



## 2019 Study Question

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**Consumer survey evidence**

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### I. Current law and practice

***Please answer the below questions with regard to your Group's current law and practice.***

**1.a** Is consumer survey evidence in principle admissible in trademark proceedings? Please answer YES or NO.

Yes

Please Explain

Yes, consumer survey evidence is in principle at least admissible in trademark proceedings. The value of consumer survey evidence is generally recognized in the Philippines as an opinion of an expert witness on a matter requiring special knowledge, skill, experience, or training.<sup>[1]</sup>

On at least one previous occasion, the Supreme Court upheld the admissibility of consumer survey evidence to show likelihood of confusion and ruled that there was an infringement of trademark. It affirmed the findings of the Court of Appeals which gave credence to the expert's testimony on the conduct of the survey and on its results which showed that the infringing trademark was a substantial copy of the registered trademark.<sup>[2]</sup>

#### Footnotes

- <sup>1</sup> [Section 49, Rule 130, Rules of Court.](#)
- <sup>2</sup> [In Venancio Sambar v. Levi Strauss, G.R. No. 132604, 6 March 2002, the Supreme Court affirmed the factual finding of the Court of Appeals in Ca-G.R. CV No. 51553: "Plaintiff's evidence included the testimony of Cristine Castro who conducted a research study on the appellee's arcuate design vis-à-vis appellant's arcuate, and the survey of six hundred respondents shows that the Europress arcuate is a substantial copy of the Levi's arcuate, 63% of the respondents show the Europress arcuate identified it to be Levi's" \[Decision; at pp. 10-11; emphasis supplied\].](#)

**1.b** Are there specific statutory provisions in your law governing consumer survey evidence?  
If YES, what do they state and do they specifically concern trademark matters or do they have a more general nature?

No

Please Explain

No. There are *no* specific *statutory* provisions governing consumer survey evidence. However, under Section 4, Rule 18 of the Rules of Procedure for Intellectual Property Rights Cases promulgated by the Supreme Court, [1] evidence in cases not involving an identical sign or mark used for identical goods or services, should relate to confusion of a purchaser and not an onlooker:

SEC. 4. Likelihood of confusion in other cases. – In determining whether one trademark is confusingly similar to or is a colorable imitation[2] of another, the court must consider the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods. Visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace must be taken into account. Where there are both similarities and differences in the marks, these must be weighed against one another to see which predominates.

In determining likelihood of confusion between marks used on nonidentical goods or services, several factors may be taken into account, such as, but not limited to:

- a) the strength of plaintiff's mark;
- b) the degree of similarity between the plaintiff's and the defendant's marks;
- c) the proximity of the products or services;
- d) the likelihood that the plaintiff will bridge the gap;
- e) evidence of actual confusion;
- f) the defendant's good faith in adopting the mark;
- g) the quality of defendant's product or service; and/or
- h) the sophistication of the buyers. (Underscoring supplied)

Undeniably, consumer survey evidence is the most logical and appropriate proof of actual confusion in trademark infringement cases. This is necessarily so, because the issue of likelihood of confusion goes into the *state of mind of, not just one person, but of the relevant public*. To prove such state of mind, the plaintiff in an infringement case cannot just present a *few* members of the buying public as witnesses. In one case[3] the Supreme Court quipped that "(T)he mere fact that two or more customers of the plaintiffs thought of the probable identity of the products sold by one and the other is not sufficient proof of the supposed confusion that the public has been led into by the use of the name adopted by the defendants." Since one cannot present all members of the relevant public, the logical (if not the only) and practical solution is to commission an independent survey, conducted in a scientific manner, and present the results thereof in court.

#### Footnotes

1. [^](#) A.M. 10-3-10-SC, 18 October 2011.
2. [^](#) *Colorable imitation denotes such a close or ingenious imitation as to be calculated to deceive ordinary persons, or such a resemblance to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, as to cause him to purchase the one supposing it to be the other.*
3. [^](#) Cf. *Ang Si Heng v. Wellington*, 92 Phil. 448(1953)

**If you have answered NO to Q1)a), please skip Q2)-Q5) and proceed to Q6); If you have answered YES to Q1)a), please proceed to Q2).**

**2.a** Is consumer survey evidence admitted in all types of trademark proceedings (see also para. 13 in the full text of the Study Guidelines which can be found at the top of this webpage)?

Yes

Please Explain

Yes, consumer survey evidence is admitted in all types of trademark proceedings, namely: 1) opposition proceedings, [1] 2) cancellation proceedings,[2] and 3) infringement proceedings.

#### Footnotes

1. [^](#) *Ginebra San Miguel Inc. v. Tanduay Distillers Inc.*, Appeal No. 14-09-28, IPC No. 14-2007-00196, September 24, 2013, is an opposition to the application for the registration of the mark "Ginebra Kapitan" filed by Tanduay Distillers, Inc.
2. [^](#) *Levi Strauss & Co. v. Antonio Sevilla*, IPC No. 4216, January 29, 2009, is a petition for cancellation filed by Levi Strauss against Antonio Sevilla to cancel the registration of the mark "LIVE'S" under Certificate of Registration No. 53918 issued on 16 November 1992 for Class 25 goods.

**2.b** If consumer survey evidence is not admitted in all types of trademark proceedings, in which types is it admitted and in which types is it not (e.g. opposition proceedings, revocation, proceedings, infringement proceedings)?

Consumer survey evidence is admitted in all types of trademark proceedings.

**3.a** What can consumer survey evidence prove or help prove (e.g. confusion, acquired distinctiveness; see also para. 14 in the full text of the Study Guidelines which can be found at the top of this webpage)?

In trademark infringement cases, consumer survey evidence can prove or help prove actual and/or likelihood of confusion, [1] existence of secondary meaning,[2] brand association,[3] and distinctiveness.[4] Consumer survey evidence is also useful in determining whether a particular brand has achieved a reputation as a well-known mark. [5] It also helps prove intent to ride on the goodwill, [6] dilution or other negative impact on goodwill, and the extent of any harm or damage to the rights holder. [7]

#### Footnotes

1. [^](#) *San Miguel Purefoods Company Inc. v. Foodsphere Inc.*, IPV No. 10-2010-00017, July 17, 2012.
2. [^](#) *Matimco Inc. v. Director of the Bureau of Trademarks*, Appeal No. 04-07-02, April 21, 2008.
3. [^](#) *Tanduay Distillers Inc. v. Ginebra San Miguel Inc.*, GR No. 164324, August 14, 2009, and *Beecham Group, P.L.C. v. Daewong Pharma Philippines Inc.*, IPC No. 14-2010-00042, April 5, 2011.
4. [^](#) *Beecham Group P.L.C. v. D.B. Manix International Corp.*, IPC No. 14-2009-00244, June 15, 2011.
5. [^](#) *Tanduay Distillers Inc. v. Ginebra San Miguel Inc.*, GR No. 164324, August 14, 2009.
6. [^](#) *San Miguel Purefoods Company Inc. v. Foodsphere Inc.*, IPV No. 10-2010-00017, September 10, 2013 ultimately affirmed in *San Miguel Purefoods Company Inc. v. Foodsphere Inc.*, G.R. No. 217781, June 20, 2018

7. [^](#) *Tanduy Distillers Inc. v. Ginebra San Miguel Inc.*, GR No. 164324, August 14, 2009.

**3.b** What is consumer survey evidence most used for in practice to prove or help prove (e.g. confusion, acquired distinctiveness; see also para. 14 in the full text of the Study Guidelines which can be found at the top of this webpage)?

However, survey evidence has not been always accepted by the Supreme Court. For example, in *Levi Strauss v. Clinton*<sup>[1]</sup> consumer survey evidence was offered to prove distinctiveness of the Dockers and Design™ trademark and its brand association with the petitioner. The interviewees in that survey were shown a pair of Dockers pants from a distance of five feet and were asked to identify the brand of said pants (a “top of mind” test to determine association). Eighty seven percent (87%) of the interviewees (almost 9 out of 10) correctly identified the Dockers pair at first glance. This, according to petitioner, clearly indicated that Levi Strauss’s “Dockers and Design” trademark was very strong, distinctive, and most important of all, widely known to the public at large. However, the Supreme Court brushed aside the consumer survey evidence as “not sufficient” for failing to establish that the “Dockers and Designs” trademark had acquired a strong degree of distinctiveness. No reason why was given.

The *Clinton* case also illustrated that survey evidence cannot establish dilution by tarnishment. Generally, there are two forms of trademark dilution – dilution by *blurring* where the subsequent use blurs the distinctiveness of the mark, and dilution by *tarnishment* where the subsequent use disparages it. In the context of the *Clinton* case, what was actually sought to be proven by petitioner was dilution by blurring, and not tarnishment. According to petitioner Levi Strauss, the consumer survey evidence it presented confirmed the presence of dilution by blurring, in that Clinton’s use or imitation of Levi Strauss’ logo was eroding the ability of the “Dockers and Design” trademark to distinguish Dockers products, and made it prone to be confused with the “Paddocks and Design” mark. Unfortunately, the Supreme Court applied the elements of dilution by tarnishment by highlighting the requirement that the subsequent use should *defame* petitioner’s mark. Thus, upon finding that the elements of dilution by tarnishment were not present, the Court denied petitioner’s claim based on consumer survey evidence.

Lastly, it would seem that it aims to establish confusion, the survey ought to have stimulated point of sale conditions. In *Levi Strauss (Phils.), Inc. v. Lim*,<sup>[2]</sup> the survey involved Levi’s and Live’s pants which were shown to respondents at a distance of five feet, without the sundry carton items and tags, and without the respondents being allowed to touch the items. The Court said that-

“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”.

#### Footnotes

1. [^](#) G.R. No. 138900, September 20, 2005.
2. [^](#) G.R. No. 162311, December 4, 2008, 573 SCRA 25

**4.a** Are there specific requirements for surveys, e.g. as to the way of conducting the survey (e.g. internet or email survey, telephone survey, shopping mall interrupt surveys), the number and selection of respondents, the appropriate form and order of survey questions and the use or nature of controls? If so, which?

No

Please Explain

No, there is *no* specific provision under Philippine law enumerating the requirements for the conduct of surveys. Note, however, the ruling in *Levi Strauss (Phils.), Inc. v. Lim* which would seem to require that a survey to establish confusion must be a point of sale survey where the respondents must have close access to the items.

**4.b** If your answer to Q4a) is NO, what characteristics do surveys generally have, e.g. as to the way of conducting the survey, the number and selection of respondents, the appropriate form and order of survey questions and the use or nature of controls?

Apart from Section 4, Rule 18 of the Rules of Procedure for Intellectual Property Rights Cases and the pronouncements in *Levi Strauss (Phils.), Inc. v. Lim*, there have been no set standards on the specific design and details of survey evidence.

In general, surveys have the following characteristics: 1) integrity; 2) independence; and 3) reliability. Applying these general characteristics, consumer survey evidence must be able to demonstrate the following in conducting the survey and determining the number and selection of survey respondents, appropriate form and order of survey question, and the use or nature of controls, as follows:

The accepted principles of survey research, namely that: (1) the proper 'universe' was selected and examined; (2) a representative sample was drawn from that universe; (3) a fair and correct method of questioning the interviewees was used; (4) the persons conducting the survey were recognized experts; (5) the data gathered was accurately reported; (6) the sample, the questionnaire, and the interviewing were in accordance with generally accepted standards of objective procedure and statistics in the field of such surveys; (7) the sample and the interviews were conducted independently of the attorneys in the case; and (8) the interviewers were adequately trained in the field and had no knowledge of the litigation or the purposes for which the survey was to be used. [1]

#### Footnotes

1. [Libatique and Mutiangpili \(2013\)](#). "Survey Evidence: Yes or No?" citing *G. Heileman Brewing Co. v. Anheuser-Busch* 873 F.2d 985 citing *Handbook of Recommended Procedures for the Trial of Protracted Cases*, 25 F.R.D. 351, 429 (1960) available at <http://www.iplaw.ph/views-Survey-Evidence-Yes-or-No.html> and last accessed on 21 March 2019.

**5.a** Are specific percentages of respondents answering certain questions required or sufficient to prove certain items? If so, which?

No

Please Explain

None.

**5.b** What percentages of respondents answering certain questions are typically deemed insufficient?

None. Of course, the greater the number of respondents and the lower the range of error, the more reliable the survey is.

**6** Is the court or IP office involved in the set-up of the survey, or can it be, and, if so, to what extent?

No

Please Explain

We are unaware of any cases where the courts and the IPO were involved in the set-up of the survey. They only acted as judges in scrutinizing the methodology, credibility of the results and conclusions based on the survey.

**7** What weight or value is generally given by the court or IP office to consumer survey evidence, if such is admitted, and which factors are relevant in considering the extent of such weight or value?

While consumer survey evidence is generally admissible, the Supreme Court has had a restrictive view on its probative value:

1. In *Levi Strauss v. Clinton*, the Court did not brand the consumer survey evidence as inadmissible, although said it was “not sufficient”, without explaining why or how. Agreeing with the Court of Appeals, it observed that the consumer survey evidence presented by petitioners to support their contentions was commissioned by petitioners themselves. [\[1\]](#)
  
1. In *Levi Strauss v. Lim*, the Court questioned the conduct of survey wherein the interviewees were shown of actual samples of petitioner’s and respondent’s respective products, approximately five (5) feet away from them. It ruled that the survey “ignored” that the ordinary buyer would be able to closely scrutinize (even fit) the jeans and consider the price of the competing goods when choosing a brand of jeans. [\[2\]](#)
  
1. In *Tanduay Distillers Inc. v. GSMI*, the Court did not grant injunctive relief to Ginebra San Miguel, Inc. (GSMI). The Supreme Court said that “a cloud of doubt exists” over GSMI’s exclusive right to use the word “Ginebra” despite the unrefuted consumer survey evidence. [\[3\]](#)
  
1. In *San Miguel Purefoods v. Foodsphere*, one of the errors raised by San Miguel Purefoods was the ruling of the Director General of Intellectual Property Office (IPO) that its consumer survey evidence was “self-serving”. The Supreme Court did not even discuss that point and proceeded to affirm the factual findings of the Director General which dismissed outright the survey as hearsay even before going over the merits of the survey results. [\[4\]](#)

Notably, the Supreme Court in the aforementioned cases did not rule directly on the probative value or weight that should be accorded to consumer survey evidence in trademark proceedings. It only affirmed the factual finding of the lower courts or IP office without citing any law or jurisprudence in denying the claim based on consumer survey evidence.

#### Footnotes

1. [^](#) G.R. No. 138900, September 20, 2005.
2. [^](#) G.R. No. 162311, December 4, 2008.
3. [^](#) G.R. No. 164324, August 14, 2009.
4. [^](#) G.R. No. 217781, June 20, 2018 affirming the factual findings of the Director General in IPV No. 10-2010-00017, September 10, 2013.

## II. Policy considerations and proposals for improvements of your Group's current law

**8** Could any of the following aspects of your Group's current law or practice relating to consumer survey evidence be improved? If YES, please explain.

**8.a** Types of trademark proceedings in which survey evidence is admissible;

No

Please Explain

**8.b** What survey evidence can prove or help prove;

No

Please Explain

**8.c** Requirements of surveys;

No

Please Explain

**8.d** The application, or lack thereof, of bench-mark percentages;

No

Please Explain

**8.e** The weight or value given to consumer survey evidence.

Yes

Please Explain

Yes. The Philippine courts have developed two tests to determine likelihood of confusion: the dominance test and holistic test. The dominance test focuses on the similarity of the main, prevalent, or essential features of the competing trademarks that might cause confusion. The holistic test considers the entirety of the marks, including labels and packaging, in determining confusing similarity. [\[1\]](#)

The present law, Republic Act No. 8293, otherwise known as the Intellectual Property Code, follows the dominance test. Sec. 155. 1 thereof defines infringement as "(U)se in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a *dominant feature thereof* in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive".

Under the Dominance test, "[c]ourts will consider more the aural and visual impressions created by the marks in the public mind, giving little weight to factors like prices, quality, sales outlets and market segments." [\[2\]](#) If so, then there ought to be a re-examination of the *Levi Strauss v. Lim* ruling which rejected the survey evidence because it was not a point of sale survey. There, the factors insisted on by the Court- that the respondent be a purchaser, that he be able to closely scrutinize the item and fit it, and that he consider the price- will be not be controlling.

Limiting confusion to point-of sale-confusion by a purchaser is problematic as it does not consider misuse of a trademark with no confusion at all. Following this concept, so long as the infringing trademark is combined with a secondary device or word which is not confusing, there will be no infringement. This will lead to absurdity as it will allow a junior user to copy or colorably imitate the logo of another manufacturer or dealer so long as he or she employs a different brand name, or takes care to sell only at clearly designated stores. May a local car assembler or jeep manufacturer use the world-renowned logos/emblems of Mercedes Benz, Toyota, and Honda, in conjunction with its own corporate name? May a fly-by-night lending company appropriate the logos/emblems of financial giants such as Citibank, and Hong Kong and Shanghai

Banking Corp.together with its own unknown business name?

As the function of trademark is to associate a product with its manufacturer, the courts should not require that a purchaser is likely to be confused by the trademarks of the two products. The courts should recognize that dilution of trademark does not require the element of confusion.<sup>[3]</sup> It suffices that there is wrongful use of trademark which leads to its loss of distinctiveness (dilution by blurring) or disparagement (dilution by tarnishment). As earlier discussed, the essence of dilution by blurring is the erosion of the distinctiveness, or the capacity to distinguish, of the mark sought to be protected.

To address this problem, the courts must consider post-sale confusion of an onlooker or a second-potential purchaser which is aptly explained in this illustration:

Post-purchase confusion is really non-purchaser presale confusion. For example, consumer A purchases some goods and, later, consumer B sees consumer A using the goods. Consumer B can be confused as to the goods, which impacts on consumer B's potential purchase or decision to buy the good in the future. Thus, the initial purchase by consumer A took place, with or without any confusion, but the second-potential purchase by consumer B may be clouded with confusion.

Such a situation can arise when consumer A purchases sneakers bearing a trademark confusingly similar to a popular brand name sneaker. If the sneakers portray some poor quality or workmanship, consumer B might wrongly attribute these defects to the more popular sneaker. This may negatively impact the sales of the brand name sneaker. Post purchase confusion is especially troublesome where point of purchase displays are used to minimize or destroy point of purchase confusion. In post-purchase confusion, these disclaimers are not available for the non-point of sale purchaser to observe. <sup>[4]</sup> (Underscoring supplied)

The proper perspective of the courts and the IPO, therefore, should be to *protect* the trademark owner, rather than to require point-of-sale confusion and let the wise infringer escape liability by simply adding, removing, or changing some letters of a registered mark. Even if there is zero percent (0%) chance of confusion in that particular case, still, appropriation of registered trademark does not make it right.

#### Footnotes

1. <sup>^</sup> *Societe Des Produits Nestle v. Dy*, G.R. No. 172276, August 8, 2010.
2. <sup>^</sup> *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, G.R. No. 143993, 18 August 2004, 437 SCRA 10
3. <sup>^</sup> *Levi Strauss v. Clinton*: "[t]rademark dilution is the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence of: (1) competition between the owner of the famous mark and the other parties; or (2) likelihood of confusion, mistake, or deception."
4. <sup>^</sup> *Shashank Upadhye, Trademark Surveys: Identifying the Relevant Universe of Confused Consumers*, 8 *Fordham Intell. Prop. Media & Ent. L. J.* 549, 2006.

**9** Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

Please Explain

No, there are no other policy considerations and/or proposals for improvement.

### III. Proposals for harmonisation



**Please consult with relevant in-house / industry members of your Group in responding to Part III.**

**10** Do you believe that there should be harmonisation in relation to consumer survey evidence?

Yes

Please Explain

**If YES, please respond to the following questions without regard to your Group's current law or practice.  
Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.**

**11** Should consumer survey evidence in principle be admissible in trademark proceedings? Please answer YES or NO.

Yes

Please Explain

**2.a** Should consumer survey evidence be admitted in all types of trademark proceedings (see also para. 13 in the full text of the Study Guidelines which can be found at the top of this webpage)?

Yes

Please Explain

**2.b** If consumer survey evidence should not be admitted in all types of trademark proceedings, in which types should it be admitted and in which types should it not be admitted (e.g. opposition proceedings, revocation, proceedings, infringement proceedings)?

Consumer survey evidence is admitted in all types of trademark proceedings.

**13** What should consumer survey evidence be allowed to prove or help prove (e.g. confusion, acquired distinctiveness; see also para. 14 in the full text of the Study Guidelines which can be found at the top of this webpage)?

Consumer survey evidence should prove or help prove the following:

- a. actual and/or likelihood of confusion;
- b. existence of secondary meaning;
- c. brand association;
- d. distinctiveness;
- e. reputation as a well-known mark;

- f. intent to ride on the goodwill;
- g. dilution or other negative impact on goodwill; and
- h. the extent of any harm or damage to the rights holder.

**14** Should there be specific requirements for surveys, e.g. as to the way of conducting the survey (e.g. internet or email survey, telephone survey, shopping mall interrupt surveys), the number and selection of respondents, the appropriate form and order of survey questions and the use or nature of controls? If so, which?

No

Please Explain

**5.a** Should specific percentages of respondents answering certain questions be required or deemed sufficient to prove certain items? If so, which?

No

Please Explain

**5.b** What percentages of respondents answering certain questions should be deemed insufficient?

No specific percentage. Of course, the greater the number of respondents and the lower the range of error, the more reliable the survey is.

**16** Should the court or IP office be involved in the set-up of the survey and, if so, to what extent?

No

Please Explain

**17** What weight or value should be given by the court or IP office to consumer survey evidence, if such is admitted, and which factors should be relevant in considering the extent of such weight or value?

The court or IP office should give considerable weight or value to consumer survey evidence. The factors relevant in considering the extent of such weight or value are the integrity, independence, and reliability of the survey conducted.

**18** Please comment on any additional issues concerning any aspect of consumer survey evidence you consider relevant to this Study Question.

The courts must consider point-of-sale confusion of an onlooker or a second-potential purchaser to determine if there is trademark infringement. Any wrongful use of trademark, even without confusion, should be a basis of liability for trademark infringement.

**19** Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

Food and Beverage Industry