

INTELLECTUAL PROPERTY PRACTICE GROUP UPDATE

APRIL 2013

The Philippine Supreme Court in *Victorio P. Diaz vs. People of the Philippines and Levi Strauss [Phils.] Inc.* (G.R. No. 180677, February 18, 2013) acquitted an accused charged with infringing LEVI's "501" jeans ruling that there is no likelihood of confusion between the expensive boutique brand as against the locally cheaper custom-made denims of the supposed copycat.

LEVI's filed a criminal complaint against Victorio Diaz for violation of Section 155, in relation to Section 170, of Republic Act No. 8293, also known as the Intellectual Property Code for infringement of its registered trademarks particularly the LEVI's "501" jeans. LEVI's claimed that Diaz sold the alleged counterfeit jeans at his tailoring shops in a city just outside Manila.

Diaz admitted being the owner of the shops searched, but disclaimed any criminal liability. Diaz countered that he did not manufacture Levi's jeans, and that he used

NO LIKELIHOOD OF CONFUSION BETWEEN CUSTOM-MADE JEANS VS. READY-TO-WEARS

the label "LS Jeans Tailoring" in the jeans that he made and sold which was also registered with the Intellectual Property Office. He also argued that his shops received clothes for sewing or repair and offered made-to-order jeans. The jeans he produced were easily recognizable because of the label "LS JEANS TAILORING," the names of the customers were placed inside the pockets, and each of the jeans had an "LSJT" red tab; that "LS" stood for "Latest Style;" and that the leather patch on his jeans had two buffaloes, not the two horses of LEVI's.

While the Supreme Court explained that there are two tests to determine likelihood of confusion of trademarks, namely: the dominance test and the holistic test, the Court chose to apply the holistic test following the case of *Emerald Garment Manufacturing Corporation v. Court of Appeal* (G.R. No. 100098, De-

cember 29, 1995), which also involved infringement of jeans.

The *maong* pants or jeans made and sold by LEVI's, which included "501," were very popular in the Philippines. The consuming public knew that the original "501" jeans were under a foreign brand and quite expensive. Such jeans could be purchased only in malls or boutiques as ready-to-wear items, and were not available in tailoring shops like those of Diaz's. Neither can the "501" be acquired on a "made-to-order" basis. Under the circumstances, the consuming public could easily discern if the jeans were original or fake "501," or were manufactured by other brands of jeans.

Diaz used the trademark "LS JEANS TAILORING" for the jeans he produced and sold in his tailoring shops. His trademark was visually and aurally different from the trademark

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“LEVI STRAUSS & CO” appearing on the patch of original jeans under the trademark LEVI’s 501. The word “LS” could not be confused as a derivative from “LEVI STRAUSS” by virtue of the “LS” being connected to the word “TAILORING”, thereby openly suggesting that the jeans bearing the trademark “LS JEANS TAILORING” came or were bought from the tailoring shops of Diaz, not from the malls or boutiques selling original LEVI’S 501 jeans to the consuming public, according to the Court.

The Court also noted that in terms of classes of customers and channels of trade, the jeans made by LEVI’s and the accused cater to different classes of customers and flow through the different channels of trade. The customers of LEVI’s are mall goers belonging to class A and B market group – while those of Diaz are those who belong to class D and E market who can only afford Php300 for a pair of made-to-order pants.

Moreover, based on the certificate issued by the Intellectual Property Of-

fice, “LS JEANS TAILORING” was a registered trademark of Diaz. He had registered his trademark prior to the filing of the present cases. The IPOPHL would certainly not have allowed the registration had Diaz’s trademark been confusingly similar with the registered trademark for LEVI’s “501” jeans.
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