

THIRD DIVISION

[G.R. No. 210693, June 07, 2017]

**EMERALD GARMENT MANUFACTURING CORPORATION,
PETITIONER, V. THE H.D. LEE COMPANY, INC., RESPONDENT.**

RESOLUTION

REYES, J.:

Before the Court is the Petition for Review on *Certiorari*^[1] filed by Emerald Garment Manufacturing Corporation (Emerald) against The H.D. Lee Company, Inc. (H.D. Lee) to assail the Decision^[2] and Resolution^[3] of the Court of Appeals (CA), dated April 8, 2013 and January 6, 2014, respectively, in CA-G.R. SP No. 126253. The CA reversed the Decision^[4] dated August 10, 2012, of the Intellectual Property Office's (IPO) then Director General Ricardo R. Blancaflor (DG Blancaflor) in Inter Partes Case No. 14-2007-00054, approving H.D. Lee's application for registration of the trademark "*LEE & OGIVE CURVE DESIGN*."

Antecedents

On December 21, 2001, H.D. Lee filed before the IPO an application for the registration of the trademark, "*LEE & OGIVE CURVE DESIGN*." H.D. Lee claimed that the said mark was first used in the Philippines on October 31, 1996. Relative thereto, Application No. 4-2201-009602, on outer clothing categorized under Class 25, which includes jeans, casual pants, trousers, slacks, shorts, jackets, vests, shirts, blouses, sweaters, tops, skirts, jumpers, caps, hats, socks, shoes, suspenders, belts and bandannas, was filed. Within three years from the filing of the application, H.D. Lee submitted to the IPO a Declaration of Actual Use of the mark.^[5]

H.D. Lee's application was published in the Intellectual Property Philippines' Electronic Gazette for Trademarks, which was belatedly released on January 5, 2007.^[6]

Emerald opposed H.D. Lee's application; hence, Inter Partes Case No. 14-2007-00054 arose. Emerald argued that the approval of the application will violate the exclusive use of its marks, "*DOUBLE REVERSIBLE WAVE LINE*," and "*DOUBLE CURVE LINES*," which it has been using on a line of clothing apparel since October 1, 1973^[7] and 1980, respectively. Further, Section 123.1(d)^[8] of Republic Act No. 8293, otherwise known as the Intellectual Property Code (IPC), will likewise be breached because the "*LEE & OGIVE CURVE DESIGN*" is confusingly similar or identical to the "*DOUBLE CURVE LINES*" previously registered in Emerald's name.^[9]

Refuting Emerald's opposition, H.D. Lee insisted that it is the owner and prior user of "*LEE & OGIVE CURVE DESIGN*." H.D. Lee maintained that it initially used the said mark on February 18, 1946, and registered the same in the United States of

America (USA) on April 10, 1984 under Registration No. 1,273,602. The mark has been commercially advertised and used all over the world as well.^[10]

Decision of the IPO's Director of the Bureau of Legal Affairs

On February 27, 2009, the then Director of Bureau of Legal Affairs (BLA), Atty. Estrellita Beltran Abelardo (Atty. Abelardo), denied H.D. Lee's application. In its Decision,^[11] Atty. Abelardo explained that H.D. Lee established neither its ownership of the mark "*LEE & OGIVE CURVE DESIGN*" nor its international reputation, viz.:

The evidence on record disclose that on December 21, 2001, when [H.D. Lee] filed Application No. 4-2001-009602, [Emerald's] Application Serial No. 4-65682 for the re-registration of the mark "**DOUBLE CURVE LINES**" was already pending as it was filed as early as **September 6, 1988** x x x. In addition, long before December 21, 2001, [Emerald] adopted and has been using in commerce since January 8, 1980 the trademark "**DOUBLE CURVE LINES**" together with its other registered marks x x x up to the present x x x. Thus[,] pursuant to Section 2-A of Republic Act No. 166,^[12] as amended, the law then in force and effect, [Emerald] has become the owner of the mark "**DOUBLE CURVE LINES**" through continuous commercial use thereof. On May 5, 1981, said "**DOUBLE CURVE LINES**" was registered in favor of [Emerald] in the Supplemental Register under Registration No. 5513 x x x, and on May 31, 1982, in the Principal Register under Registration N[o]. 30810 x x x.

x x x x

The evidence on record also discloses that on December 21, 2001, when [H.D. Lee] filed its opposed application, [Emerald's] Application Serial No. 70497 for the registration of the mark **DOUBLE REVERSIBLE WAVE LINE** was also pending, the same having been filed on January 8, 1990 x x x. In addition, long before December 21, 2001, [Emerald] adopted and has been using in commerce since October 1, 1973, the trademark "**DOUBLE REVERSIBLE WAVE LINE**[,]" together with its other registered marks x x x, up to the present x x x. Thus, pursuant to Section 2-A of Republic Act No. 166, as amended, the law then in force and effect, [Emerald] has become the owner of the mark "**DOUBLE REVERSIBLE WAVE LINE**" through continuous commercial use thereof.

x x x x

The near resemblance or confusing similarity between the competing marks of the parties is further heightened by the fact that both marks are used on identical goods, particularly, on jeans and pants falling under Class 25.

x x x x

Moreover, it is a fundamental principle in Philippine Trademark Law that only the owner of a trademark is entitled to register a mark in his[/her]/its name and that the actual use in commerce in the Philippines is a prerequisite to the acquisition of ownership over a trademark. The evidence on record clearly and convincingly shows (sic), that [Emerald]

adopted and has been using the mark DOUBLE REVERSIBLE WAVE LINE since **October 1, 1973** x x x and the mark DOUBLE CURVE LINES since **January 8, 1980** x x x. Although [H.D. Lee] claimed in its Answer that it first used the LEE & OGIVE CURVE DESIGNB [sic] trademark in the [USA] on or about February 18, 1946 x x x, it did not present any evidence to prove such claim of first use. The evidence presented by [H.D. Lee] shows that it entered into a License Agreement with Authentic American Apparel, Inc., only on **January 1, 1996** x x x and its yearly sales reports started only from **October 1996** x x x.

[H.D. Lee] also claimed in its Answer that it registered its LEE & OGIVE CURVE DESIGN mark in the [USA] on April 10, 1984 under Registration No. 1,273,602 x x x. [H.D. Lee], however, failed to submit a duly certified and authenticated copy of its certificate of registration for Registration No. 1,273,602. In fact, [H.D. Lee] did not submit any certified and authenticated certificate of registration of its mark LEE & OGIVE CURVE DESIGN issued anywhere else. x x x.

x x xx

Examination of the documentary evidence submitted by [H.D. Lee] will show that it did not submit any certified and authenticated certificate of registration of its mark anywhere else in the world; likewise, it did not submit any proof of use of its mark outside of the Philippines, while its use in the Philippines appears to have started only in October 1996 x x x, twenty[-]three (23) years after [Emerald] started using its **DOUBLE REVERSIBLE WAVE LINE (Back Pocket Design)** on **October 1, 1973** x x x. [H.D. Lee] did not submit any proof of having promoted and advertised its mark outside the Philippines, while in the Philippines[,] x x x it started preparing its yearly advertising expenditures only on January 2000 x x x. None of its advertising clippings submitted in evidence appeared before 2003 x x x.^[13] (Citations omitted, underlining ours and emphasis in the original)

Decision of the IPO's DG

On appeal, DG Blancaflor rendered on August 10, 2012 a Decision^[14] reversing the findings of Atty. Abelardo based on the grounds cited below:

[H.D. Lee] 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 DESIGN and that it secured a certificate of registration for this mark in the [USA] on April 1984. [H.D. Lee] also submitted proof of its advertising activities and sales invoices.

That [Emerald] has trademark applications and/or registrations in the Philippines on marks similar to [H.D. Lee] and which were filed and/or registered earlier than [H.D. Lee's] trademark application is not sufficient to overcome the pieces of evidence proving [H.D. Lee'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, [H.D. Lee] has shown that LEE & OGIVE CURVE DESIGN is a well-known mark. x x x

x x x x

[H.D. Lee's] pieces of evidence satisfy a combination of the criteria 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. [H.D. Lee] 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, continuous and global use of [H.D. Lee's] mark. These pieces of evidence are sufficient enough to consider [H.D. Lee's] mark as well-known internationally and in the Philippines.

Furthermore, there is nothing in the records which explained how [Emerald] 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 [Emerald] conceived these marks gives credence to the position that [H.D. Lee] is the owner and creator of LEE & OGIVE CURVE DESIGN and is, therefore, entitled to the registration of this mark.^[15] (Citations omitted and underlining ours)

Ruling of the CA

Undaunted, Emerald filed a petition for review^[16] under Rule 43 of the Rules of Court, which the CA denied in the herein assailed decision.^[17]

According to the CA, H.D. Lee substantially complied with the procedural requirements in filing before the IPO a petition for registration of the mark "*LEE & OGIVE CURVE DESIGN*."

Further, the CA considered the following factors in H.D. Lee's favor: (1) while the mark "*LEE & OGIVE CURVE DESIGN*" is registered only in India and Greece, with pending application in the Philippines, the "*OGIVE CURVE DESIGN*" is registered and/or applied for registration in about 100 countries;^[18] (2) the inconsistent dates, to wit, 1946 and 1949, which H.D. Lee claimed as the year when it initially used the mark "*LEE & OGIVE CURVE DESIGN*," will not affect its position as being the first and prior user thereof for at least 20 years before Emerald utilized the marks "*DOUBLE REVERSIBLE WAVE LINE*" and "*DOUBLE CURVE LINES*" in 1973 and 1980, respectively;^[19] (3) registration in the Principal Register is limited to the actual owner of the trademark, hence, the Certificate of Registration issued to Emerald by the IPO on May 31, 1982 covering the mark "*DOUBLE CURVE LINES*," which predated the registration in the USA of the mark "*OGIVE CURVE DESIGN*" on April 10, 1984, merely gave rise to a prima facie but rebuttable proof of registrant's ownership of a mark;^[20] (4) even if the mark "*LEE & OGIVE CURVE DESIGN*" is not locally registered, it is entitled to protection as a well-known brand under the IPC and international treaties entered into by the Philippines;^[21] (5) H.D. Lee cannot be blamed regarding the confusing similarity between the marks "*DOUBLE REVERSIBLE WAVE LINE*" and "*OGIVE CURVE DESIGN*" considering that it has been using the

latter design for at least two decades earlier than Emerald;^[22] and (6) it is of judicial notice that in the 1950s movie, "Rebel Without a Cause," James Dean wore H.D. Lee's jeans with the "OGIVE CURVE DESIGN" sewn in the back pockets.^[23]

Emerald moved for reconsideration, pointing out that in G.R. No. 195415,^[24] the Court issued Resolutions, dated November 28, 2012^[25] and January 28, 2013,^[26] which denied with finality H.D. Lee's opposition against Emerald's registration of the mark "*DOUBLE REVERSIBLE WAVE LINE*." In the Resolution dated November 28, 2012, the Court's reasons were unequivocal, viz.:

First, the evidence proffered by [Emerald] sufficiently proves that it has been actually using the mark "**DOUBLE REVERSIBLE WAVE LINE (Back Pocket Design)**" since October 1973. The sales invoices established actual commercial use of the mark more than two months prior to [Emerald's] application for its registration in 1990.

Second, [H.D. Lee] was not able to prove that the mark "**OGIVE CURVE DEVICE**" was well known internationally and in the Philippines at the time of the filing of [Emerald's] application for registration. For a trademark to be protected, the same must be "well known" in the country where protection is sought. Such is not the case here, since the sale of garments in the Philippines bearing [H.D. Lee's] mark "**OGIVE CURVE DEVICE**" began only in 1996. Prior to said date, there was no substantial evidence proving commercial use of goods bearing the mark in the Philippines.^[27]

In the herein assailed Resolution^[28] dated January 6, 2014, the CA denied Emerald's motion for reconsideration. According to the CA, it was belatedly notified of the Court's Resolutions dated November 28, 2012 and January 28, 2013 in G.R. No. 195415 only on April 10, 2013.^[29] Further, even if the aforementioned resolutions were promptly brought to the CA's attention, the rule on "*conclusiveness of judgment*" still finds no application. In G.R. No. 195415, the issue was the non-registrability of Emerald's mark "*DOUBLE REVERSIBLE WAVE LINE*" based on the opposer H.D. Lee's claim that "*OGIVE CURVE DESIGN*" is internationally well-known and legally protected by the Paris Convention and other pertinent trademark laws. The issues, which were resolved, centered on the goodwill and prior use of Emerald's mark in the Philippines.^[30] On the other hand, in CA-G.R. SP No. 12625, from which the petition now before the Court arose, the issue was the non-registrability of H.D. Lee's mark "*LEE & OGIVE CURVE DESIGN*" for being confusingly similar to the marks "*DOUBLE REVERSIBLE WAVE LINE*" and "*DOUBLE CURVE LINES*," which are registered in Emerald's name. The focal issue is "*LEE & OGIVE CURVE DESIGN*'s" alleged international reputation, hence, the dispensability of its prior use in the Philippines.^[31]

The Proceedings Before the Court

In the instant petition for review on *certiorari*,^[32] Emerald argues that the herein assailed decision and resolution are in conflict with the final and executory dispositions rendered in G.R. No. 195415. The Court already upheld the registration of Emerald's mark "*DOUBLE REVERSIBLE WAVE LINE (Back Pocket Design)*," and an Entry of Judgment^[33] was thereafter recorded on March 20, 2013.^[34] Further,