

Republic of the Philippines
SUPREME COURT
Manila

FIRST DIVISION

[G.R. No. 132993. June 29, 2005]

LEVI STRAUSS (PHILS.), INC., *petitioner*,

vs.

VOGUE TRADERS CLOTHING COMPANY, *respondent*.

AZCUNA, J.:

This is a petition for review on *certiorari* seeking to annul the decision^[1] of the Court of Appeals, dated August 13, 1997, which annulled and set aside the orders,^[2] dated December 10, 1996 and April 11, 1997, issued by the Regional Trial Court of Manila, Branch 1 and which directed the trial court to desist from proceeding with the said case until the Bureau of Patents, Trademarks and Technology Transfer (BPTTT) has finally resolved *Inter Partes* Cases Nos. 4216 and 4217, and the resolution of the Court of Appeals, dated March 5, 1998, denying petitioner's motion for reconsideration.

The factual antecedents are as follows:

In 1972, per "Trademark, Technical Data, and Technical Assistance Agreement,"^[3] Levi Strauss & Co., the principal based in Delaware, United States of America, granted petitioner Levi Strauss (Phils.) a non-exclusive license to use LEVI'S trademark, design, and name in the manufacturing, marketing, distribution, and sale of its clothing and other goods.^[4] The licensing agreement was renewed several times, the recent one being under Certificate of Registration No. 1379-A.^[5] Levi Strauss & Co. obtained certificates of registration from the BPTTT for the following trademarks: "LEVI'S"^[6]; "501"^[7]; "Two Horse Design"^[8]; "Two Horse Label"^[9]; "Two Horse Patch"^[10]; "Two Horse Label with Patterned Arcuate Design"^[11]; "Arcuate Design"^[12]; and the composite trademarks,^[13] namely, "Arcuate," "Tab," and "Two Horse Patch."

Petitioner discovered the existence of some trademark registrations belonging to respondent which, in its view, were confusingly similar to its trademarks. Thus, it instituted two cases before the BPTTT for the cancellation of respondent's trademark registrations, to wit: *Inter Partes* Case No. 4216, a petition for cancellation of Certificate of Registration No. 53918 (for "LIVE'S") and *Inter Partes* Case No. 4217, a petition for cancellation of Certificate of Registration No. 8868 (for "LIVE'S" Label Mark).

Petitioner then applied for the issuance of a search warrant on the premises of respondent Vogue Traders Clothing Company, owned by one Tony Lim, with the Regional Trial Court of Manila, Branch 3. On December 12, 1995, said trial court issued Search Warrant No. 95-757^[14] and Search Warrant No. 95-758^[15] based on its finding of probable cause that the respondent had violated Article 189 of the Revised Penal Code^[16] in manufacturing, selling, and incorporating designs or marks in its jeans which were confusingly similar to petitioner's "LEVI'S jeans." These search warrants commanded the seizure of certain goods bearing copies or imitations of the trademarks which belonged to petitioner.^[17] On December 13, 1995, the search warrants were enforced and several goods belonging to respondent were seized.^[18] Meanwhile, it appears that criminal charges were filed against Tony Lim of respondent company in the Department of Justice,^[19] but the same were eventually dismissed and the search warrants were quashed.

Consequently, on February 1, 1996, respondent filed a complaint^[20] for damages in the Regional Trial Court of Manila, Branch 50, against petitioner. The complaint alleged that since January 1, 1988, respondent, through Antonio Sevilla, with business address at 1082 Carmen Planas Street, Tondo, Manila, had been a lawful assignee and authorized user of: (a) the trademark "LIVE'S" under Certificate of Registration No. 53918 issued by the BPTTT, (b) the trademark "LIVE'S LABEL MARK" under Certificate of Registration No. SR 8868 issued by the BPTTT, and (c) the copyright registrations of "LIVE'S ORIGINAL JEANS," its pocket design, and hand tag; that the goods, articles, and effects seized from respondent's establishment were manufactured and used in its legitimate business of manufacturing and selling of the duly registered trademark "LIVE'S" and "LIVE'S ORIGINAL JEANS;" and that the trademarks of respondent did not have any deceptive resemblance with the trademarks of petitioner. Respondent sought to recover the seized assorted sewing materials, equipment, and finished products or the value thereof, in case the same had been destroyed or impaired as a result of the seizure. Respondent also prayed that, after due trial, judgment be rendered ordering the petitioner to pay compensatory damages of ₱320,000 with an additional amount of damages of ₱11,000 per day until the seized properties are restored; ₱2,000,000 as exemplary damages; ₱100,000 for attorney's fees with an additional amount of ₱100,000 in the event of an appeal plus ₱1,500 per court appearance and the costs of the suit.

In its amended answer with counterclaim,^[21] petitioner countered that respondent's LIVE'S brand infringed upon its licensed brand name LEVI'S. It sought to cancel respondent's Copyright Registration No. I-3838 and enjoin the respondent from further manufacturing, selling, offering for sale, and advertising the denim jeans or slacks by using a design substantially, if not exactly similar to, or a colorable imitation of the trademarks^[22] of petitioner.

Upon manifestation/motion^[23] by petitioner, the RTC of Manila, Branch 50 issued an order dated May 9, 1996,^[24] forwarding the case to the Executive Judge (RTC of Manila, Branch 23) for re-affle among the courts designated as Special Courts to try and decide cases involving violations of Intellectual Property Rights pursuant to Administrative Order No. 113-95, dated October 2, 1995. On May 17, 1996, Branch 23 issued an order^[25] directing that the case be forwarded to Branch 1 (a designated Special Court per said administrative order) for further proceedings.

On the scheduled hearing on December 4, 1996 in the RTC of Manila, Branch 1, respondent (as therein plaintiff) failed to appear. Upon motion of petitioner, the trial court declared respondent to have waived its right to present evidence to controvert petitioner's application for a writ of preliminary injunction.^[26]

In an order dated December 10, 1996, the trial court found that the respondent intended to appropriate, copy, and slavishly imitate the genuine appearance of authentic LEVI's jeans and pass off its LIVE's jeans as genuine LEVI's jeans. Thus, In opposing defendant's application for preliminary in injunction, plaintiff alleges that it has obtained Certificates of Registration for the trademarks "LIVE[']S," "LIVE[']S LABEL MARK," ["]LIVE[']S ORIGINAL JEANS["] as well as the patch pocket design and hand tag. It did not, however, present any evidence to support the same.

In any event, plaintiff's backpocket design is not copyrightable, as it is neither an original work nor a novel design. Rather it is a copy or slavish imitation of LS & Co./LSPI's Arcuate trademark which was first used by LS & Co. worldwide in 1873 and the Philippines Registration of which is based on LS & Co.'s US Certificate of Registration No. 404243, issued on November 16, 1943. Thus, no rights attendant to a copyright can ever attach to plaintiff's infringing backpocket design.

Also, it could not have been pure chance or coincidence that plaintiff's LIVE'S jeans use a trademark, symbol or design which is substantially, if not exactly similar to, or a colorable imitation of LS & CO./LSPI trademarks, since there is a practically limitless array of other marks, words, numbers, devices, symbols and designs which plaintiff could have used on its products to identify and distinguish them from those of defendant and other manufacturers. All told, from the

mass of evidence adduced, plaintiff's intent to appropriate, copy, and slavishly imitate the genuine appearance of authentic LEVI's jeans and pass off its LIVE's jeans as genuine LEVI'S jeans in much too stark.

As above-discussed, through more than a century's use and continuous substantial promotions and advertising of the LEVI's TRADEMARKS on its products — on jeans and trousers in particular — LS & Co. has cultivated, gained and established an invaluable goodwill in its name "LEVI's STRAUSS & COMPANY" and in the products which carry such name and the LEVI's TRADEMARKS. Hence, unless plaintiff is immediately enjoined from further manufacturing, selling, offering for sale and advertising denims, jeans or slacks using a design substantially, if not exactly similar to, or a colorable imitation of the LS & Co./LSPI trademarks, it will continue to have a free ride on, and erode such invaluable goodwill and reputation by the mere effortless expedient of imitating the overall visual impression of genuine LEVI's JEANS on its own designs, employing minute points of distinction sufficient to muddle the overall conclusion which is actually generated, but do not dispel the similitude between the trademarks. Well has been said that the most successful form of copying is to employ enough points of similarity to confuse the public with enough points of difference to confuse the court. [(Del Monte Corporation vs. Court of Appeals, 181 SCRA 418)].

There is no question that the above-discussed circumstances call for the intervention of equity to prevent further irreparable harm to defendant's goodwill and reputation. In consonance with Section 3 (a), (b) and (c), Rule 58 of the Rules, defendant is thus entitled to the ancillary relief demanded either for a limited period or perpetually.

Corollarily, defendant is hereby directed to execute a bond to the party enjoined to the effect that defendant will pay to plaintiff all damages it may sustain by reason of the injunction if the court should finally decide that defendant is not entitled thereto.

WHEREFORE, upon the filing of a bond in the sum of FIVE HUNDRED THOUSAND PESOS (P500,000.00), let a writ of preliminary injunction issue restraining plaintiff, its officers, employees, agents, representatives, dealers, retailers or assigns from manufacturing, distributing, selling, offering for sale, advertising or otherwise using denims or jeans with a design which is substantially, if not exactly similar to defendant's trademarks.

Meanwhile, the hearing on the main cause of action is hereby set on February 5 and 12, 1997, both at 9:00 a.m.

SO ORDERED.^[27]

On motion for reconsideration, respondent prayed that the petitioner's counterclaim be dismissed and that the order dated December 10, 1996, be set aside. In an order dated April 11, 1997, the trial court denied the motion, stating that:

Considering:

- (1) That the defendant's application for injunctive relief was properly directed against the real property in interest, the self-proclaimed lawful assignee and authorized user of the subject trademarks, hence, the party who would be benefited or injured by this court's final decision on the application;
- (2) That the acts which plaintiff was enjoined from doing are within the scope of the reliefs demanded by defendant;
- (3) That the institution of defendant's counterclaim for infringement and damages does not amount to forum-shopping in that the elements of *litis pendentia* which form the basis for a charge for forum-shopping are not all present in the instant case;

(4) That the injunctive order sought to be reconsidered, by its very nature, is merely provisional and does not dispose of the case on the merits. Hence, it would not amount to a prejudgment considering that the defendant still has the burden of proving during trial on the merits that it is entitled to protection and that confusion does, in fact, or likely to exist, and, on the other hand, plaintiff would have its opportunity to prove that confusion does not exist or is not likely to happen; and

(5) That the evidence on record justifies the injunctive relief granted by this court in favor of defendant.

WHEREFORE, in view of all the foregoing, plaintiff's motion for reconsideration and supplemental motion for reconsideration are DENIED for lack of merit.

SO ORDERED.^[28]

Respondent took the matter to the Court of Appeals. On August 13, 1997, the Court of Appeals rendered a decision in favor of the respondent, enjoining the trial court from further proceeding with the case. The dispositive portion thereof reads:

WHEREFORE, the petition is GRANTED. The assailed Orders dated December 10, 1996 and April 11, 1997 are annulled and set aside for having been issued with grave abuse of discretion and in excess of jurisdiction. Respondent court is ordered to desist from proceeding with Civil Case No. 96-76944, entitled "Vogue Traders Clothing Company, Plaintiff, versus Levi Strauss (Phil.), Inc., Defendant.", until the Bureau of Patents, Trademarks and Technology Transfer has finally resolved *Inter Partes* Cases Nos. 4216 and 4217.

No costs.

SO ORDERED.^[29]

After its motion for reconsideration was denied, petitioner filed the present petition for review on *certiorari*, raising the following assignment of errors:

I

THE COURT OF APPEALS COMMITTED CLEARLY REVERSIBLE ERROR IN HOLDING THAT THE DOCTRINE OF PRIMARY JURISDICTION OPERATES TO SUSPEND ANY AND ALL PROCEEDINGS IN CIVIL CASE NO. 96-76944, PARTICULARLY THE ABILITY OF THE TRIAL COURT TO ISSUE PRELIMINARY INJUNCTIVE RELIEF, AND THAT THE TRIAL COURT JUDGE THEREFORE COMMITTED ABUSE OF DISCRETION IN GRANTING SUCH RELIEF.

II

THE COURT OF APPEALS ERRED IN FAILING TO HOLD THAT THE CERTIFICATION AGAINST FORUM-SHOPPING ATTACHED BY RESPONDENT TO ITS PETITION FOR *CERTIORARI* AND PROHIBITION IS FATALLY DEFECTIVE.

III

THE COURT OF APPEALS ERRED IN HOLDING THAT THE TRIAL COURT JUDGE COMMITTED GRAVE ABUSE OF DISCRETION IN DECLARING RESPONDENT TO HAVE WAIVED ITS RIGHT TO ADDUCE EVIDENCE TO COUNTER PETITIONER'S EVIDENCE IN SUPPORT OF ITS APPLICATION FOR PRELIMINARY INJUNCTIVE RELIEF.

IV

THE COURT OF APPEALS ERRED IN HOLDING THAT THE PRELIMINARY INJUNCTIVE ORDER ISSUED IN CIVIL CASE NO. 96-76944 PREJUDGES THE CASE.^[30]

The petition has merit.

First. Petitioner points out that while the Court of Appeals categorically stated that it did not commit forum-shopping when it filed its counterclaim for infringement (to the petitioner's complaint for damages in the Regional Trial Court of Manila, Branch 1 — Civil Case No. 96-76944) as the causes of action in the said civil case and the two *inter partes* cases (*Inter Partes* Cases Nos. 4216 and 4217 pending before the BPTTT) are different and do not involve the same subject matter and issues, it erred in applying the "doctrine of primary jurisdiction." The appeals court declared that the trial court never had the authority to hear and grant petitioner's prayer for injunctive relief nor to proceed with the hearing of the case in view of the pendency of the two *inter partes* cases.

Petitioner is a holder of Certificate of Registration No. 1379-A for its Levi's trademarks. The registration gives rise to a presumption of its validity and the right to the exclusive use of the same. As set forth in Section 17 of Republic Act (R.A.) No. 166 or "The Trademark Law," an entity having a duly registered trademark can file a suit against another entity for the protection of its right:

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 the payment of the prescribed fee, apply to cancel said registration upon any of the following grounds:

- (a) That the registered mark or trade-name becomes the common descriptive name of an article or substance on which the patent has expired;
- (b) That it has been abandoned;
- (c) That the registration was obtained fraudulently or contrary to the provisions of section four, Chapter II hereof;
- (d) That the registered mark or trade-name has been assigned, and is being used by, or with the permission of, the assignee, so as to misrepresent the source of the goods, business or services in connection with which the mark or trade-name is used; or
- (e) That cancellation is authorized by other provisions of this Act.

Section 27 thereof states that the proper Regional Trial Court shall have jurisdiction over the damage suits.

In *Conrad and Company, Inc. v. Court of Appeals*,^[31] as reiterated in the case of *Shangri-La International Hotel Management Ltd. v. Court of Appeals*,^[32] the Court clarified that while an administrative cancellation of a registered trademark, on any of the grounds under Section 17 of R.A. No. 166, is within the ambit of the BPTTT, an action for infringement or any other incidental remedy sought is within the jurisdiction of the ordinary courts. Thus,

... It might be mentioned that while an application for the administrative *cancellation* of a registered trademark on any of the grounds enumerated in Section 17 of Republic Act No. 166, as amended, otherwise known as the Trade-Mark Law, falls under the exclusive cognizance of BPTTT (Sec. 19, Trade-Mark Law), an action, however, for infringement or unfair competition, as well as the remedy of injunction and relief for damages, is explicitly and unquestionably within the competence and jurisdiction of ordinary courts.

...

Surely, an application with BPTTT for an administrative cancellation of a registered trade mark cannot per se have the effect of restraining or preventing the courts from the exercise of their lawfully conferred jurisdiction. A contrary rule would unduly expand the doctrine of primary jurisdiction which, simply expressed, would merely behoove regular courts, in controversies involving specialized disputes, to defer to the findings or resolutions of administrative tribunals on certain technical matters. This rule, evidently, did not escape the appellate court for it likewise decreed that for "good cause shown, the lower court, in its sound discretion, may suspend the action pending outcome of the cancellation proceedings" before BPTTT. (Underscoring supplied.)

The passage of Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines,"^[33] expanded the rights accorded to an owner of a registered trademark. Sections 151 (2), 156, and 161 thereof state:

Section 151.2. Notwithstanding the foregoing provisions, the court or the administrative agency vested with jurisdiction to hear and adjudicate any action to enforce the rights to a registered mark shall likewise exercise jurisdiction to determine whether the registration of said mark may be cancelled in accordance with this Act. The filing of a suit to enforce the registered mark with the proper court or agency shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. On the other hand, the earlier filing of petition to cancel the mark with the Bureau of Legal Affairs {formerly BPTTT} shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided. (Sec. 17, R.A. No. 166a)

Section 156. Actions, and Damages and Injunction for Infringement. — 156.1 The owner of a registered mark may recover damages from any person who infringes his rights, and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his rights, or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily ascertained with reasonable certainty, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party (Sec. 23, first par., R.A. No. 166a).

156.2 On application of the complainant, the court may impound during the pendency of the action, sales invoices and other documents evidencing sales. (n)

156.3. In cases where actual intent to mislead the public or to defraud the complainant is shown, in the discretion of the court, the damages may be doubled. (Sec. 23, first par., R.A. No. 166)

156.4 The complainant, upon proper showing, may also be granted injunction. (Sec. 23, second par., R.A. No. 166a)

Section 161. *Authority to Determine Right to Registration.* — In any action involving a registered mark, the court may determine the right to registration, order the cancellation of a registration, in whole or in part, and otherwise rectify the register with respect to the registration of any party to the action in the exercise of this. Judgment and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Bureau, and shall be controlled thereby (Sec. 25, R.A. No. 166a).

Sections 155 (2), 156, and 163 of the said law further provide for the remedy of an owner of a registered mark to institute an action for infringement or damages against a person or entity that may 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.

Finally, Rule 8, Section 7 of the Regulations on *Inter Partes* Proceedings, provides:

Section 7. Effect of filing of a suit before the Bureau or with the proper court. — The filing of a suit to enforce the registered mark with the proper court or Bureau shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. On the other hand, the earlier filing of petition to cancel the mark with the Bureau shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided. (Emphasis supplied)

It bears stressing that an action for infringement or unfair competition, including the available remedies of injunction and damages, in the regular courts can proceed independently or simultaneously with an action for the administrative cancellation of a registered trademark in the BPTTT. As applied to the present case, petitioner's prior filing of two *inter partes* cases against the respondent before the BPTTT for the cancellation of the latter's trademark registrations, namely, "LIVE'S" and "LIVE'S Label Mark," does not preclude petitioner's right (as a defendant) to include in its answer (to respondent's complaint for damages in Civil Case No. No. 96-76944) a counterclaim for infringement with a prayer for the issuance of a writ of preliminary injunction.

Second. As to the procedural matter, petitioner argues that the Court of Appeals erred in giving due course to the respondent's petition for *certiorari* even if it was the latter's counsel, Atty. Danilo A. Soriano, not one of its duly authorized officers, who executed the certification of non-forum shopping.

Section 5, Rule 7 of the Rules of Civil Procedure incorporating Administrative Circular Nos. 28-91 (effective January 1, 1992) and 04-94 (effective April 1, 1994) states the requirement of a plaintiff or petitioner to include in his initiatory pleading or petition a certification of non-forum shopping. Thus,

Sec. 5. Certification against forum shopping. — The plaintiff or principal party shall certify under oath in the complaint or other initiatory pleading asserting a claim for relief, or in a sworn certification annexed thereto and simultaneously filed therewith: (a) that he has not theretofore commenced any action or filed any claim involving the same issues in any court, tribunal or quasi-judicial agency and, to the best of his knowledge, no such other action or claim is pending therein; (b) if there is such other pending action or claim, a complete statement of the present status thereof; and (c) if he should thereafter learn that the same or similar action or claim has been filed or is pending, he shall report that fact within five (5) days therefrom to the court wherein his aforesaid complaint or initiatory pleading has been filed.

Failure to comply with the foregoing requirements shall not be curable by mere amendment of the complaint or other initiatory pleading but shall be cause for the dismissal of the case without prejudice, unless otherwise provided, upon motion and after hearing. The submission of a false certification or non-compliance with any of the undertakings therein shall constitute indirect contempt of court, without prejudice to the corresponding administrative and criminal actions. If the acts of the party or his counsel clearly constitute willful and deliberate forum shopping, the same shall be ground for summary dismissal with prejudice and shall constitute direct contempt, as well as a cause for administrative sanctions.

In *Digital Microwave Corp. v. CA*,^[34] this Court gave the rationale for this rule, namely, that the certification against forum shopping is required to be accomplished by petitioner himself because only the petitioner himself has actual knowledge of whether or not he has initiated similar actions or proceedings in different courts or agencies. Even his counsel may be unaware of such fact as he may only be aware of the action for which he has been retained. As to corporations, the law requires that the certification could be made by its duly authorized director

or officer. The Court also stresses that the petitioner's non-compliance and utter disregard of the rules cannot be rationalized by invoking the policy of liberal construction.

The requirement of certification against forum shopping under the Rules is to be executed by the petitioner, or in the case of a corporation, its duly authorized director or officer, but not petitioner's counsel whose professional services have been engaged to handle the subject case. The reason is that it is the petitioner who has personal knowledge whether there are cases of similar nature pending with the other courts, tribunals, or agencies. Thus, in the present case, the Court of Appeals should have outrightly dismissed the petition for *certiorari* filed by the respondent (as therein petitioner in the appeals court) due to the defective certification of non-forum shopping. The certification made by Atty. Soriano, counsel for the respondent, who is not one of its duly authorized directors or officers, is defective. Even if Atty. Soriano was the "in-house counsel," the fact remains that no board resolution, or even a Secretary's Certificate containing the board resolution, was submitted to show that he was indeed authorized to file the said petition in the Court of Appeals.

Third. Petitioner avers that the Court of Appeals erred in finding that the respondent was denied due process. It contends that the trial court had correctly ruled that respondent was deemed to have waived its right to present evidence due to its non-appearance at the scheduled hearing (to oppose the petitioner's application for the issuance of a writ of preliminary injunction) on December 4, 1996.

The records show that respondent, through its former counsel, Atty. Alfonso R. Yatco, was present during the hearing on November 6, 1996 as reflected in the minutes of the court proceedings that day. The counsels for both parties had been duly notified in open court. The Branch Clerk of Court of RTC of Manila, Branch 1, Atty. Joselito C. Frial, even made a notation in the minutes that respondent (as oppositor) shall be given a period of 10 days to interpose its opposition to the petitioner's prayer for injunctive relief.^[35] The Order dated November 6, 1996 states:

After witness Atty. Gilbert Raymond T. Reyes [witness for the petitioner] had finished his testimony, the counsel for defendant [herein petitioner] moved for and was allowed ten (10) days from today within which to file a written formal offer of exhibits, copy furnish[ed] the counsel for plaintiff [herein respondent] who is allowed a similar period of time from receipt thereof within which to file comment and/or objection.

In the meantime, let the hearing be continued on December 4 & 11, 1996, both at 9:00 a.m. as previously scheduled.

The counsels are notified of this order in open court.

SO ORDERED.^[36]

However, on December 4, 1996, Atty. Yatco failed to appear without proffering any valid reason which prompted the trial court to issue an order that respondent was deemed to have waived its right to present evidence:

On call for hearing, only the counsel for defendant [herein petitioner] appeared. There was no appearance for plaintiff [herein respondent] although its counsel was duly notified. In view thereof, upon motion of counsel for defendant, plaintiff is considered to have waived its right to present evidence to controvert defendant's application for a writ of preliminary injunction, which, consequently, is hereby deemed submitted for resolution.

The counsel for defendant is notified in open court. Furnish the counsel for plaintiff with a copy hereof.

SO ORDERED.^[37]

Respondent explained to the trial court that its former counsel, Atty. Yatco, had honestly thought that the December 4, 1996 hearing had been rescheduled to December 11, 1996 per agreement with the petitioner's counsel. This is not a sufficient ground. It was correct for the trial court, upon motion of petitioner, to consider the matter submitted for resolution on the basis of petitioner's evidence. Respondent cannot find solace in its lame excuse of honest mistake which was, in fact, negligence and lack of vigilance.

Fourth. Petitioner claims that the assailed orders of the trial court, dated December 10, 1996 and April 11, 1997, did not prejudice the case. On the other hand, respondent counters that the trial court's order dated December 10, 1996 amounted to a prejudgment of the case, to wit: that its LIVE's backpocket design was not copyrightable because it was neither an original work nor a novel design; that it was a copy or slavish imitation of petitioner's LEVI's Arcuate trademark; and that no rights attendant to a copyright can ever attach to respondent's backpocket design.

The trial court granted petitioner's prayer for the issuance of a writ of preliminary injunction in its answer with counterclaim (to respondent's complaint for damages). The writ did not have the effect of prejudging or disposing of the merits of the case, but merely enjoined the respondent's acts of manufacturing, distributing, selling, or offering for sale the jeans which had allegedly incorporated exact or colorable imitations of the products belonging to petitioner. The Order dated April 11, 1997 of the trial court denying the respondent's motion for reconsideration categorically stated that the said Order did not amount to a prejudgment of the case. Petitioner has yet to establish during the trial that it is entitled to a permanent injunction by reason of respondent's confusingly similar LIVE'S products. Otherwise, the trial court could declare that the LIVE'S trademark belonging to respondent was not confusingly similar with the LEVI's trademark of petitioner.

Indeed, a writ of preliminary injunction is generally based solely on initial and incomplete evidence adduced by the applicant (herein petitioner). The evidence submitted during the hearing of the incident is not conclusive, for only a "sampling" is needed to give the trial court an idea of the justification for its issuance pending the decision of the case on the merits. As such, the findings of fact and opinion of a court when issuing the writ of preliminary injunction are interlocutory in nature. Moreover, the sole object of a preliminary injunction is to preserve the *status quo* until the merits of the case can be heard. Since Section 4 of Rule 58 of the Rules of Civil Procedure gives the trial courts sufficient discretion to evaluate the conflicting claims in an application for a provisional writ which often involves a factual determination, the appellate courts generally will not interfere in the absence of manifest abuse of such discretion.^[38] A writ of preliminary injunction would become a prejudgment of a case only when it grants the main prayer in the complaint or responsive pleading, so much so that there is nothing left for the trial court to try except merely incidental matters.^[39] Such fact does not obtain in the present case.

WHEREFORE, the petition is GRANTED and the Decision of the Court of Appeals dated August 13, 1997 and its Resolution dated March 5, 1998 are REVERSED and SET ASIDE. The Regional Trial Court of Manila, Branch 1 is ORDERED to proceed with the hearing of Civil Case No. 96-76944 with dispatch.

No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Quisumbing, Ynares-Santiago, and Carpio, JJ., concur.

^[1] In CA-G.R. SP No. 44022, entitled "Vogue Traders Clothing Co. v. Hon. Rebecca G. Salvador, in her capacity as Presiding Judge of the Regional Trial Court, City of Manila, Branch 1 and Levi Strauss (Phils.), Inc."

^[2] In Civil Case No. 96-76944 entitled "Vogue Traders Clothing Co. v. Levi Strauss (Phils.), Inc."

^[13] *Rollo*, pp. 109-126.

^[14] "Arcuate Design (waistband type overalls)," "LEVI STRAUSS & CO. Button Design (men's, women's, and children's pants, jacket[s], belts, and suspenders)," "Two Horse (trousers and shirts)," "LEVI'S & Design – Housemark (trousers, jackets, shorts, etc.)," "Tab (overall)," "LEVI'S (luggage, tote bags, notebook binders, telephone directory covers, photo albums, scrap books, notebooks and address books, placemat and napkin set, and bulletin boards)," "LEVI'S Salmon Ticket & Design (pants, shirts, and jackets)," "White Tab Design (garments, particularly trousers)," "Black Tab Design (garments, particularly trousers)," "Running 'L' (garments, particularly [l]y trousers)," "Fresh Produce (garments, namely slacks, jackets, shirts, sweaters, caps, and visors)," "LEVI STRAUSS & CO. – Tradename (business of manufacture & sale of clothing, specifically pants, shirts, jackets, skirts, blouses, and accessories)," "Two Horse Design (shoes)," "LEVI'S and Device (shoes)," "LEVI'S (men's, women's, and children's overalls, jackets, outer sh[ir]ts, coats, slacks, and pants; women's and children's blouses, outer shirts, pedal pushers, vests, skirts, culottes, and women's bras)," "DURA PLUS (garments, particularly trousers)," "LEVI STRAUSS & CO. Button Design (shoes)," "Two Horse Label with Patterned Arcuate Design (men's, women's, and children's overalls, jackets, outer shirts, t-shirts, tops, coat[s], slacks, and pants; women's and children's blouses, outer shorts, pedal pushers, vests, skirts, culottes, boot[s], shoes, and slippers)," "LEVI'S (clip board, denim school bags & luggage tags, purses & denim shopping bags, back packs, duffel bags, brief case portfolios, key cases & wallets, belts, hats, caps, visors & shoes)," "Movin' On (garments, [name]ly, pants, jackets, and [v]ests)," "2-Horse (jeans and trousers)," "QUALITY NEVER GOES OUT OF STYLE – BATWING/QUALITY (pants, shirts, skirts, jackets, vests, shoes, and socks)," "COMPOSITE ARCUATE/TAB/TWO HORSE PATCH (trousers for men, wome[n], and children)," "LEVI STRAUSS & CO. patch (clothing in[clu]ding shoes, boots, and slippers)," "501 (jeans)," "RED TAB (pants)," "DOCKERS (pants)," "KLONDYKE (pants)," "DOCKERS & DESIGN (pants, shirts, blouses, skirts, shorts, swe[at]shirts, and jackets)," "SILVER TAB AND DESIGN (pants)," "LEVI'S GUARANTEE TICKET – Copyright (no goods)," and "QUALITY NEVER GOES OUT OF STYLE: Copyright – Slogan (no goods)." (*Rollo*, pp. 119-125; RTC Records, Volume I, pp. 67-74).

^[15] It was issued on January 26, 1993 which was valid for five (5) years from July 1, 1992 to June 30, 1997 (*Rollo*, p. 101).

^[16] LEVI'S: The trademark "LEVI'S" was first used in the Philippines on December 30, 1946, per Original Certificate of Registration No. 8239, and duly registered on May 5, 1960. It was filed on January 17, 1980 and duly registered on August 10, 1982 per Renewal Certificate of Registration No. 2666, Serial No. R-3519 (*Rollo*, pp. 127-132).

^[17] 501: It was filed on January 3, 1986 and duly registered on March 3, 1989 per Registration No. 43312, Serial No. 58067 (*Rollo*, pp. 133-135).

^[18] Two Horse Design: It was filed on March 1, 1973 and duly registered on February 12, 1974 per Registration No. 21399, Serial No. 23410 (*Rollo*, pp. 136-138).

^[19] Two Horse Label: It was filed on July 7, 1976 and duly registered on December 20, 1979 per Registration No. 28005, Serial No. 30212 (*Rollo*, pp. 139-140).

^[20] Two Horse Patch: It was filed on July 16, 1979 and duly registered on December 27, 1988 per Registration No. 42546 (*Rollo*, pp. 141-143). Note: The serial number was not indicated.

^[21] Two Horse Label with Patterned Arcuate Design: It was duly registered on October 9, 1985 per Registration No. 34810 (*Rollo*, pp. 144-146). Note: The serial number and the date when it was filed cannot be determined from the records.

^[22] Arcuate Design: It was filed on September 23, 1971 and duly registered on October 8, 1973 per Registration No. 20240 (*Rollo*, pp. 147-150).

^[23] The composite trademarks of "Arcuate," "Tab," and "Two Horse Patch" were filed on May 3, 1979 and duly registered on December 12, 1988 per Registration No. 42324 (*Rollo*, pp. 151-154).

^[24] Search Warrant No. 95-757 in connection with "People of the Philippines v. Tony Lim of Vogue Traders Clothing Company, 1082 Carmen Planas Street Tondo, Manila."

^[25] Search Warrant No. 95-758 in connection with "People of the Philippines v. Tony Lim of Vogue Traders Clothing Company, 1042 Carmen Planas Street Tondo, Manila."

^[26] Art. 189. Unfair competition, fraudulent registration of trademark, tradename or service mark, fraudulent designation of origin, and false description. — The penalty provided in the next preceding Article shall be imposed upon:

1. Any person who, in unfair competition and for the purpose of deceiving or defrauding another of his legitimate trade or the public in general, shall sell his goods giving them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves, or in the wrapping of the packages in which they are contained, or the device or words thereon, or in any other feature of their appearance which would be likely to induce the public to believe that the goods offered are those of a manufacturer or dealer other than the actual manufacturer or dealer, or shall give other persons a chance or opportunity to do the same with a like purpose....

^[27] a) Finished and unfinished jeans and other garment products bearing the general appearance of genuine jeans and other garment products manufactured by LEVI STRAUSS PHIL., INC., under license from LEVI STRAUSS & CO., and bearing copies or imitations of various trademarks and other devices owned by LEVI STRAUSS & CO., or used by LEVI STRAUSS PHIL., INC., either on the goods themselves or in their packaging such as:

ARCUATE DESIGN with registration number 20240 registered on [October 8, 1973];

TWO HORSE BRAND with registration number 21399 registered on February 12, 1974;

TAB DESIGN with registration number 22283 registered on May 7, 1975;

LEVI STRAUSS & CO. (TRADENAME) with registration number 25818 registered on March 21, 1978;

LEVI'S AND DESIGN (HOUSEMARK) with registration number 21407 registered on February 12, 1974;

LEVI'S GUARANTEE TICKET (COPYRIGHT) with registration number PD-0-1108 registered on August 17, 1973;

501 with registration number 43312 on March 3, 1989;

QUALITY NEVER GOES OUT OF STYLE (COPYRIGHT) with registration number PD-R-1881 registered on April 18, 1978;

b) Sundry items such as buttons, rivets, zippers, cloth and leather patches, labels and hang tags, bearing said trademarks and/or logos and design or copies or imitations of the same;

c) Finished and unfinished jeans, sundry items and all paraphernalia bearing the deceptively similar brands of LEVI'S, LIVE'S, LIVE'S ORIGINAL JEANS and other brands using any of the said trademarks and/or logos and designs or copies or imitations of the same;

d) Any other finished jeans and other garment products bearing features which give them the general appearance of genuine LEVI'S jeans and other products which would likely induce the public to believe that the goods offered are those being manufactured by LEVI STRAUSS PHILS., INC. and/or LEVI STRAUSS & CO.;

e) High-speed sewing machines, cutting machines and other machines, equipment and other paraphernalia used or intended to be used in the illegal manufacture, sale and/or distribution of the aforesaid products and;

f) Invoices, ledgers, journals, official receipts, delivery receipts, purchase orders and all other books of account and documents pertaining to the production, distribution and/or sale of the aforesaid products. (Annex "M-1" and "N-1" of Petitioner's Amended Answer, RTC Records, Volume I, pp. 295-296 and 326-327).

^[18] Per Search Warrant No. 95-757, the following items were seized:

1. 100 sacks of Live's pants, 20 pcs./sack
2. 1 box containing 500 sets of Live's buttons
3. 12 sacks of Live's hand tags containing 25,000/sack
4. 2 sewing machines
5. 2 Riveter machines

(Annex "M-2" of Petitioner's Amended Answer, RTC Records, Volume I, pp. 298-299).

Per Search Warrant No. 95-758, the following items were seized:

1. 151 pcs. of unfinished pants w[ith] arcuate design
2. 160 pcs. of finished Westside jeans w[ith] arcuate design
3. 725 pcs. of Lives patches
4. 520 pcs. of Lives buttons
5. 900 pcs. of Lives rivets
6. 261 pcs. of back pocket w[ith] arcuate design
7. One (1) Singer U4864707342
8. One (1) Juki A555-59278
9. One (1) Juki A555-2-24344
10. One (1) Juki A227-03839
11. One (1) Singer U86400783
12. One (1) Juki D555-38961
13. One (1) Riveter

(Annex "N-2" of Petitioner's Amended Answer, RTC Records, Volume I, p. 329).

^[19] I.S. No. 95-799 for violation of Article 189 of the Revised Penal Code.

^[20] Docketed as Civil Case No. 96-76944, entitled "Vogue Traders Clothing Company, v. Levi Strauss (Phils.), Inc. (RTC Records, Volume I, pp. 1-7).

^[21] RTC Records, Volume I, pp. 200-222.

^[22] "LEVI'S," "Levi Strauss & Co.," "Arcuate Stitching Design," "Two Horse Design," "Two Horse Patch," "Two Horse Label with Patterned Arcuate Design," "Tab Design," "the composite trademarks ('Arcuate,' 'Tab,' and 'Two Horse Patch')," "501," "Levi's Salmon Ticket & Design," and "Levi's and Device" (RTC Records, Volume I, p. 214).

^[23] RTC Records, Volume I, pp. 163-165.

^[24] *Id.* at 169.

^[25] *Id.* at 170.

^[26] RTC Order dated December 4, 1996, RTC Records, Volume II, p. 478.

^[27] *Rollo*, pp. 349-350 (RTC Records, Volume II, pp. 488-489).

^[28] *Rollo*, pp. 351-352 (RTC Records, Volume II, pp. 556-557).

^[29] *Rollo*, p. 65.

^[30] *Id.* at 526-527.

^[31] G.R. No. 115115, July 18, 1995, 246 SCRA 691.

^[32] G.R. No. 111580, June 21, 2001, 359 SCRA 273.

^[33] R.A. No. 8293 (approved June 6, 1997 and effective on January 1, 1998), "An Act Prescribing The Intellectual Property Code And Establishing The Intellectual Property Office, Providing For Its Powers And Functions And For Other Purposes," repeals P.D. No. 49 (Decree on Intellectual Property), R.A. No. 165 (The Patent Law), R.A. No. 166 (The Trademark Law), P.D. No. 285 (Reprint Foreign Textbooks), and Articles 188 and 189 of the Revised Penal Code.

^[34] G.R. No. 128550, March 16, 2000, 328 SCRA 286.

^[35] RTC Records, Volume I, p. 463.

^[36] RTC Records, Volume I, p. 464.

^[37] RTC Records, Volume II, p. 478.

^[38] See Landbank of the Philippines v. Continental Watchman Agency, Inc., et al., G.R. No. 136114, January 22, 2004, 420 SCRA 624.

^[39] See Ticzon v. Video Post Manila, Inc., G.R. No. 136342, June 15, 2000, 333 SCRA 472.