



OFFICE OF THE DIRECTOR GENERAL

THE H. D. LEE COMPANY, INC.,
Respondent-Appellant,

-versus-

EMERALD GARMENTS
MANUFACTURING CORPORATION,
Opposer-Appellee.

Appeal No. 14-09-34

Inter Partes Case No. 14-2007-00054

Opposition to:

Application No. 4-2001-009602

Date Filed: 21 December 2001

Trademark: LEE & OGIVE CURVE
DESIGN

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DECISION

The H. D. Lee Company, Inc. ("Appellant") appeals the decision¹ of the Director of the Bureau of Legal Affairs ("Director") which sustained the opposition of Emerald Garments Manufacturing Corporation ("Appellee") to the Appellant's Trademark Application No. 4-2001-009602.

Records show that on 21 December 2001, the Appellant filed an application for the registration of the mark "LEE & OGIVE CURVE DESIGN" for use on outer clothing namely: jeans, casual pants, trousers, slacks, shorts, jackets, vests, shirts, blouses, sweaters, tops, skirts, jumpers, caps, hats, socks, shoes, suspenders, belts and bandanas which fall under Class 25 of the Nice Classification.² The application was published in the Intellectual Property Office Electronics Gazette for Trademarks on 05 January 2007. On 05 March 2007, the Appellee filed a "VERIFIED NOTICE OF OPPOSITION" alleging the following:

1. The approval of the Appellant's trademark application is contrary to Sec. 123.1(d) of Rep. Act No. 8293 ("IP Code") and would violate the Appellee's right to the exclusive use of the marks "DOUBLE CURVE LINES" and "DOUBLE REVERSIBLE WAVE LINE" which the Appellee owns and has been using on similar goods since 1980 and 1973, respectively;

¹ Decision No. 2008-96, dated 27 February 2009.

² The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

2. The approval of the Appellant's application has caused and will continue to cause great and irreparable damage and injury to the Appellee;
3. The Appellant is not entitled to register LEE & OGIVE CURVE DESIGN which is a composite mark consisting of the word "LEE" and two parallel curve lines which the Appellant describes as "OGIVE CURVE DESIGN";
4. The OGIVE CURVE DESIGN is identical and/or confusingly similar to DOUBLE CURVE LINES which the Appellee has been using in good faith for clothing, particularly on jeans and pants since 1980;
5. It has become the owner of DOUBLE CURVE LINES by actual continuous use thereof in good faith since 08 January 1980, which right of ownership has been confirmed by this Office; on 05 May 1981, the Appellee was issued Cert. of Reg. No. 5513 in the Supplemental Register for DOUBLE CURVE LINES and on 31 May 1982, the Appellee was issued Cert. of Reg. No. 30810 in the Principal Register for DOUBLE CURVE LINES; on 06 September 1988, the Appellee filed Trademark Application No. 65682 for DOUBLE CURVE LINES;
6. The right of the Appellee to the DOUBLE CURVE LINES is duly recognized under Sec. 236 of the IP Code; the Appellee continues to be the owner of the DOUBLE CURVE LINES through its continuous actual commercial use thereof in good faith;
7. Last 15 January 1990, The National Library issued to the Appellee Certificate of Copyright Registration No. I-2998 for "DOUBLE REVERSIBLE WAVE LINE BACK POCKET DESIGN";
8. Pursuant to Sec. 2-A of Rep. Act No. 166, as amended, the Appellee has become the owner of the DOUBLE REVERSIBLE WAVE LINE by actual continuous commercial use thereof in good faith since 01 October 1973;
9. Last 08 January 1990, the Appellee filed Trademark Application No. 70497 for DOUBLE REVERSIBLE WAVE LINE (Back Pocket Design);
10. The ownership by the Appellee of DOUBLE REVERSIBLE WAVE LINE and its exclusive right to use the same in clothing is expressly recognized by Sec. 236 of the IP Code; the Appellee continues commercial use in good faith of DOUBLE REVERSIBLE WAVE LINE up to the present;

11. OGIVE CURVE DESIGN is identical and/or confusingly similar to DOUBLE CURVE LINES and DOUBLE REVERSIBLE WAVE LINE and the goods covered by the Appellant's application are identical to, and/or related to, the goods covered by the Appellee's applications; and
12. The approval of the Appellant's application violates the right of the Appellee to the exclusive use of DOUBLE CURVE LINES and DOUBLE REVERSIBLE WAVE LINE.

The Appellee submitted the following pieces of evidence to support its opposition:

1. Cert. of Reg. No. 5513 for DOUBLE CURVE LINES, issued on 05 May 1981;³
2. Cert. of Reg. No. 30810 for DOUBLE CURVE LINES, issued on 31 May 1982;⁴
3. Trademark Application No. 65682 for DOUBLE CURVE LINES, filed on 06 September 1988;⁵
4. Sales invoices;⁶
5. Cert. of Reg. No. 50230 for KYNOCHE & A PUPPY DESIGN, issued on 27 March 1991;⁷
6. Cert. of Reg. No. 64141 for Stylistic Mr. Lee, issued on 21 February 1997;⁸
7. Cert. of Reg. No. 48161 for MODA BERRI & STYLIZED MB, issued on 29 May 1990;⁹
8. Cert. of Reg. No. 47170 for JERVIS, issued on 18 December 1989;¹⁰
9. Certificate of Copyright Reg. No. I 2998 for DOUBLE REVERSIBLE WAVE LINE BACK POCKET DESIGN, dated 15 January 1990;¹¹
10. Trademark Application No. 70497 for DOUBLE REVERSIBLE WAVE LINE, filed on 08 January 1990;¹²
11. Stylistic Mr. Lee jeans with DOUBLE REVERSIBLE WAVE LINE (Back Pocket Design);¹³
12. Photograph of Stylistic Mr. Lee jeans;¹⁴
13. Affidavit of Johnson Gumba executed on 05 March 2007;¹⁵

³ Exhibit "A".

⁴ Exhibit "B".

⁵ Exhibits "C", "C-1" to "C-5".

⁶ Exhibits "D", "D-1" to "D-9", "F", "F-1" to "F-9", "H", "H-1" to "H-9", "J", "J-1" to "J-9", "M", "M-1" to "M-8", "N", "N-1" to "N-14", "O", "O-1" to "O-11"

⁷ Exhibit "E".

⁸ Exhibit "G".

⁹ Exhibit "I".

¹⁰ Exhibit "K".

¹¹ Exhibit "L".

¹² Exhibits "P", "P-1" to "P-6".

¹³ Exhibit "Q".

¹⁴ Exhibit "Q-1".

¹⁵ Exhibit "R".

14. Amended Articles of Incorporation of the Appellee;¹⁶ and
15. Decision No. 2007-86, dated 29 June 2007.¹⁷

On 18 July 2007, the Appellant filed its answer alleging the following:

1. It is the owner of the world famous trademark LEE & OGIVE CURVE DESIGN registered in its name in the United States of America (“U.S.”) on 10 April 1984 under Reg. No. 1,273,602 for goods in Class 25;
2. It is a national member of the Paris Convention for the Protection of Industrial Property Rights (“Paris Convention”) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS Agreement”) and is entitled to invoke the legal benefits and protection under these conventions in addition to the rights in which any owner of the intellectual property right is otherwise entitled pursuant to Sec. 3 of the IP Code;
3. It first used the LEE & OGIVE CURVE DESIGN trademark in the U.S. on or about 18 February 1946 and since then, the Appellant as well as its licensees, has continuously used the trademark LEE & OGIVE CURVE DESIGN on jeans and related products; LEE & OGIVE CURVE DESIGN is displayed on the hip pockets of the jeans that it manufactures;
4. It has expended many millions of U.S. dollars worldwide in advertising and promoting jeans and other wearing apparel bearing the LEE & OGIVE CURVE DESIGN; advertisements were made in various media, including the internet as well as newspapers and magazines of general circulation, such as Good Housekeeping, People and International Sportswear; Jeans; other wearing apparel bearing the LEE OGIVE CURVE DESIGN trademark were extensively advertised in radio and television commercials and other advertisements were in the form of point of sale material in major department stores;
5. As a result of the extensive advertising, the jeans and other wearing apparel bearing the LEE & OGIVE CURVE DESIGN trademark have gained wide popularity and goodwill among its customers in the U.S. and in many parts of the world, including the Philippines; the LEE & OGIVE CURVE DESIGN for jeans and other wearing apparel, and the labels and tags, have become associated with and recognized by the public as referring exclusively to the jeans and clothing business of the Appellant; the LEE & OGIVE CURVE DESIGN is recognized throughout the U.S., and in many other nations, including the Philippines, as the Appellant’s trademark

¹⁶ Exhibit “S”

¹⁷ Exhibit “T”.

signifying fashionable jeans and clothing of unexcelled style and quality;

6. To protect its propriety right and investment in the goodwill and reputation of the LEE & OGIVE CURVE DESIGN trademark, the Appellant also registered or has pending applications for its registration of this trademark in various countries worldwide, including the Philippines; the Appellant is the registered owner of the LEE & OGIVE CURVE DESIGN under several certificates of registration in many countries worldwide;
7. As the prior user of LEE & OGIVE CURVE DESIGN which is a well-known mark within the meaning of the Paris Convention, the TRIPS Agreement and the IP Code, it should be protected against a subsequent user like the Appellee; and
8. The Appellee's commercial use of its mark was made in bad faith and will not inure to the benefit of the Appellee;

The Appellant's evidence consists of the following

1. Verified Answer, dated 16 July 2007;¹⁸
2. Affidavit of Ms. Helen L. Winslow, executed on 16 July 2007;¹⁹
3. Affidavit of Mr. Wilfred T. Siy, executed on 16 July 2007;²⁰
4. Special Power of Attorney, executed on 16 July 2007;²¹
5. Certification of Maria Jennifer Z. Barreto;²²
6. Certificate of Incorporation of the Appellant;²³
7. Cert. of Reg. No. 1,273,602, issued on 10 April 1984;²⁴
8. List of countries where the Appellant's mark is registered;²⁵
9. Printouts from the website www.leejeans-ap.com;²⁶
10. License Agreement, dated 01 January 1996;²⁷
11. Sales reports and invoices;²⁸
12. List of retailers;²⁹ and
13. Advertising materials, expenditures and vouchers;³⁰

In deciding in favor of the Appellee, the Director ruled that prior to the Appellant's filing of its application, the Appellee has pending applications for DOUBLE

¹⁸ Annex "1" of the Manifestation and Motion, dated 18 July 2007.

¹⁹ Annex "2" of the Manifestation and Motion, dated 18 July 2007.

²⁰ Annex "3" of the Manifestation and Motion, dated 18 July 2007.

²¹ Annex "4" of the Manifestation and Motion, dated 18 July 2007.

²² Annex "5" of the Manifestation and Motion, dated 18 July 2007.

²³ Annex "1" of the Verified Answer.

²⁴ Annex "2" of the Verified Answer.

²⁵ Annex "3" of the Verified Answer and Exhibit 1 of the affidavit of Ms. Helen L. Winslow.

²⁶ Exhibit "2" of the affidavit of Ms. Helen L. Winslow.

²⁷ Exhibits "1" and "2" of the affidavit of Mr. Wilfred T. Siy.

²⁸ Exhibits "3", "4" and "5" of the affidavit of Mr. Wilfred T. Siy.

²⁹ Exhibit "6" of the affidavit of Mr. Wilfred T. Siy.

³⁰ Exhibits "7" to "27" of the affidavit of Mr. Wilfred T. Siy.

CURVE LINES and DOUBLE REVERSIBLE WAVE LINE which are similar to the Appellant's LEE & OGIVE CURVE DESIGN. According to her, the Appellee has adopted and has been using these marks as early as 1980 and 1973, respectively, and that the Appellee has become the owner of these marks through continuous commercial use thereof. She ruled that the confusing similarity between the competing marks is further heightened by the fact that these marks are used on identical goods, particularly, on jeans and pants, and that the Appellee failed to show that LEE & OGIVE CURVE DESIGN is well-known internationally and in the Philippines.

Dissatisfied with the Director's decision, the Appellant filed in this Office a "MEMORANDUM OF APPEAL" on 15 April 2009. In its appeal, the Appellant alleges that this Office has already ruled that the Appellant is the creator, owner and prior user of "OGIVE CURVE DEVICE" which is similar to LEE & OGIVE CURVE DESIGN and which is internationally well-known.

The Appellee filed its "COMMENT on Appellant's Appeal" on 02 June 2009. In its comment, the Appellee alleges that the certification on non-forum shopping attached to the appeal is fatally defective and misleading. According to the Appellee, there is nothing to show or support that Atty. Carlito V. Zaragoza is authorized to execute and sign the certification on non-forum shopping and that it has raised to the Court of Appeals by means of a Petition for Review the decision of this Office in Appeal No. 14-07-41 entitled: Emerald Garment Manufacturing Corporation vs. The H. D. Lee Company, Inc. which is now submitted for decision. The Appellee claims that the Appellant omitted to disclose that last 05 June 2008, this Office issued a Final Order dismissing the appeal of the Appellant from the decision of the Director denying the Appellant's opposition to the registration of DOUBLE CURVE LINES in favor of the Appellee. It also asserts that the decision of the Director sustaining the opposition to the registration of LEE & OGIVE CURVE DESIGN is fully supported by the admissible evidence submitted by the parties and is in accordance with Sec. 123 (d) of the IP Code and the Office Order No. 79, series of 2005.

Pursuant to Office Order No. 197, Series of 2010, Mechanics for IPO-Mediation and Settlement Period, this case was referred to mediation on 23 February 2011. On 05 March 2012, this Office received the "MEDIATORS' REPORT" with a notice of the non-settlement of dispute. According to the report, while the parties agreed to undergo mediation, they failed to reach a settlement during the mediation proceedings.

The issues to be resolved in this appeal are: 1) is the appeal technically and fatally defective?; and 2) was the Director correct in sustaining the Appellee's opposition to the registration of LEE & OGIVE CURVE DESIGN?

On the first issue, under the Uniform Rules on Appeals, which took effect on 25 February 2009,³¹ the submission of a certification of non-forum shopping is no longer required. These amendments apply to appeals pending in the Office of the Director General as of date of the effectivity thereof.³² Accordingly, this Office issued an Order dated 27 April 2009 which stated that the appeal is compliant with the requirements

³¹ Office Order No. 12 Series of 2009.

³² Section 10, Office Order No. 12, Series of 2009.

under the Uniform Rules on Appeal. Therefore, the Appellee's claim has no leg to stand on.

Going now to the main issue, an opposition case is essentially a review of the trademark application involved. Below are the illustrations of the contending marks:

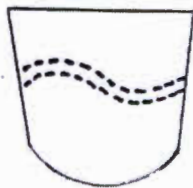
Appellant's mark

Lee



LEE & OGIVE CURVE DESIGN

Appellee's marks



Double Curve Lines



Double Reversible Wave Line
(Back Pocket Design)

In this regard, what is to be determined is whether the Appellant's mark can be registered and whether it complies with the provisions of the IP Code and the Trademark Regulations on the registration of a mark.

It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to

prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.³³

Significantly, the IP Code adopted the definition of the mark under the old law on Trademarks (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a).

In addition, Sec. 122 of the IP Code also states:

Sec. 122. How Marks are Acquired.- The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)

Sec. 122 refers to Sec. 2-A of Rep. Act No. 166, as amended, ("RA 166"),³⁴ which states:

Sec.2-A. Ownership of trade-marks, trade-names and service-marks, how acquired.- Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce, by actual use thereof in manufacture or trade, in business, and in the service rendered, may appropriate to his exclusive use a trade-mark, a trade-name, or a service-mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business, or service of others. The ownership or possession of a trade-mark, trade-name, service-mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the laws.

In *Shangri-La International Hotel Management, Ltd., et. al. vs. Developers Group of Companies, Inc.*,³⁵ the Supreme Court defined the import and scope of Sec. 2-A of RA 166, thus,

x x x For, while Section 2 provides for what is registrable, Section 2-A, on the other hand, sets out how ownership is acquired. These are two distinct concepts.

Under Section 2, in order to register a trademark, one must be the owner thereof and must have actually used the mark in commerce in the Philippines for 2 months prior to the application for registration. Since "ownership" of the trademark is required for registration, Section 2-A of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A, it is clear that actual use in commerce is also the test of ownership but the provision went further by saying that the mark must not have been so appropriated by another. Additionally, it is significant to note that Section 2-A does not require that the actual use of a trademark must be within the Philippines. Hence, under R. A. No. 166, as amended, one may be an owner of a mark due to actual use thereof but not yet have the right to register such ownership here due to failure to use it within the Philippines for two months.

³³ *Pribhdas J. Mirpuri vs. Court of Appeals*, G.R. No. 114508, 19 November 1999.

³⁴ AN ACT TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF TRADEMARKS, TRADE-NAMES AND SERVICE-MARKS, DEFINING UNFAIR COMPETITION AND FALSE MARKING AND PROVIDING REMEDIES AGAINST THE SAME, AND FOR OTHER PURPOSES.

³⁵ G. R. No. 159938, 31 March 2006.

The Appellant has established by substantial evidence that it is the owner of LEE & OGIVE CURVE DESIGN. It has adduced evidence showing that it has registered and/or applied in 115 countries around the world the mark LEE & OGIVE CURVE DESIGN³⁶ and that it secured a certificate of registration for this mark in the U.S. on 10 April 1984.³⁷ The Appellant also submitted proof of its advertising activities and sales invoices;³⁸

That the Appellee has trademark applications and/or registrations in the Philippines on marks similar to the Appellee and which were filed and/or registered earlier than the Appellant's trademark application is not sufficient to overcome the pieces of evidence proving the Appellee's ownership of LEE & OGIVE CURVE DESIGN. It is not the application or the registration that confers ownership of a mark but it is the ownership thereof that confers the right to registration.

Moreover, the Appellant has shown that LEE & OGIVE CURVE DESIGN is a well-known mark. Rule 102 of the Trademark Regulations states that:

RULE 102. *Criteria for determining whether a mark is well-known.* - In determining whether a mark is well-known, the following criteria or any combination thereof may be taken into account:

- (a) the duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- (b) the market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;
- (c) the degree of the inherent or acquired distinction of the mark;
- (d) the quality-image or reputation acquired by the mark;
- (e) the extent to which the mark has been registered in the world;
- (f) the exclusivity of registration attained by the mark in the world;
- (g) the extent to which the mark has been used in the world;
- (h) the exclusivity of use attained by the mark in the world;
- (i) the commercial value attributed to the mark in the world;
- (j) the record of successful protection of the rights in the mark;
- (k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and,
- (l) the presence or absence of identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.

The Appellant's pieces of evidence satisfy a combination of the criteria enumerated above such as the duration, extent and geographical area of any use of the mark, the extent to which the mark has been registered in the world, and the extent to which the mark has been used in the world. The Appellant cited the over 100 countries where it has registered and/or applied for the registration of LEE & OGIVE CURVE DESIGN. The affidavits of Helen L. Winslow and Wilfred T. Siy explained the long,

³⁶ See Affidavit of Helen L. Winslow and Annex "3" of the Verified Answer.

³⁷ Annex "2" of the Verified Answer.

³⁸ See Affidavit of Wilfred T. Siy.

continuous and global use of the Appellant's mark. These pieces of evidence are sufficient enough to consider the Appellant's mark as well-known internationally and in the Philippines.

Furthermore, there is nothing in the records which explained how the Appellee came to use a highly distinctive sign such as a "Back Pocket Design" or the "Double Curve Lines" which are identical or confusingly similar to the well-known mark LEE & OGIVE CURVE DESIGN. The absence of any explanation on how the Appellee conceived these marks gives credence to the position that the Appellant is the owner and creator of LEE & OGIVE CURVE DESIGN and is, therefore, entitled to the registration of this mark.

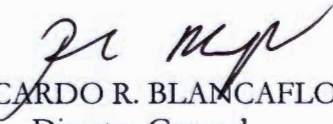
From the foregoing, to prevent the Appellant from registering its own mark is not in accordance with the spirit of justice, fairness and equity. The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the appeal is hereby GRANTED. The Appellant's Application No. 4-2001-009602 for LEE & OGIVE CURVE DESIGN for use on outer clothing namely: jeans, casual pants, trousers, slacks, shorts, jackets, vests, shirts, blouses, sweaters, tops, skirts, jumpers, caps, hats, socks, shoes, suspenders, belts and bandanas is hereby GIVEN DUE COURSE

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

SO ORDERED.

AUG 10 2012 Taguig City.


RICARDO R. BLANCAFLOR
Director General