


G.R. No. 219744 - LEVI STRAUSS & CO. v. ANTONIO SEVILLA
AND ANTONIO L. GUEVARRA

Promulgated:

MAR 01 2021 

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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

Philippines Trademark



4/1948/07243 - LIVE'S

Mark: Horizontal

[11] Registration Number
53918


[15] Date of the registration
1992-11-16

[21] Serial number of the application
4135/90(743)

[22] Date of filing of the application
1990-04-05

[162] Expected expiration date of the registration/renewal
1992-11-16

[64] Reproduction of the mark where the mark is represented in standard characters
LIVE'S

[640] Mark


[72] Name and address of the applicant
DALE SY
11111 Bay View
Alabang, Muntinlupa City, Metro Manila, Philippines

[740] Name and address of the representative
ATTA EUBANKA CORPORA
P.O. Box 100000, Manila, Philippines
100000

[51] The International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification) and the list of goods and services classified according thereto

25 - APPAREL (CLOTHING)

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

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



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:

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

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 cancelation 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

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).

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.

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

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 in.

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.**

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

¹¹ 321 Phil. 1001.

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 cancelation one of these marks, grounded on infringement, would not prosper.

ACCORDINGLY, I vote to **DENY** the petition.


AMY C. LAZARO-JAVIER
Associate Justice