

Title: Emerald Garment Manufacturing Corporation v. Hon. Court of Appeals, Bureau of Patents, Trademarks and Technology Transfer, and H.D. Lee Company, Inc.

Facts:

Emerald Garment Manufacturing Corporation (“Emerald”), a Philippine domestic corporation, registered the trademark “STYLISTIC MR. LEE” for its garments. H.D. Lee Company, Inc. (“H.D. Lee”), a foreign corporation organized under the laws of Delaware, U.S.A., had prior registrations for the “LEE” trademark for similar goods in the Philippines. On September 18, 1981, H.D. Lee filed a petition to cancel Emerald’s trademark registration with the Bureau of Patents, Trademarks & Technology Transfer (BPTTT), claiming that “STYLISTIC MR. LEE” so closely resembled H.D. Lee’s registered “LEE” trademarks that it was likely to cause confusion regarding the origin of the goods. On February 20, 1984, Emerald applied for registration of “STYLISTIC MR. LEE” in the Principal Register, to which H.D. Lee opposed. The Director of Patents rendered a decision in favor of H.D. Lee, finding “STYLISTIC MR. LEE” confusingly similar to “LEE,” using the “test of dominancy”. Emerald appealed to the Court of Appeals, which affirmed the Director of Patents’ decision. The Court of Appeals denied Emerald’s motion for reconsideration, leading Emerald to elevate the case to the Supreme Court of the Philippines.

Issues:

1. Whether Emerald’s trademark “STYLISTIC MR. LEE” is confusingly similar to H.D. Lee’s “LEE” trademarks.
2. Whether the equitable principle of laches bars H.D. Lee from asserting its rights over its “LEE” trademarks.
3. Whether H.D. Lee’s “LEE” trademarks have been used in commerce in the Philippines prior to registration to establish ownership over the mark.

Court’s Decision:

The Supreme Court reversed the Court of Appeals’ decision, holding that “STYLISTIC MR. LEE” is not confusingly similar to H.D. Lee’s “LEE” trademarks. It applied what is known as the “holistic test,” considering the marks as a whole, and found substantial differences that precluded confusion, especially given that jeans are not inexpensive items and purchasers are more discerning.

The Supreme Court also found that the principle of laches did not apply since H.D. Lee took action within a reasonable time after Emerald’s trademark was published and registered.

Finally, on the issue of H.D. Lee's use of the "LEE" trademarks in commerce in the Philippines, the Supreme Court held that H.D. Lee failed to establish prior use in commerce before Emerald, which is an essential prerequisite for ownership based on the Philippine Trademark Law.

**Doctrine:**

The "holistic test" is used in determining whether two trademarks are confusingly similar by considering marks in their entirety, and not just their predominant words or elements. Additionally, actual use in commerce in the Philippines is essential for the acquisition of ownership over a trademark.

**Historical Background:**

This case reflects the challenge of ensuring the protection of intellectual property rights in a rapidly globalizing market, taking into account the Philippine commitment to international treaties like the Paris Convention for the Protection of Industrial Property. The decision comes at a time when the Philippines is trying to balance the interests of domestic businesses with the obligation to provide protection to foreign trademark holders in compliance with international law.