



OFFICE OF THE DIRECTOR GENERAL

LEVI STRAUSS & CO.,
Petitioner-Appellant,

-versus-

ANTONIO SEVILLA and
ANTONIO L. GUEVARRA
Respondents-Appellees.

x-----x

Appeal No. 14-09-23

Inter Partes Case No. 4216

Petition for Cancellation

Cert. of Reg. No. 53918

Issued on: 16 November 1992

Trademark: LIVE'S

DECISION

LEVI STRAUSS & CO. ("Appellant") appeals Decision No. 2009-11 dated 29 January 2009 of the Director of the Bureau of Legal Affairs ("Director") denying the Appellant's petition to cancel the registration of the mark "LIVE'S" issued in favor of ANTONIO L. GUEVARRA ("Appellee Guevarra").

Records show that ANTONIO SEVILLA ("Appellee Sevilla") filed a trademark application for LIVE'S on 25 April 1989. On 16 November 1992, Cert. of Reg. No. 53918 for the mark LIVE'S for use on jeans, jackets, polo and t-shirt was issued in the name of Appellee Guevarra.¹ On 13 December 1995, the Appellant filed a "PETITION FOR CANCELLATION" alleging the following:

1. It has been and will be prejudiced and damaged by the continued existence of Cert. of Reg. No. 53918;
2. Cert. of Reg. No. 53918 was obtained in violation of, or contrary to the provisions of Sec. 4(d) in relation to Sec. 17 of Rep. Act No. 166, as amended, (RA 166)² since LIVE'S consists of a mark or trade name which so resembles a mark or trade name registered in the Philippines or a mark or trade name previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the Appellees to cause confusion or mistake or to deceive purchasers;

¹ The certificate of registration shows that Antonio Sevilla is the applicant and Antonio Guevarra is the assignee. Antonio Sevilla assigned to Antonio Guevarra on 20 September 1991 "ONE-HALF OF THE ENTIRE INTEREST TO THE PENDING APPLICATION." On 17 December 1994, Antonio Sevilla assigned to Antonio Guevarra his entire right, title and interest to the subject mark with the understanding that the mark shall be licensed by the latter in his favor.

² AN ACT TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF TRADEMARKS, TRADE-NAMES AND SERVICE-MARKS, DEFINING UNFAIR COMPETITION AND FALSE MARKING AND PROVIDING REMEDIES AGAINST THE SAME, AND FOR OTHER PURPOSES.

3. It is the owner of the mark "LEVI'S" which it has extensively and continuously used since 1946 on men's, women's, and children's overalls, jackets, outer skirts, coats, slacks, and pants; women's and children's blouses, outer shorts, pedal pushers, vests, skirts and culottes; and women's bras;
4. In the Philippines, it has obtained certificates of registration for LEVI'S based on its United States Cert. of Reg. No. 248368 issued on 03 May 1927;³
5. LEVI'S is an internationally famous mark which is extensively registered and aggressively advertised on a multi-media basis worldwide;
6. In 1972, it entered into a "Trademark, Technical Data and Technical Assistance Agreement" with Levi Strauss (Philippines) Inc. ("LSPI"), a domestic corporation organized and existing under Philippine laws, which granted LSPI a non-exclusive license to use its marks in connection with LSPI's manufacture and sale of pants, jackets, and shirts in the Philippines and which agreement has been renewed a number of times and duly approved by the then Bureau of Patents, Trademarks and Technology Transfer ("BPTTT") of the Department of Trade and Industry;⁴
7. Prior to 1972, LEVI'S jeans and other articles of clothing and accessories bearing LEVI'S were already available and sold locally in the Philippines;
8. The success of its jean business locally and internationally is based upon its reputation for quality, durability, and distinctive use accomplished largely through maintenance of the distinctive and identifiable marks, and by conveying these marks to the general public's awareness and knowledge through continuous promotion and advertising by reason of which efforts the LEVI'S mark has been identified and distinguished in the public's mind as the goods the Appellant and LSPI manufacture or deal in;
9. LIVE'S is substantially and confusingly similar to LEVI'S in the following manner: 1) LIVE'S is a five-letter word with the very same letters of which the Appellant's registered mark is composed, the only difference being the position of the letters "E" and "I"; and 2) LEVI'S has an apostrophe after its fourth letter which separates the letter "S" from the first four letters of the mark, and LIVE'S also has an

³ Cert. of Reg. No. 8239 issued on 05 May 1960 and Renewal Reg. No. 2666 issued on 10 August 1982.

⁴ On 01 January 1998, Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines, took effect. This law abolished the BPTTT and created the Intellectual Property Office of the Philippines.

apostrophe to separate the first four letters of the mark from the letter "S";

10. Considering that Appellee Sevilla intends to use or is already using LIVE'S on goods of the same class and identity as those of the Appellant, there is a great likelihood of consumer confusion and deception;
11. Appellee Sevilla is fully aware of the unregistrable and infringing nature of LIVE'S and the assignment and licensing are but mere ploys to attempt to shield himself from suits such as this one; and
12. It is unfortunate that the mark LIVE'S was registered despite its unregistrable and infringing character.

The Appellant submitted the following evidence to support its petition:

1. Affidavit of Mercedes R. Abad, executed on 25 September 2006;⁵
2. Resume of Mrs. Mercedes R. Abad;⁶
3. Sample questionnaire used in the market survey "Project Cherokee 5";⁷
4. Accomplished questionnaires used in Project Cherokee 5;⁸
5. Final Report on Project Cherokee 5;⁹
6. Affidavit of Flordeliza B. Pinlac, executed on 04 December 2006;¹⁰
7. Trademark, Technical Data and Technical Assistance Agreement between the Appellant and LSPI;¹¹
8. Cert. of Reg. No. R-2666 for LEV'S;¹²
9. Cert. of Reg. No. 8239 for LEV'S;¹³
10. Photographs of sample products of LEV'S;¹⁴
11. Pictures of LEV'S outlets/shops;¹⁵
12. Pictures of the Appellee's LIVE'S jeans;¹⁶
13. Drawing of a V-like shape or curve design in a yellow pad;¹⁷
14. Copy of the Petition for Review on Certiorari, dated 12 April 2004;¹⁸
and
15. Copy of the Comment on the Petition dated 23 July 2004.¹⁹

⁵ Exhibit "A".

⁶ Exhibit "B".

⁷ Exhibit "C".

⁸ Exhibits "D" to "D-9".

⁹ Exhibit "E".

¹⁰ Exhibit "F".

¹¹ Exhibit "G".

¹² Exhibit "H".

¹³ Exhibit "I".

¹⁴ Exhibits "J" to "J-7".

¹⁵ Exhibits "K" to "K-35".

¹⁶ Exhibits "L" to "L-3".

¹⁷ Exhibit "M".

¹⁸ Exhibit "N".

¹⁹ Exhibit "O".

Appellee Guevarra filed his answer on 20 June 1996 alleging the following:

1. Cert. of Reg. No. 53918 was issued to him and not to Antonio Sevilla;
2. LIVE'S and LEVI'S are materially different and LIVE'S is not likely to create confusion nor deception, considering its spelling, meaning, pronunciation, visual presentation and other attendant circumstances;
3. Indicative of forum shopping and contrary to the Appellant's representation, there is an unfair competition case either filed or threatened to be filed involving the mark LIVE'S as manifested by the raid on 13 December 1995 by elements of the Inter-Agency Committee on Intellectual Property Rights on his premises resulting in the confiscation of several equipment and truckloads of finished and semi-finished products and related paraphernalia on the strength of Search Warrant No. 95-757 issued by Judge Antonio I. de Castro of the Manila Regional Trial Court, Branch 3;
4. The instant case is barred by *laches* as the Appellant has acquiesced to his use of LIVE'S since 01 January 1988 and that the Appellant did not oppose the registration of LIVE'S when it was published for opposition on 16 July 1992; the Appellant did not seek cancellation of this mark from 16 November 1992, but instead waged a media campaign to disparage his products, compelling him to invest substantial sums in his business, and to compete openly with the Appellant in the market;
5. The probability of confusion arising from the alleged similarity of LIVE'S with LEVI'S is negligible as an ordinary purchaser of pants, jeans, jackets, polo, and t-shirts gives close attention to details such as size, style, color, design, and brand and takes time to try on the item before deciding to buy it such that one brand could not be passed off as another different brand so easily; and
6. The price difference between the respective goods of the opposing parties is big and there is a literature on the hand tag that goes with each unit of the product and there are other distinctive markings like the manufacturer's name.

Appellee Sevilla also filed an "ANSWER" on 22 December 2000 alleging the following:

1. LIVE'S is different from LEVI'S and would never cause confusion; the spelling and the pronunciation of the respective marks are very much different; the nature of the goods to which the marks are being used are not daily basic needs bought with haste; the ordinary purchaser buys clothing apparel meticulously, scrutinizing the style, color, size, design, fit, and comfort; the usual target of the goods

covered by the marks are the educated and mature purchasers who can easily distinguish quality and price differences;

2. The presentation and trade dress of LIVE'S are substantially different from that of LEV'S which has already been well-known and could be said of judicial notice such that any mark sought to be registered with the intention of making any colorable imitation can never pass the approval of the Bureau of Trademarks if there is no substantial difference between LIVE'S and LEV'S; and
3. He has used the mark not only for a few months but for long periods in years after its registration, and the Appellant has not lifted a finger, thus, entitling him to perpetuation of the registration and use as the right has already been vested.

Appellee Guevarra's evidence consists of the following:

1. Affidavit of Atty. Danilo A. Soriano, executed on 08 June 2007;²⁰
2. Affidavit of Richard Go, executed on 22 June 2007;²¹ and
3. Pictures of his products.²²

In deciding in favor of the Appellees, the Director ruled that LIVE'S is not confusingly similar to LEV'S as they differ in sound, spelling, meaning, designs of the backpockets and pricing. According to her, the place where the products are sold is different as LEV'S is usually found in a specialty shop or boutique or outlet depicting the mark LEV'S while LIVE'S is usually displayed with other brands of low cost jeans. She also cited the decision of the Supreme Court in *Levi Strauss (Phils.) v. Tony Lim*²³ which affirmed the findings of the Department of Justice and the Court of Appeals that there can be no likelihood of confusion between LEV'S and LIVE'S.

The Director also stated in her assailed decision that the Appellant filed a position paper and draft decision beyond the reglementary period and, thus, the position paper and the draft decision are deemed not filed. Likewise, the Director also held that Appellee Guevarra filed a "Decision" beyond the reglementary period and, thus, this was also deemed not filed.

Dissatisfied with the Director's decision, the Appellant filed an "APPEAL MEMORANDUM" on 12 March 2009 asserting that LIVE'S is confusingly similar to LEV'S. The Appellant argues that:

1. Its position paper and draft decision were timely filed;

²⁰ Exhibit "1".

²¹ Exhibit "2".

²² Exhibits "3 to "7".

²³ G. R. No. 162311, 04 December 2008.

2. The mark LIVE'S is obviously a play on, or is a knockoff of LEVI'S with the Appellees merely deviously switching the letters "E" and "I" in LEVI'S to form LIVE'S;
3. The results of the market survey as interpreted and analyzed by its witness is uncontroverted evidence of a very high likelihood of confusion between LEVI'S and LIVE'S;
4. The testimony of Appellee Guevarra's witness is evidently hearsay as he admitted on cross-examination that the "story" on how Appellee Guevarra supposedly conceived and adopted the mark LIVE'S was merely narrated to him by Appellee Guevarra;
5. In any event, the story on how Appellee Guevarra supposedly conceived and adopted LIVE'S as a word mark does not even make sense and strains one's credulity;
6. An apostrophe followed by the letter "S" is used to denote a possession and is only used after a name or a noun but the root word "LIVE" is not a name nor is it a noun and, therefore, does not have a possessive form;
7. That LIVE'S is a plural form of the root word "LIFE" is way off the mark because it ignores that fact that the Appellees' mark is not simply "LIVES" but LIVE'S (with an apostrophe);
8. It is rather obvious that the rationale for the apostrophe "S" is to make LIVE'S visually more similar to the world famous LEVI'S;
9. The supposed differences in price and other factors at the point of sale do not *ipso facto* negate or forestall confusion, or the likelihood thereof and that the issue of confusion is not limited to those of ultimate/actual purchasers only, but to the public in general; and
10. A trademark owner is damaged not only when consumers are misled into buying the close-looking products of a competitor, but also when the distinctiveness of his trademark is eroded or diluted by the use of similar-looking marks by others;

Appellee Guevarra filed his "COMMENT" on 22 April 2009 alleging the following:

1. For want of information, he would not have anything to say about the alleged untimely filing of the Appellant's position paper/draft decision and that for his part, he filed a draft decision on 30 October 2007, because 28 October 2007 was a Sunday and 29 October 2007, Monday was Barangay Election Day; at any rate neither party was placed at any disadvantage when their respective drafts had been

“deemed not filed”, whether correctly or not, and the BLA proceeded on the basis of all the evidence laid before it by both sides.

2. The alleged confusing similarity between LIVE’S and LEVI’S was already passed upon by the Supreme Court in *Levi Strauss (Phils.) v. Tony Lim*²⁴ and this appeal cannot be given due course without running afoul of this decision;
3. The mark LIVE’S involved in the Supreme Court case is the same mark in this case and the same issue of confusing similarity was being litigated by the same parties with substantially the same allegations, evidence and arguments;
4. The pronunciation and spelling of LIVE’S are distinctive and this has been consistently noted in the decision of the Department of Justice, the Court of Appeals, the Supreme Court and the Bureau of Legal Affairs;
5. His affirmative and precautionary distinguishing features on his products should not be met with scorn or disapproval and he discloses on a label sewn down in the inner waistband of his LIVE’S jeans that the same is manufactured by him;
6. The so called “Cherokee 5 Market Survey” all by itself does not prove actual confusion and his continuing objection to the survey concerned the failure of the Appellant to present in evidence the actual product samples used therein and to present proof of the origin thereof, with a guarantee that the same had not proceeded from any of the articles that had been seized from him on 13 December 1995 under search warrants served on his premises;
7. At any rate, even with this survey, there is no evidence that an otherwise prudent purchaser is induced to buy LIVE’S in the belief that he is buying LEVI’S; and
8. In the last 20 years that these rival brands have co-existed, there has not been any criminal prosecution, investigation or independent record pointing to an actual occurrence of confusion or deception involving LIVE’S.

Pursuant to Office Order No. 197, Series of 2010, Mechanics for IPO-Mediation and Settlement Period, this case was referred to mediation on 31 January 2011. On 08 May 2012, this Office received the “MEDIATORS’ REPORT” with a notice of the non-settlement of dispute. According to the report, while the parties agreed to undergo mediation, they failed to reach a settlement during the mediation proceedings.

²⁴*Supra at note 23.*

The main issue to be resolved in this appeal is whether the Director was correct in denying the Appellant's petition for cancellation of the mark LIVE'S.

Before resolving this issue, the Office noted the Appellant's claim that its position paper and draft decision were timely filed contrary to the decision of the Director. In this regard, a position paper is a summary of a party's arguments and this Office deems that the Appellant is not disadvantaged by the Director's alleged erroneous findings on the timeliness of the filing of the Appellant's position paper and draft decision. This Office agrees with the Appellee that:

At any rate, neither party was placed at any disadvantage when their respective drafts had been "deemed not filed", whether correctly or not, and the BLA proceeded instead on the basis of all the evidence laid before it by both sides. It would now be moot and academic to pursue the point since draft decisions are mere summations by the parties of what already appear actually in the records after they had respectively rested their cases.²⁵

Going now to the main issue, a petition for cancellation brings forth a review or re-examination of the trademark registration. It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.²⁶

Appellee Sevilla filed the application to register the mark LIVE'S under RA 166. Thus, the registration of this mark shall be reviewed or examined under this law. The Appellant cites Sec. 4 and Sec. 17 (c) of RA 166 to support its petition, to wit:

SEC. 4. Registration of trade-marks, trade-names and service-marks on the principal register.- There is hereby established a register of trade-marks, trade-names and service-marks which shall be known as the principal register. The owner of a trade-mark, trade-name or service-mark used to distinguish his goods, business or services from the goods, business, or services of others shall have the right to register the same on the principal register, unless it:

x x x

(d) Consists of or comprises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive purchases; or

SEC. 17. Grounds for cancellation.- Any person who believes that he is or will be damaged by the registration of a mark or trade-name, may, upon payment of the prescribed fee, apply to cancel said registration upon any of the following grounds:

²⁵ COMMENT, dated 22 April 2009, pages 1-2.

²⁶ *Pribhdas J. Mirpuri vs. Court of Appeals*, G.R. No. 114508, 19 November 1999.

x x x

(c) That the registration was obtained fraudulently or contrary to the provisions of section four, Chapter II hereof;

Is LIVE'S confusingly similar to LEVI'S?

This issue was already resolved by the Supreme Court in the case of *Levi Strauss (Phils.), Inc. vs. Tony Lim*,²⁷ to wit:

Secretary Guingona discounted the element of actual intent to deceive by taking into consideration the differences in spelling, meaning, and phonetics between "LIVE'S" and "LEVI'S", as well as the fact that respondent had registered his own mark. While it is true that there may be unfair competition even if the competing mark is registered in the Intellectual Property Office, it is equally true that the same may show *prima facie* good faith. Indeed, registration does not negate unfair competition where the goods are packed or offered for sale and passed off as those of complainant. However, the mark's registration, coupled with the stark differences between the competing marks, negate the existence of actual intent to deceive, in this particular case.

For his part, Justice Cuevas failed to find the possibility of confusion and of intent to deceive the public, relying on *Emerald Garment Manufacturing Corporation v. Court of Appeals*. In *Emerald*, the Court explained that since maong pants or jeans are not inexpensive, the casual buyer is more cautious and discerning and would prefer to mull over his purchase, making confusion and deception less likely.

We cannot subscribe to petitioner's stance that *Emerald Garment* cannot apply because there was only one point of comparison, i.e., "LEE" as it appears in *Emerald Garment's "STYLISTIC MR. LEE."* *Emerald Garment* is instructive in explaining the attitude of the buyer when it comes to products that are not inexpensive, such as jeans. In fact, the *Emerald Garment* rationale is supported by *Del Monte Corporation v. Court of Appeals*, where the Court explained that the attitude of the purchaser is determined by the cost of the goods. There is no reason not to apply the rationale in those cases here even if only by analogy.

The rule laid down in *Emerald Garment* and *Del Monte* is consistent with *Asia Brewery, Inc. v. Court of Appeals*, where the Court held that in resolving cases of infringement and unfair competition, the courts should take into consideration several factors which would affect its conclusion, to wit: the age, training and education of the usual purchaser, the nature and cost of the article, whether the article is bought for immediate consumption and also the conditions under which it is usually purchased.

Petitioner argues that the element of intent to deceive may be inferred from the similarity of the goods or their appearance. The argument is specious on two fronts. First, where the similarity in the appearance of the goods as packed and offered for sale is so striking, intent to deceive may be inferred. However, as found by the investigating prosecutor and the DOJ Secretaries, striking similarity between the competing goods is not present.

Second, the confusing similarity of the goods was precisely in issue during the preliminary investigation. As such, the element of intent to deceive could not arise without the investigating prosecutor's or the DOJ Secretary's finding that such confusing similarity exists. Since confusing similarity was not found, the element of fraud or deception could not be inferred.

²⁷ *Supra* at note 23.

We cannot sustain Secretary Bello's opinion that to establish probable cause, "it is enough that the respondent gave to his product the general appearance of the product" of petitioner. It bears stressing that that is only one element of unfair competition. All others must be shown to exist. More importantly, the likelihood of confusion exists not only if there is confusing similarity. It should also be likely to cause confusion or mistake or deceive purchasers. Thus, the CA correctly ruled that the mere fact that some resemblance can be pointed out between the marks used does not in itself prove unfair competition. To reiterate, the resemblance must be such as is likely to deceive the ordinary purchaser exercising ordinary care.

The consumer survey alone does not equate to actual confusion. We note that the survey was made by showing the interviewees actual samples of petitioner's and respondent's respective products, approximately five feet away from them. From that distance, they were asked to identify the jeans' brand and state the reasons for thinking so. This method discounted the possibility that the ordinary intelligent buyer would be able to closely scrutinize, and even fit, the jeans to determine if they were "LEVI'S" or not. It also ignored that a consumer would consider the price of the competing goods when choosing a brand of jeans. It is undisputed that "LIVE'S" jeans are priced much lower than "LEVI'S".

The Court's observations in Emerald Garment are illuminating on this score:

First, the products involved in the case at bar are, in the main, various kinds of jeans. . . . Maong pants or jeans are not inexpensive. Accordingly, the casual buyer is predisposed to be more cautious and discriminating in and would prefer to mull over his purchase. Confusion and deception, then, is less likely. In *Del Monte Corporation v. Court of Appeals*, we noted that:

. . . Among these, what essentially determines the attitudes of the purchaser, specifically his inclination to be cautious, is the cost of the goods. To be sure, a person who buys a box of candies will not exercise as much care as one who buys an expensive watch. As a general rule, an ordinary buyer does not exercise as much prudence in buying an article for which he pays a few centavos as he does in purchasing a more valuable thing. Expensive and valuable items are normally bought only after deliberate, comparative and analytical investigation. But mass products, low priced articles in wide use, and matters of everyday purchase requiring frequent replacement are bought by the casual consumer without great care. **(Emphasis supplied)**

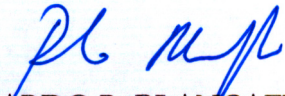
The Appellee submitted a "MANIFESTATION" to this Office on 07 August 2009 stating that the second motion for reconsideration of the Appellant in G. R. No. 162311 was merely noted without action by the Supreme Court in view of the denial of the Appellant's motion for leave to admit the second motion for reconsideration of the Supreme Court's decision dated 04 December 2008. The Appellant did not file any comment to this manifestation. Accordingly, with this decision by the Supreme Court, this Office cannot sustain the Appellant's contention that LIVE'S is confusingly similar with LEVI'S.

Wherefore, premises considered, the appeal is hereby DISMISSED. Let a copy of this Decision as well as the records be furnished and returned to the Director of the Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.



SO ORDERED.

AUG 13 2012 Taguig City.


RICARDO R. BLANCAFLOR
Director General 