words used to describe a particular business or industry.<sup>15</sup> [Emphasis supplied]

Therefore, “PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION” is confusingly similar to the earlier registered name “PUREGOLD PRICE CLUB, INC.”

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<sup>12</sup> Page 5 of assailed OGC Order

<sup>13</sup> Id.

<sup>14</sup> Page 6 of assailed OGC Order

<sup>15</sup> Page 4 of assailed OGC Order

### SEC Guidelines on Corporate Names

PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION's interpretation of the SEC Guidelines is incorrect. The requirements are *cumulative*.

The current SEC Guidelines are **SEC Memorandum Circular No. 21, Series of 2013 "The Omnibus Guidelines and Procedures on the Use of Corporate and Partnership Names"** (MC 21-2013), which are substantially the same as the 2008 rules cited, viz.

The corporate name shall contain the word "Corporation" or "Incorporated," or the abbreviations "Corp." and "Inc." respectively.<sup>16</sup>

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A term that describes the business of the corporation in its name should refer to its primary purpose.<sup>17</sup>

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The name shall not be identical, misleading or confusingly similar to a corporate or partnership name registered with the Commission, or with the Department of Trade and Industry, in the case of sole proprietorships.<sup>18</sup>

If the name applied for is similar to that of a registered corporation or partnership, the applicant shall add one or more distinctive words to the proposed name to remove the similarity or differentiate it from the registered name.<sup>19</sup>

However, addition of one or more distinctive words shall not be allowed if the registered name is coined and unique unless the board of directors or majority of the partners of the subject corporation or partnership gives its consent to the applied name.<sup>20</sup>

A tradename or trademark registered with the Intellectual Property Office may be used as part of the corporate name or partnership name of a party other than the owner, if the latter gives its consent to such use.<sup>21</sup>

The rules require the inclusion of words describing the entity, such as "corporation" or "incorporated," and the rules allow the inclusion of words describing the primary purpose, such as "construction and development" or "price club." The rules further require additional distinctive words, if the proposed name is similar to a registered corporation. **The "additional distinctive words" do not include the word describing the entity and the words descriptive of the primary purpose.** If the proposed name includes a unique name, consent must be obtained from the earlier registrant. Similarly, if the proposed name includes a registered trademark, consent must be obtained from the mark's owner.

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<sup>16</sup> Item 1(a) of MC 21-2013

<sup>17</sup> Item 2 of MC 21-2013.

<sup>18</sup> Item 3(a) of MC 21-2013

<sup>19</sup> 1<sup>st</sup> Paragraph of Item 3(b) of MC 21-2013

<sup>20</sup> 2<sup>nd</sup> Paragraph of Item 3(b) of MC 21-2013

<sup>21</sup> Item 5 of MC 21-2013.



After subtracting the words describing PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION's entity and the primary purpose, the only word left is "PUREGOLD", which is not only similar but **identical** to the unique name earlier adopted by PUREGOLD PRICE CLUB, INC., viz.


REQUIREMENTS UNDER THE SEC GUIDELINES ON CORPORATE NAMES (MC 21-2013)	PUREGOLD PRICE CLUB, INC.	PUREGOLD CONSTRUCTION AND DEVELOPMENT CORPORATION
The corporate name shall contain the word "Corporation" or "Incorporated," or the abbreviations "Corp." and "Inc." respectively.	INC.	CORPORATION
A term that describes the business of the corporation in its name should refer to its primary purpose.	PRICE CLUB	CONSTRUCTION AND DEVELOPMENT
The name shall not be <b>identical</b> , misleading or confusingly similar to a corporate or partnership name registered with the Commission, or with the Department of Trade and Industry, in the case of sole proprietorships.	PUREGOLD	<b>PUREGOLD (IDENTICAL)</b>
If the name applied for is <b>similar</b> to that of a registered corporation or partnership, the applicant <b>shall add one or more distinctive words</b> to the proposed name to remove the similarity or differentiate it from the registered name.	REGISTERED EARLIER	<b>NO ADDITIONAL DISTINCTIVE WORDS</b>
However, addition of one or more distinctive words shall not be allowed <b>if the registered name is coined and unique</b> unless the board of directors or majority of the partners of the subject corporation or partnership gives its consent to the applied name	"PUREGOLD" IS COINED/UNIQUE	<b>NO CONSENT</b>
A tradename or trademark registered with the Intellectual Property Office may be used as part of the corporate name or partnership name of a party other than the owner, if the latter gives its consent to such use	"PUREGOLD" IS REGISTERED AS A TRADEMARK	<b>NO CONSENT</b>

Moreover, PUREGOLD CONSTRUCTION AND DEVELOPMENT neither sought nor obtained the consent of PUREGOLD PRICE CLUB, INC. before using a name **identical** to the latter's unique name and registered trademark "PUREGOLD."


**WHEREFORE**, the 19 July 2013 Order of the OGC is hereby **AFFIRMED**.

**SO ORDERED**.

Pasay City, Philippines; 13 December 2018.

  
**EMILIO B. AQUINO**  
*Chairperson*

  
**ANTONIETA F. IBE**  
*Commissioner*

  
**EPHYRO LUIS B. AMATONG**  
*Commissioner*

  
**JAVEY PAUL D. FRANCISCO**  
*Commissioner*