

LEVI STRAUSS & CO., PETITIONER, VS. ANTONIO SEVILLA AND ANTONIO L. GUEVARRA, RESPONDENTS.*G.R. No. 219744. March 01, 2021*

Ponente: PERLAS-BERNABE, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-219744/>**PERLAS-BERNABE, J.:**

Assailed in the instant petition for review on certiorari[1] are the Decision[2] dated September 26, 2014 and the Resolution[3] dated July 28, 2015 of the Court of Appeals (CA) in CA-G.R. SP No. 126316, which dismissed the petition for review[4] filed by petitioner Levi Strauss & Co. (petitioner) before it on the grounds of mootness and res judicata; and essentially, affirmed the Decision[5] dated January 29, 2009 of the Intellectual Property Office (IPO) Bureau of Legal Affairs (IPO-BLA) and the Decision[6] dated August 13, 2012 of the IPO Director General (IPO-DG) dismissing petitioner's Petition for Cancellation[7] of the trademark LIVE'S with Registration No. 53918 under the names of respondents Antonio Sevilla (Sevilla) and Antonio L. Guevarra (Guevarra; collectively, respondents).

The Facts

Petitioner, a foreign corporation, is the owner of the word mark "LEVI'S" since 1946, and has extensively and continuously used the same on goods covered by Class 25 of the Nice Classification (NCL). In 1972, petitioner granted Levi Strauss Phils., Inc. (LSPI) a non-exclusive license to use its registered trademarks for the manufacture and sale of said goods in the Philippines. On the other hand, Sevilla was the original registrant of the mark LIVE'S also covering goods under Class 25 of the NCL. Later on, Sevilla assigned his rights over the LIVE'S mark to Guevarra a.k.a. Tony Lim, doing business under the name and style Vogue Traders Clothing Company.[8]

In 1995, LSPI commissioned a consumer survey codenamed "Project Cherokee 5" in order to determine if the general public had mistook marks used by other entities (such as respondents' LIVE'S mark) for that of petitioner's marks. The Final Report on Project Cherokee 5[9] confirmed that the public indeed strongly identified petitioner's "LEVI'S" mark with that of respondents' LIVE'S mark, further revealing that 86% of the survey participants associated the "LIVE'S" mark with "LEVI'S;" and 90% of said survey participants read the stylized "LIVE'S" mark, i.e., LIVE'S, as "LEVI'S." [10]

Thus, on December 13, 1995, petitioner filed before the then-Bureau of Patents, Trademarks, and Technology Transfer (BPTTT, now the IPO) a Petition for Cancellation[11] of the trademark LIVE'S with Registration No. 53918 under the names of respondents, essentially on the ground that LIVE'S is confusingly similar with petitioner's "LEVI'S" mark.[12]

In his Answer, Guevarra rejected the idea that its LIVE'S mark is confusingly similar with petitioner's "LEVI'S" mark, claiming that the probability of confusion arising from the alleged similarity of the two (2) marks is negligible due to the attention given by the purchasers to the goods they are purchasing; and besides, there are sufficient differences in the price, hand tags, and other markings of the products.[13] For his part, Sevilla

maintained that: (a) the two (2) marks are sufficiently distinguishable from each other because of the differences in spelling and pronunciation, and because the target market of the products are mature and educated purchasers who closely scrutinize the products; (b) the presentation and trade dress of products covered by the two (2) marks are different, and the fact that the BPTTT approved the registration of the LIVE'S mark despite the existence of petitioner's "LEVI'S" mark proves that there was no colorable imitation; and (c) the LIVE'S mark had long been in use before petitioner challenged the same, thus, respondents' rights over the LIVE'S mark had already been vested on them.[14]

The IPO-BLA Ruling

In a Decision[15] dated January 29, 2009, the IPO-BLA denied the petition for cancellation, and consequently' declared respondents' LIVE'S mark to be valid and subsisting.[16]

The IPO-BLA found that there was no confusing similarity between petitioner's "LEVI'S" mark and respondents' LIVE'S mark because they have different pronunciations, spellings, meanings, designs, prices, and trade channels. The IPO-BLA also took note of the case of Levi Strauss (Phils.) Inc. v. Lim (G.R. No. 162311),[17] wherein the Court purportedly held that there is no likelihood of confusion between the aforementioned marks, notwithstanding the results of Project Cherokee 5.[18]

Aggrieved, petitioner appealed to the IPO-DG.

The IPO-DG Ruling

In a Decision[19] dated August 13, 2012, the IPO-DG upheld the IPO- BLA ruling. Mainly citing G.R. No. 162311, the IPO-DG opined that it could not sustain petitioner's contention that its "LEVI'S" mark and respondents' LIVE'S mark are confusingly similar with one another.[20]

Undaunted, petitioner filed a petition for review[21] under Rule 43 of the Rules of Court before the CA.

The CA Ruling

In a Decision[22] dated September 26, 2014 the CA dismissed the petition. It held that the case has been rendered moot and academic by the fact that respondents had already assigned their rights and interests over the LIVE'S mark to a certain Dale Sy on July 31, 2012. Furthermore, the CA also took note of G.R. No. 162311 which it opined to be res judicata to this case.[23]

Petitioner moved for reconsideration but the same was denied in a Resolution[24] dated July 28, 2015; hence, this petition.[25]

The Issue Before the Court

The issues before the Court are as follows: (a) whether or not the CA correctly ruled that the case had already been rendered moot and academic and G.R. No. 162311 is res judicata to this case; and (b) whether or not the petition for cancellation should be granted on the ground of confusing similarity between petitioner's "LEVI'S" mark and respondents' LIVE'S mark.

The Court's Ruling

The petition is meritorious.

I.

At the outset, it is well to reiterate that the CA did not resolve the issue of confusing similarity between petitioner's and respondents' marks. Rather, it dismissed the petition on two (2) grounds, namely, mootness and res judicata.

The CA erred in this regard.

The case has not been rendered moot and academic.

It is settled that "[a] case or issue is considered moot and academic when it ceases to present a justiciable controversy by virtue of supervening events, so that an adjudication of the case or a declaration on the issue would be of no practical value or use. In such instance, there is no actual substantial relief which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness. This is because the judgment will not serve any useful purpose or have any practical legal effect because, in the nature of things, it cannot be enforced." [26]

In this case, while a cursory search on the IPO's online trademark database confirms that Registration No. 53918 for the LIVE'S mark had indeed been assigned to a certain Dale Sy, it is important to point out that such registration remains valid and subsisting – as in fact, it will only expire on November 16, 2022.[27] Furthermore, it must be noted that the assignment only occurred on July 31, 2012, or during the pendency of the instant cancellation case filed by petitioner; and hence, will not affect the resolution thereof. As a transferee pendente lite, Dale Sy will be bound by the resolution of this case. The Court's ruling in *Sunfire Trading, Inc. v. Guy*[28] is instructive on this matter, to wit:

As a transferee pendente lite, the Court agrees with the CA that petitioner need not be a party to the main case. Rule 3, Section 19 of the 1997 Rules of Civil Procedure, provides:

SEC. 19. Transfer of interest. — In case of any transfer of interest, the action may be continued by or against the original party, unless the court upon motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party.

The above provision gives the trial court discretion to allow or disallow the substitution or joinder by the transferee. Discretion is permitted because, in general, the transferee's interest is deemed by law as adequately represented and protected by the participation of his transferors in the case. There may be no need for the transferee pendente lite to be substituted or joined in the case because, in legal contemplation, he is not really denied protection as his interest is one and the same as his transferors, who are already parties to the case.

We held that a transferee stands exactly in the shoes of his predecessor-in-interest, bound by the proceedings and judgment in the case before the rights were assigned to him. It is not legally tenable for a transferee pendente lite to still intervene. Essentially, the law already considers the transferee joined or substituted in the pending action, commencing at the exact moment when the transfer of interest is perfected between the original party-transferor and the transferee pendente lite.[29] (Emphasis and underscoring supplied)

As such, the Court rules that this case has not been rendered moot and academic by the assignment of Registration No. 53918 for the LIVE'S mark to Dale Sy.

G.R. No. 162311 is not res judicata to the instant case.

"Res judicata means 'a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment.' It lays the rule that an existing final judgment or decree rendered on the merits, without fraud or collusion, by a court of competent jurisdiction, upon any matter within its jurisdiction, is conclusive of the rights

of the parties or their privies, in all other actions or suits in the same or any other judicial tribunal of concurrent jurisdiction on the points and matters in issue in the first suit." [30] Thus, for *res judicata* to apply – whether the same is in the concept of bar by prior judgment or by conclusiveness of judgment [31] – it is imperative that, *inter alia*, the disposition of the case must be a judgment on the merits rendered by a court of competent jurisdiction. [32]

At this juncture, it is important for the Court to point out that G.R. No. 162311 was not a criminal case that was decided on the merits by a court of competent jurisdiction. Rather, the case emanated from mere preliminary investigation proceedings which was elevated to the regular courts on the issue of whether or not the Department of Justice (DOJ) committed grave abuse of discretion when it found no probable cause to indict therein respondent for unfair competition. In *Imingan v. The Office of the Honorable Ombudsman*, [33] the Court reiterated the rule that results of preliminary investigations cannot rise to the level of final and executory judgments of regular courts; and hence, are not proper subjects of *res judicata*, to wit:

Jurisprudence has long settled that preliminary investigation does not form part of trial. Investigation for the purpose of determining whether an actual charge shall subsequently be filed against the person subject of the investigation is a purely administrative, rather than a judicial or quasi-judicial, function. It is not an exercise in adjudication: no ruling is made on the rights and obligations of the parties, but merely evidentiary appraisal to determine if it is worth going into actual adjudication.

The dismissal of a complaint on preliminary investigation by a prosecutor "cannot be considered a valid and final judgment." As there is no former final judgment or order on the merits rendered by the court having jurisdiction over both the subject matter and the parties, there could not have been *res judicata* x x x. [34] (Emphases and underscoring supplied).

Furthermore, in *Encinas v. Agustin, Jr.*, [35] the Court further expounded that *res judicata* applies only to judicial or quasi-judicial proceedings. In this regard, while there is case law stating that a prosecutor conducting a preliminary investigation performs a quasi-judicial function, [36] the Court, in *Bautista v. CA*, [37] clarified that "this statement holds true only in the sense that, like quasi-judicial bodies, the prosecutor is an office in the executive department exercising powers akin to those of a court;" [38] and the similarity ends there. It further expounded that unlike proceedings in quasi-judicial agencies whose awards determine the rights of the parties, and hence, their decisions have the same effect as judgments of a court, a preliminary investigation, which is merely inquisitorial, does not determine the guilt or innocence of the accused. It is not a trial on the merits and its purpose is only to determine whether a crime has been committed and whether there is probable cause to believe that the accused is guilty thereof. While it is the prosecutor that makes such determination, he cannot be said to be exercising a quasi-judicial function, as it is the courts that ultimately pass judgment on the accused. [39] In *Manila Electric Company v. Atilano*, [40] the Court further delineated the differences between a quasi-judicial proceeding and a preliminary investigation, to wit:

A quasi-judicial agency performs adjudicatory functions when its awards determine the rights of parties, and its decisions have the same effect as a judgment of a court. "[This] is not the case when a public prosecutor conducts a preliminary investigation to determine probable cause to file an information against a person charged with a criminal offense, or when the Secretary of Justice [reviews] the former's order[s] or resolutions" on determination of probable cause.

In *Odchigue-Bondoc [v. Tan Tiong Bio]*, we ruled that when the public prosecutor conducts preliminary investigation, he thereby exercises investigative or inquisitorial powers. Investigative or inquisitorial powers include the powers of an administrative body to inspect the records and premises, and investigate the activities of persons or entities coming under his jurisdiction, or to secure, or to require the disclosure of information by means of accounts, records, reports, statements, testimony of witnesses, and production of documents. This

power is distinguished from judicial adjudication which signifies the exercise of power and authority to adjudicate upon the rights and obligations of concerned parties. Indeed, it is the exercise of investigatory powers which sets a public prosecutor apart from the court.

The public prosecutor exercises investigative powers in the conduct of preliminary investigation to determine whether, based on the evidence presented to him, he should take further action by filing a criminal complaint in court. In doing so, he does not adjudicate upon the rights, obligations or liabilities of the parties before him. Since the power exercised by the public prosecutor in this instance is merely investigative or inquisitorial, it is subject to a different standard in terms of stating the facts and the law in its determinations. x x x[41] (Emphases and underscoring supplied)

In this case, while the Court in G.R. No. 162311 may have indeed included statements which appear to have resolved the issue of confusing similarity between the "LEVI'S" and LIVE'S marks, it must nevertheless be pointed out that such statements were only made relative to the findings of the DOJ which led to the dismissal of the criminal complaint therein – which, at that point, were only preliminary and not supposed to be treated as a judgment on the merits. In fact, it is settled that a prosecutor's dismissal of a criminal complaint during preliminary investigation does not give rise to *res judicata vis-à-vis* subsequent civil and quasi-judicial proceedings, neither does it engender double jeopardy should the alleged perpetrator's criminal liability still be subsequently pursued.[42] To the Court, the same rule applies even if the propriety of the dismissal of the criminal complaint is elevated, and thereafter, upheld by the Court, as in G.R. No. 162311.

Moreover, it is well to point out that in G.R. No. 162311, the Court avoided nullifying the executive determination of probable cause because the DOJ 's finding – particularly, that there was insufficient evidence to prove all the elements of the crime of unfair competition – was not made with grave abuse of discretion. Significantly, while the Court noted that the DOJ might have committed an error in the exercise of its discretion in determining that there is insufficient evidence to support the finding of probable cause against respondent therein, the same did not amount to grave abuse of discretion that would warrant the grant of the special civil action of certiorari, viz.:

The determination of probable cause is part of the discretion granted to the investigating prosecutor and ultimately, the Secretary of Justice. Courts are not empowered to substitute their own judgment for that of the executive branch.

The court's duty in an appropriate case is confined to a determination of whether the assailed executive or judicial determination of probable cause was done without or in excess of jurisdiction or with grave abuse of discretion amounting to want of jurisdiction. For grave abuse of discretion to prosper as a ground for certiorari, it must be demonstrated that the lower court or tribunal has exercised its power in an arbitrary and despotic manner, by reason of passion or personal hostility, and it must be patent and gross as would amount to an evasion or to a unilateral refusal to perform the duty enjoined or to act in contemplation of law.

In the case at bar, no grave abuse of discretion on the part of the DOJ was shown. Petitioner merely harps on the error committed by the DOJ and the CA in arriving at their factual finding that there is no confusing similarity between petitioner's and respondent's products. While it is possible that the investigating prosecutor and Secretaries Guingona and Cuevas erroneously exercised their discretion when they found that unfair competition was not committed, this by itself does not render their acts amenable to correction and annulment by the extraordinary remedy of certiorari. There must be a showing of grave abuse of discretion amounting to lack or excess of jurisdiction.[43] (Emphases in the original)

Finally, it is well to reiterate that in G.R. No. 162311, the DOJ's finding of lack of probable cause appears to have been grounded on mere insufficiency of evidence. Verily, a finding of lack of probable cause based on insufficiency of evidence presented does not per se operate as a conclusive determination on the confusing

similarity between petitioner's and respondents' marks. At this point, it should be emphasized that the threshold of evidence required in a preliminary investigation, i.e., probable cause, is different from judicial/quasi-judicial cases which require a higher threshold, depending on the nature of the action concerned. In this regard, it is well to clarify that the failure of satisfying the evidentiary threshold of probable cause in a preliminary investigation proceeding (such as in G.R. No. 162311) does not necessarily and automatically mean that a higher evidentiary threshold will not be met in a case essentially involving the same facts (such as the instant trademark cancellation case). Again, the purpose of a preliminary investigation proceeding is only to determine whether there exists a well-grounded belief that an offense has been committed, and that the accused is probably guilty thereof, and hence, must stand trial therefor; whereas the purpose of a trademark cancellation case is to determine whether or not the questioned trademark must be cancelled in accordance with the law.

Given the foregoing discussions, G.R. No. 162311 is not *res judicata* to the instant case; and hence, the Court is free to make a determination of whether or not petitioner's and respondents' marks are confusingly similar with one another independently from, and without reference to G.R. No. 162311.

In sum, the CA clearly erred in dismissing the petition for review before it on the grounds of mootness and *res judicata*. In such an instance, court procedure dictates that the case be remanded to the CA for a resolution on the merits. However, when there is already enough basis on which a proper evaluation of the merits may be had, as in this case, the Court may dispense with the time consuming procedure of remand in order to prevent further delays in the disposition of the case and to better serve the ends of justice.[44] In view of the foregoing – and further considering that petitioner seeks for the resolution of the case on the merits[45] – it is only proper that the Court render an exhaustive resolution of this case.

II.

The Rules of Procedure for Intellectual Property Rights Cases[46] instructs that "[i]n determining whether one trademark is confusingly similar to or is a colorable imitation of another, the court must consider the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade, and giving the attention such purchasers usually give in buying that class of goods. Visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace must be taken into account. Where there are both similarities and differences in the marks, these must be weighed against one another to determine which predominates." [47]

In this regard, jurisprudence has developed two (2) tests to aid the Court in ascertaining the existence of similarity and likelihood of confusion, namely, the Dominancy Test, and the Holistic or Totality Test. In *Dy v. CA*, [48] the Court differentiated these tests as follows:

On one hand, the dominancy test focuses on "the similarity of the prevalent or dominant features of the competing trademarks that might cause confusion, mistake, and deception in the mind of the purchasing public. Duplication or imitation is not necessary; neither is it required that the mark sought to be registered suggests an effort to imitate. Given more consideration are the aural and visual impressions created by the marks on the buyers of goods, giving little weight to factors like prices, quality, sales outlets, and market segments."

On the other hand, the holistic or totality test necessitates a "consideration of the entirety of the marks as applied to the products, including the labels and packaging, in determining confusing similarity. The discerning eye of the observer must focus not only on the predominant words, but also on the other features appearing on both labels so that the observer may draw conclusion on whether one is confusingly similar to the other." [49]

Notably, earlier case law does not give an explicit preference as to which of the two (2) tests should be used and

under what circumstances would impel the use of one test over the other. Expectedly, this resulted in contradictory lines of jurisprudence advocating the Dominancy Test alone, the Holistic Test alone, or both.[50] However, this matter was definitively settled in the recent En Banc ruling in *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*,[51] wherein the Court made it "crystal clear that the Holistic Test in determining trademark resemblance has been abandoned." In so ruling, the Court En Banc ratiocinated that the incorporation of the Dominancy Test in Section 155[52] of Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines," shows the legislative intent in adopting the same, and consequently, abandoning the Holistic Test altogether.[53]

In light of the foregoing, it is submitted that the Dominancy Test must be used in determining the existence of confusing similarity between the "LEVI'S" and LIVE'S marks. Again, this test relies not only on the visual but also on the aural and connotative comparisons and overall impressions between the two trademarks.[54]

A cursory search of the IPO's online trademark database would show that petitioner is the registered owner of more or less 17 subsisting "LEVI'S" marks, both comprising of word marks[55] and stylized marks;[56] whereas respondent is the registered owner of a singular LIVE'S stylized mark. For easy "reference, some of petitioner's "LEVI'S" marks and respondents' LIVE'S mark are reproduced below:

(see image, p. 12)

As may be seen in the above figures, the dominant feature of petitioner's "LEVI'S" marks is the word "levi's" composed of five (5) letters, namely "L", "E", "V", "I", and "S" with an apostrophe separating the fourth and fifth letters. Notably, for petitioner's stylized marks, the letter "E" is in lowercase format with the rest in uppercase format. On the other hand, the dominant feature of respondents' LIVE'S stylized mark is the word "live's" also composed of the same five (5) letters; and its only difference with petitioner's marks is that the positioning of the letters "E" and "I" are interchanged. Furthermore, respondents' mark also depicts the letter "E" in lowercase format with the rest in uppercase format.

From the foregoing, it is thus readily apparent that although petitioner's and respondents' marks are neither spelled identically nor pronounced in the same way, nor possess the same meaning, they both begin with the same letter and are in the possessive form as denoted by the apostrophe before the letter "S" at the end, with only the second and fourth letters re-arranged. Simply put, respondents' LIVE'S mark is but a mere anagram of petitioner's "LEVI'S" marks. It would not be farfetched to imagine that a buyer, when confronted with such striking similarity would be led to confuse one over the other. Thus, by simply applying the Dominancy Test, it can already be concluded that there is a likelihood of confusion between petitioner's "LEVI'S" marks and respondents' LIVE'S mark.

Furthermore – and even by using the now-abandoned Holistic Test – this likelihood of confusion tends to be more highlighted by the undisputed fact that petitioner's and respondents' products are competing goods, and that their marks as used in actual product labels are very much similar with one another, to wit:

(see image, p. 13)

From the color scheme, border used, fringe banners, to even some of the textual additives surrounding the mark, there are definite similarities that give both trademarks the same look and feel. In fact, the use of the number design "105" as juxtaposed to "LEVI'S"'s own "501" supports the view that respondents' LIVE'S mark is a mere colorable imitation of petitioner's "LEVI'S" marks.

To be sure, case law defines the term colorable imitation as "such a close or ingenious imitation as to be calculated to deceive ordinary purchasers, or such resemblance of the infringing mark to the original as to deceive

an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one supposing it to be the other." [57] It does not mean such similitude as amounts to identity; nor does it require that all the details be literally copied. [58] "Colorable imitation refers to such similarity in form, content, words, sound, meaning, special arrangement, or general appearance of the trademark or tradename with that of the other mark or tradename in their over-all presentation or in their essential, substantive and distinctive parts as would likely mislead or confuse persons in the ordinary course of purchasing the genuine article." [59]

Here, there is evidence on record showing that there were already numerous instances of actual confusion between petitioner's and respondents' goods brought about by the similarity of their marks, labels, and products. As may be gleaned from the Final Report on Project Cherokee 5, [60] 86% of the survey participants associated the "LIVE'S" mark with "LEVI'S;" and 90% of same participants read the stylized "LIVE'S" mark, i.e., LIVE'S, as "LEVI'S."

In fine, respondents' stylized LIVE'S mark under Trademark Registration No. 53918 is confusingly similar with petitioner's "LEVI'S" marks; and hence, must be ordered cancelled.

WHEREFORE, the petition is GRANTED. The Decision dated September 26, 2014 and the Resolution dated July 28, 2015 of the Court of Appeals in CA-G.R. SP No. 126316 are REVERSED and SET ASIDE. Trademark Registration No. 53918 for the mark LIVE'S is hereby CANCELLED.

SO ORDERED.

Gesmundo and M. Lopez, JJ., concur.

Lazaro-Javier, J., see concurring dissenting opinion.

Rosario, J., on leave.

[1] Rollo, pp. 119-211.

[2] Id. at 223-232. Penned by Associate Justice Eduardo B. Peralta, Jr. with Associate Justices Magdangal M. De Leon and Stephen C. Cruz, concurring.

[3] Id. at 220-221.

[4] Dated September 17, 2012. Id. at 233-288.

[5] Id. at 310-327. Penned by IPO-BLA Director Estrellita Beltran-Abelardo.

[6] Id. at 297-307. Penned by IPO-DG Ricardo R. Blancaflor.

[7] Dated October 18, 1995. Id. at 328-337.

[8] See id. at 223-224. See also id. at 312.

[9] Id. at 586-620.

[10] Id. at 600.

[11] Id. at 328-337.

[12] Id. at 224.

[13] See id. at 300.

[14] See id. at 300-301.

[15] Id. at 310-317.

[16] Id. at 327.

[17] Decided on December 4, 2008. See 593 Phil. 435 (2008).

[18] See rollo, pp. 321-327.

[19] Id. at 297-307.

[20] See id. at 305-306.

[21] Id. at 233-288.

[22] Id. at 223-232.

[23] See id. at 226-231.

[24] Id. at 220-221.

[25] Id. at 119-211.

[26] ABS-CBN Corporation v. National Telecommunications Commission, G.R. No. 252119, August 25, 2020, citing Peñafrancia Sugar Mill, Inc. v. Sugar Regulatory Administration, 728 Phil. 535, 540 (2014).

[27] See <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41989067743>> last accessed on February 26, 2021.

[28] G.R. No. 235279, March 2, 2020.

[29] See id., citations omitted.

[30] Monterona v. Coca-Cola Bottlers Philippines, Inc., G.R. No. 2091 16, January 14, 2019, citing Spouses Selga v. Brar, 673 Phil. 581, 591 (2011).

[31] "The elements of res judicata are: (1) the judgment sought to bar the new action must be final; (2) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; (3) the disposition of the case must be a judgment on the merits; and (4) there must be as between the first and second action, identity of parties, subject matter, and causes of action. x x x Should identity of parties, subject matter, and causes of action be shown in the two cases, then res judicata in its aspect as a 'bar by prior judgment' would apply. If as between the two cases, only identity of parties can be shown, but not identical causes of action, then res judicata as 'conclusiveness of judgment' applies." (Id., citing Oropeza Marketing Corporation v. Allied Banking Corporation, 441 Phil. 551, 504-565 [2002])

[32] See id., citing Oropeza Marketing Corporation v. Allied Banking Corporation. id.

[33] G.R. No. 226420, March 4, 2020.

[34] See id., citing Pavlow v. Mendenilla, 809 Phil. 24, 49 (2017).

[35] 709 Phil. 236 (2013).

[36] See Cojuangco v. PCGG, 268 Phil. 235 (1990); Koh v. CA, 160-A Phil. 1034 (1975); Andaya v. Provincial Fiscal of Surigao Del Norte, 165 Phil. 134 (1976); and Crespo v. Mogul, 235 Phil. 465 (1987).

[37] 413 Phil. 159 (2001).

[38] Id. at 167.

[39] See id. at 168-169.

[40] 689 Phil. 394 (2012).

[41] Id. at 404-405; citations omitted.

[42] See Pavlow v. Mendenilla, *supra*, at 54, citing Trinidad v. Marcelo, 564 Phil. 382 (2007).

[43] Levi Strauss (Phils.) Inc. v. Lim, *supra* note 17 at 451-452; citations omitted

[44] See Jolo's Kiddie Carts v. Caballa, 821 Phil. 1101, 1109 (2017), citing Sy-Vargas v. The Estate of Rolando Ogsos, Sr, 796 Phil. 840, 850 (2016).

[45] See rollo, p. 208.

[46] A.M. No. 10-3-10-SC (October 18, 2011).

[47] Section 4, Rule 18 of the 2011 Rules; Section 5, Rule 18 of the 2020 Revised Rules.

[48] 807 Phil. 819 (2017).

[49] Id. at 830-831, citing Skechers USA v. Inter Pacific Industrial Trading Corp., 662 Phil. 11 (2011).

[50] See Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc., G.R. No. 228165, February 9, 2021.

[51] Id.

[52] Section 155.1 of RA 8293 entitled "AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES," approved on June 6, 1997, reads:

SECTION 155. Remedies; Infringement. – Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive or

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material. (Emphases and underscoring supplied)

[53] See Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc., *supra*.

[54] UFC Philippines Inc. v. Barrio Fiesta Manufacturing Corporation, 778 Phil. 763 (2016), citing Societe Des Produits Nestle, S.A. v. Dy, Jr., 641 Phil. 345, 358-367 (2010).

[55] A word mark is a mark composed of only words, letters, numbers, or a combination of them. A word mark

"often provides broad protection because it allows the owner to limit a competitor's use of any figurative version of the trademark that is confusingly similar for the same type of goods or services. Otherwise stated, the words and/or letters or numbers themselves are protected. (See World Intellectual Property Organization. "Making a Mark: An Introduction to Trademarks for Small and Medium-sized Enterprises," p. 9. WIPO Publication No. 900.1 E <https://www.wipo.int/edocs/pubdocs/en/wipo_pub_900_1.pdf> last accessed on February 26, 2021)

[56] A design mark or stylized mark is a mark which consists of not only characters, but also a specific design, color, or some other distinctive element. Stylized marks offer narrow protection because should the image change in any way, the registration loses its enforceability to an extent since it pertains to that exact registration. Simply put, the registrant of a stylized mark only gains rights and protection over the particular and specific stylization of the registered mark. (See World Intellectual Property Organization. "Making a Mark: An Introduction to Trademarks for Small and Medium-sized Enterprises," p. 9. WIPO Publication No. 900.1E <https://www.wipo.int/edocs/pubdocs/en/wipo_pub_900_1.pdf> last accessed on February 26, 2021)

[57] *Seri Somboonsakdikul v. Orlane S.A.*, 805 Phil. 37, 53 (2017), citing *Emerald Garment Manufacturing Corporation v. CA*, 321 Phil. 1001, 1015 (1995).

[58] *Id.*

[59] *Emerald Garment Manufacturing Corporation v. CA*, *id.*; citation omitted.

[60] *Rollo*, pp. 586-620.

CONCURRING AND DISSENTING OPINION

LAZARO-JAVIER, J.:

I concur in the ponencia insofar as it holds the doctrines of mootness and *res judicata* inapplicable in the present case. I nevertheless vote to deny the petition to cancel the "LIVE'S" trademark registration in order to give meaning to the Court's ruling in G.R. No. 162311 entitled *Levi Strauss (Phils.) Inc. v. Tony Lim* (December 4, 2008).

The principles of mootness and *res judicata* are inapplicable here

A case is moot when it ceases to present a justiciable controversy by virtue of supervening events, so that a declaration thereon would be of no practical use or value.^[1] Here, the Court of Appeals held that Levi Strauss Phils. Inc.'s (LSPI) petition to cancel Certificate of Registration No. 53918 covering LIVE'S trademark had been rendered moot by its supposed expiration. But a simple verification from the database of the Intellectual Property Office (IPO) reveals that the registration, though transferred to one Dale Sy, remains valid and set to expire on November 16, 2022, thus:^[2]

(see image, p. 1)

Verily, Certificate of Registration No. 53918 covering LIVE'S trademark remains to be alive up to this day. The Court of Appeals therefore erred in ruling that the case has been rendered moot by its so called expiration.

Meanwhile, under the doctrine of *res judicata*, a final judgment or decree on the merits by a court of competent jurisdiction is conclusive as to the rights of the parties or their privies in all later suits, and on all points and

matters determined in the former suit.[3] For res judicata to apply, the following elements must concur: 1) the former judgment was final; (2) the court that rendered it had jurisdiction over the subject matter and the parties; (3) the judgment was based on the merits; and (4) between the first and the second actions, there was an identity of parties, subject matters, and causes of action.[4]

Here, the Court of Appeals held that G.R. No. 162311 operated as res judicata to the present case. G.R. No. 162311 involved a petition for certiorari against the dismissal of a criminal complaint against Antonio Guevarra (Guevarra) for unfair competition due to lack of probable cause. Ultimately, the Court held that the Department of Justice (DOJ) did not commit grave abuse of discretion when it dismissed the criminal case, supported as it was by evidence, law, and jurisprudence. Hence, Guevarra, as transferee and user of the Certificate of Registration No. 53918 (Trademark "LIVE'S"), could not be validly indicted for unfair competition allegedly committed against Levi Strauss Philippines.

According to the Court of Appeals, this ruling in G.R. No. 162311 bars Levi Strauss Philippines' legal action against the LIVE'S trademark.

I disagree.

Notably, the criminal complaint against Guevarra for unfair competition in G.R. No. 162311 never saw the light of day. It got dismissed by the DOJ before it could reach a court of law. It ended where it started – at preliminary investigation.

Preliminary investigation, however, does not form part of trial. It is a purely administrative, rather than a judicial or quasi-judicial, function. It is not an exercise in adjudication: no ruling is made on the rights and obligations of the parties, but merely evidentiary appraisal to determine if it is worth going into actual adjudication.[5] Thus, *Imingan v. Ombudsman*[6] teaches:

The dismissal of a complaint on preliminary investigation by a prosecutor "cannot be considered a valid and final judgment." As there is no former final judgment or order on the merits rendered by the court having jurisdiction over both the subject matter and the parties, there could not have been res judicata x x x

As stated, the Court upheld the DOJ's dispositions in G.R. No. 162311 and ruled that the prosecutor did not commit grave abuse of discretion in dismissing the criminal charge against respondents for unfair competition due to the lacking element of intent to deceive. The Court, thus, did not make a final ruling on the right to use the trademark "LIVE'S," let alone, the merits of LEVI'S action for cancellation of registration of trademark "LIVE'S." Consequently, res judicata is inapplicable here.

G.R. No. 162311 is persuasive
in resolving this case

The Court, nonetheless, finds that G.R. No. 162311, though not res judicata, is persuasive in resolving the present petition for cancellation of trademark on ground of confusion resulting in infringement. For in determining whether the DOJ committed grave abuse of discretion in dismissing the criminal complaint against Guevarra for unfair competition, the Court resolved whether there was intent to deceive in using the trademark "LIVE'S." Corollarily, in determining whether there was intent to deceive, the Court necessarily passed upon the issue pertaining to the so called "confusion" allegedly caused by the use of the trademark.

Here, the Court is confronted anew with the similar issue of "confusion" between the two (2) competing marks, but this time for the purpose of determining the merits of petitioner's action for cancellation of the registration of the trademark "LIVE'S." Notably, the contending parties had presented the same set of evidence obtaining in G.R. No. 162311.

There is no denying that both G.R. No. 162311 and the present case rely on the same operative facts commonly hinged on the presence or absence of likelihood of confusion. The required quanta of proof in these cases though vary. Here, it is substantial evidence or such relevant evidence as a reasonable mind will accept as adequate to support a conclusion.[7] On the other hand, in G.R. No. 162311, it is the lower standard of probable cause. This standard is applied during preliminary investigations in order to determine whether the accused should be indicted in court and held for trial.[8]

Considering that in G.R. No. 162311, the evidence was found to be insufficient to establish probable cause, which is a lower standard compared to the required quantum of substantial evidence here, no cogent reason exists to depart from such factual finding for the purpose of dismissing petitioner's complaint for cancellation of trademark "LIVE'S" registration, thus:

In finding that probable cause for unfair competition does not exist, the investigating prosecutor and Secretaries Guingona and Cuevas arrived at the same conclusion that there is insufficient evidence to prove all the elements of the crime that would allow them to secure a conviction.

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*. 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.

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".[9]

To emphasize, the criminal complaint for unfair competition and the present complaint for cancellation of registration cases are so closely intertwined that the resolution in one necessarily impacts the other in terms of concluding whether the elemental "likelihood of confusion" does exist.

The ponencia would nevertheless hold that findings in preliminary investigation proceedings cannot be deemed persuasive in resolving actual cases as there was allegedly no proper appreciation of the parties' evidence.

I respectfully disagree.

The Court made a factual determination in G.R. No. 162311 in arriving at whether there was probable cause for unfair competition. The factual issue involved therein was whether there was a confusing similarity between the two products, which the Court ruled in the negative, the very factual issue being presented in this petition, albeit under an administrative complaint for trademark infringement.

Essentially, petitioner harps on the result of the consumer survey conducted where the public was allegedly confused between "LEVI'S" and "LIVE'S" mark. The survey purportedly proved that people associated "LEVI'S" to products bearing "LIVE'S" mark and thus, the likelihood of confusion between the two (2) marks was high.

The same consumer survey was used to prove likelihood of confusion in the complaint for unfair competition. However, the Court, in G.R. No. 162311, did not consider that the consumer survey alone had proven actual public confusion, thus:

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".

As the Court had previously ruled that the consumer survey did not prove confusion, there is no reason to depart from such finding of fact and apply it differently in this petition.

There is no likelihood of confusion
between the "LEVI'S" and "LIVE'S"

At any rate, I do not find anything confusing between the "LEVI'S" brand on one hand and the "LIVE'S" brand on the other. Sure, they may be spelt with the same letters and pertain to the same kind of product, but these factors are not the end all and be all in determining whether there is infringement.

The essential element of infringement is colorable imitation which has been defined as "such a close or ingenious imitation as to be calculated to deceive ordinary purchasers, or such resemblance of the infringing mark to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one supposing it to be the other." Colorable imitation does not mean such similitude as amounts to identity alone. Nor does it require that all the details be literally copied. Colorable imitation refers to such similarity in form, content, words, sound, meaning, special arrangement, or general appearance of the trademark or tradename with that of the other mark or tradename in their over-all presentation or in their essential, substantive and distinctive parts as would likely mislead or confuse persons in the ordinary course of purchasing the genuine article.

As stated, there is nothing confusing between LEVI'S and LIVE'S.

For one, the IPO itself duly noted the differences between the two in terms of sound, spelling, pocket design, price and point of sale. By reason of its special knowledge and expertise, the IPO is in a better position to pass judgment on the issue of confusion or colorable imitation. Their findings of fact are generally accorded great respect, if not finality by the courts, as long as they are supported by substantial evidence, even if such evidence might not be overwhelming or even preponderant. It is not the task of the appellate court to weigh once more the evidence submitted before the administrative body and to substitute its own judgment for that of the administrative agency in respect to sufficiency of evidence.[10]

For another, the two brands may readily be distinguished based on their price difference and channels of distribution, so much so that an ordinary purchaser who wanted to buy a pair of LEVI'S jeans would never be misled into buying a pair of LIVE'S. You would never find LIVE'S being sold in the same shopping malls as LEVI'S. And you would never walk into a LEVI'S shop looking for LIVE'S. The price at which LEVI'S jeans is being sold also compels the buyer to be more discerning before parting with his or her money. With a little exercise prudence, said buyer would be able to tell LEVI'S and LIVE'S jeans apart.

Similarly, in *Emerald Garment Manufacturing Corporation vs. Court of Appeals*,^[11] the Court ruled that competing brand "Lee" and "Mr. Lee" were not confusingly similar considering the attitude of causal buyers towards these brands, viz.:

Petitioner's trademark is the whole "STYLISTIC MR. LEE." Although on its label the word "LEE" is prominent, the trademark should be considered as a whole and not piecemeal. The dissimilarities between the two marks become conspicuous, noticeable and substantial enough to matter especially in the light of the following variables that must be factored 111.

First, the products involved in the case at bar are, in the main, various kinds of jeans. These are not your ordinary household items like catsup, soy sauce or soap which are of minimal cost. 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.

x x x x

Second, like his beer, the average Filipino consumer generally buys his jeans by brand. He does not ask the sales clerk for generic jeans but for, say, a Levis, Guess, Wrangler or even an Armani. He is, therefore, more or less knowledgeable and familiar with his preference and will not easily be distracted.

Finally, in line with the foregoing discussions, more credit should be given to the "ordinary purchaser." Cast in this particular controversy, the ordinary purchaser is not the "completely unwary consumer" but is the "ordinarily intelligent buyer" considering the type of product involved.

The definition laid down in *Dy Buncio v. Tan Tiao Bok* is better suited to the present case. There, the "ordinary purchaser" was defined as one "accustomed to buy, and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of some persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or the possibility of deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent between that and the other. The simulation, in order to be objectionable, must be such as appears likely to mislead the ordinary intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase."

Indeed, trademarks aim to safeguard the public as against confusion on market goods. But where the possibility of confusion between two competing marks is nil, as here, a petition for cancellation one of these marks, grounded on infringement, would not prosper.

ACCORDINGLY, I vote to DENY the petition.

[1] *David v. Macapagal-Arroyo*, 522 Phil. 705, 753 (2006).

[2] <https://www3.wipo.int/branddb/ph/en/> last accessed on January 17, 2021, 10:15 PM.

[3] *Riviera Golf Club, Inc. v. CCA Holdings, B.V.*, 760 Phil. 655-671 (2015).

[4] *Emerald Garments Manufacturing Corporation v. The HD Lee Company, Inc.*, G.R. No. 210693, June 7, (2017).

[5] *Pavlow v. Mendenilla*, 809 Phil. 24-64 (2017).

[6] G.R. No. 226420, March 4, 2020

[7] *Office of the Ombudsman v. Fetalvero, Jr.*, G.R. No. 211450, July 23, 2018.

[8] *NBI-Microsoft Corp. v. Hwang*, 499 Phil. 423-444 (2005).

[9] *Levi Strauss (Phils.), Inc. v. Lim*, 593 Phil 435-457 (2008).

[10] *Berris Agricultural Co., Inc. v. Abyadang*, 647 Phil. 517-534 (2010).

[11] 321 Phil. 1001.

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