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| Date | July 22, 1977 | Court | Tokyo District Court |
| Case number | 1973 (Wa) 2198 | | |
| – A case in which the defendant companies engaged in manufacturing and selling stage sets, etc. reproduced a design for stage sets created by another company, in an attempt to use it for their business as reference material for creating the stage sets they had undertaken under contract, the court determined that their act of reproduction does not fall within the scope of private use prescribed in Article 30 of the Copyright Act. | | | |

References: Article 30 of the Copyright Act

Number of related rights, etc.: None

Summary of the Judgment

1. The plaintiff (a stock company) holds copyright for the design (the "Work") of a set of stage sets to be installed in the national theater owned by the Korean Government (the "Stage Sets"), which was created by the plaintiff's employees in the course of performing their duty. The plaintiff alleged that after the plaintiff submitted a reproduction of the Work (the "First Design") to the Korean Government, Defendant 1 and its subcontractor, Defendant 2, in conspiracy, acquired the First Design and copied it without the plaintiff's authorization, thereby creating a design by changing only the name of the creator from the plaintiff to Defendant 2, and afterwards Defendant 1 submitted the copy to the Korean Government. In case this allegation was not acceptable, the plaintiff has also made an alternative allegation that the defendants created another design by using the copy of the First Design and changing the name of the checker and the date of creation, and delivered it to two stage curtain companies. Based on these allegations, the plaintiff claimed damages against the defendants for copyright infringement.

2. In this judgment, the court entirely upheld the plaintiff's claim, making the findings and determinations as follows.

(1) The Korean Government approached the plaintiff and asked it to submit a design and specification if it wished to participate in the competitive bidding for the creation of the Stage Sets. In response to this offer, the plaintiff submitted the First Design to the Korean Government.

In the competitive bidding for the creation of the Stage Sets, Company 1 (which is not a party to this case) made a successful bid. The company gave a contract for this project to Defendant 1, which then subcontracted the project to Defendant 2.

An employee of Defendant 1 borrowed drawings from officials of the Korean Government which were identical in content with the First Design and which carried

the official seal of approval by the Office of Supply, Government of the Republic of Korea, and the plaintiff's name entered as the name of the creator. The employee requested the representative director of Defendant 2 to create drawings by reproducing said borrowed drawings, as reference materials of Defendant 1. On this occasion, the representative director of Defendant 2 created two copies of said drawings by altering the name of the creator from the plaintiff to Defendant 2 and by also altering the name of the checker and the date of creation. The representative director of Defendant 2 preserved one of them as materials for in-house use by Defendant 2, while delivering said drawing to Company 3 (which is not a party to this case), which had received a contract for the installation of stage curtains, etc. for the Stage Sets from the Korean Government.

Based on these facts, the employee of Defendant 1 and the representative director of Defendant 2, jointly created drawings by reproducing drawings that were identical with the First Design without the plaintiff's authorization, and hence they should be held to have reproduced the First Design.

(2) Article 30 of the Copyright Act provides that a user may reproduce a work if the reproduction is for personal or family use or for any other use of a similarly limited scope. However, if a company or any other organization reproduces a work for its in-house business use, such use can be regarded neither as personal use nor as use within a limited scope similar to family use, and therefore it is appropriate to consider that said use does not fall within the scope of private use prescribed in said Article.

It is obvious that the defendants reproduced the First Design for in-house use, and their act of reproduction does not fall within the scope of private use prescribed in Article 30 of the Copyright Act, and hence it cannot be said that they did not need to obtain authorization from the plaintiff. Consequently, the defendants should be held to have infringed the plaintiff's copyright.

Judgment rendered on July 22, 1977

1973 (Wa) 2198

Judgment

(Indication of the parties is omitted)

Main text

1. Each of the defendants shall pay to the plaintiff 5 million yen and the amount accrued thereon at the rate of 5% per annum for the period from April 14, 1973, until the date of completion of payment.
2. The defendants shall bear the court costs.
3. This judgment may be executed provisionally.

Facts

No. 1 Judicial decisions sought by the parties

I. Plaintiff

1. Same as paragraphs 1 and 2 of the main text
2. Declaration of provisional execution

II. Defendants

1. The plaintiff's claim shall be dismissed.
2. The plaintiff shall bear the court costs.

No. 2 Plaintiff's statement of claim

I. The plaintiff is a stock company established for the purpose of manufacturing and selling transportation equipment, stage sets, game machines, etc. During the period from August 1967 to May 1968, the plaintiff's employees engaged in its business created a design of a set of stage sets consisting of 13 sheets of drawings (Exhibit Ko 1; hereinafter referred to as the "Work") in the course of performing their duty, and the plaintiff acquired copyright for the Work (hereinafter referred to as the "Copyright").

II. The government of the Republic of Korea (hereinafter referred to as the "Korean Government") had planned to install stage sets in the government-owned national theater (hereinafter referred to as the "Stage Sets") and approached Japanese stage set manufacturers concerning their interest in this project. In early December 1969, through the intermediation of Lee Hee Tae Design Office and Marunouchi Shoko Kabushiki Kaisha, both of which were located in Seoul and are not parties to this case, the Korean Government approached the plaintiff concerning its interest in creating the Stage Sets as a whole, and asked it to submit a design and specification if it wished to undertake this

project. In order to respond to this offer, around that time, the plaintiff submitted to the Korean Government a design consisting of 13 sheets of drawings created by reproducing the Work (hereinafter referred to as the "First Design") and other necessary documents. The plaintiff made a bid of 380,000 dollars in the competitive bidding held on December 16, 1969, to decide the creator of the Stage Sets.

III. Defendant Toho Stage Craft Co., Ltd. (hereinafter referred to as "Defendant Toho Stage Craft") made a bid of 280,000 dollars in the abovementioned competitive bidding held on December 16, 1969, and won the bid, and then gave Defendant Fuji Industry Corp. (hereinafter referred to as "Defendant Fuji Industry") a contract to create the stage sets as a whole that were subject to this successful bidding. Before this competitive bidding, the defendants, in conspiracy, secretly acquired the First Design that the plaintiff had already submitted to the Korean Government, reproduced it without the plaintiff's authorization and thus created a design which was identical in content with the First Design by changing nothing except for the change of the name of the creator from the plaintiff to Defendant Fuji Industry (Exhibit Ko 2; hereinafter referred to as the "Second Design"). Defendant Toho Stage Craft then submitted the Second Design to the Korean Government.

IV. Even if this allegation were not acceptable, the plaintiff has also made an alternative allegation that around February 1970, the defendants, in conspiracy, secretly acquired the First Design that the plaintiff had already submitted to the Korean Government around early December 1969, reproduced it without the plaintiff's authorization, thus created the Second Design which was identical in content with the First Design by changing the name of the creator from the plaintiff to Defendant Fuji Industry and also changing the name of the checker and the date of creation, and that around 1972, the defendants then delivered the Second Design to stage curtain companies, Marusho Co., Ltd. (hereinafter referred to as "Marusho") and Kawashima Textile Manufacturers Ltd., both of which are not parties to this case.

V. The unauthorized reproduction of the First Design by the defendants infringed the Copyright held by the plaintiff. The defendants, at that time, knew of the existence of the plaintiff's Copyright or could have known it if at least they had not failed to exercise due care as needed in transactions, and hence they are liable to compensate for the damage sustained by the plaintiff from the infringement of the Copyright.

VI. The plaintiff sustained damage as follows.

The plaintiff would normally receive payment of 5 million yen as a design fee for the use of the Work, and in this respect, it sustained damage equivalent to this amount.

VII. Accordingly, the plaintiff seeks against each of the defendants the payment of the

amount of damage, 5 million yen, with delay damages accrued thereon at the rate of 5% per annum as provided for in the Civil Code, for the period from April 14, 1973, the day following the date of service of the complaint of this action: which was after the commission of the tort in question, until the date of completion of payment.

No. 3 Defendants' answers and allegations in response to the plaintiff's statement of claim

I. Among the matters mentioned in Section I of the plaintiff's statement of claim, the defendants have no knowledge of the time of the creation of the Work as alleged by the plaintiff, and they admit the rest.

II. Among the matters mentioned in Section II of the plaintiff's statement of claim, the defendants admit the fact that the Korean Government held a competitive bidding on December 16, 1969, to decide the creator of the stage sets to be installed in the government-owned national theater, and they have no knowledge of the rest.

III. Among the matters mentioned in Section III of the plaintiff's statement of claim, the defendants admit the fact that Defendant Fuji Industry received a contract to create the Stage Sets as a whole upon the order from Defendant Toho Stage Craft, whereas they deny the rest.

The contract to create the Stage Sets was won by Yamamoto Sangyo Kabushiki Kaisha (hereinafter referred to as "Yamamoto Sangyo"), which is not a party to this case, by a bid of 364,157 dollars. Defendant Toho Stage Craft received a contract for the creation from Yamamoto Sangyo, and then subcontracted this project to Defendant Fuji Industry. During the procedure of this competitive bidding, Yamamoto Sangyo submitted to the Korean Government the design created by Defendant Fuji Industry (which is identical in content with the drawings produced as Exhibit Otsu 1). This design is different from the Second Design, which the plaintiff alleges to have been created by reproducing the First Design.

IV. Among the matters mentioned in Section IV of the plaintiff's statement of claim, the defendants admit the fact that Defendant Fuji Industry created drawings of the same content as the First Design that the plaintiff had submitted to the Korean Government in December 1969, and that when creating them, Defendant Fuji Industry changed the name of the creator, the name of the checker, and the date of creation as alleged by the plaintiff, whereas they deny the rest.

V. The defendants deny the matters mentioned in Sections V and VI of the plaintiff's statement of claim.

No. 4 Defense raised by the defendants as to the facts alleged in Section IV of the plaintiff's statement of claim

Defendant Toho Stage Craft received a contract to create the Stage Sets from Yamamoto Sangyo. Subsequently, around February 1970, for the purpose of conducting a survey to confirm places to install sets, Defendant Toho Stage Craft borrowed drawings from the officials of the Culture and Information Department of the Korean Government, as drawings showing the conditions of installation on the stage. These drawings were identical in content with the First Design and carried the official seal of approval by OSROK. On this occasion, Defendant Toho Stage Craft made copies of these drawings with a view to using them as its in-house reference materials regarding said places to install sets. Also around that time, Defendant Fuji Industry made copies of said drawings and preserved them with a view to using them as its in-house materials for preservation, and on this occasion, it entered its own name as the creator in these copies. Subsequently, around 1972, Defendant Fuji Industry lent these copies of drawings to Marusho, which had undertaken the creation of stage curtains, etc. for the Stage Sets from the Korean Government, but this does not constitute the use of a work.

Based on these grounds, even if the defendants reproduced the First Design, they did so only for their private use, and therefore they did not need to obtain authorization from the plaintiff for the reproduction.

No. 5 Plaintiff's answer in response to the defense raised by the defendants

The plaintiff disputes the facts alleged by the defendants as their defense.

The defendants provided the stage curtain company with the drawings that they allege to be their materials for preservation, and it is obvious that these drawings cannot be deemed to have been created for private use as prescribed in Article 30 of the Copyright Act.

No. 6. Evidence (omitted)

Reasons

I. Existence and ownership of the Copyright

There is no dispute between the parties over the facts mentioned in Section I of the plaintiff's statement of claim, except for the fact concerning the time of the creation of the Work.

Furthermore, by putting together Exhibit Ko 1, which is indisputably authentic, as well as Witness A's testimony, it is found that the plaintiff's employees engaged in its business created the Work under the plaintiff's order during the period from around August 1967 throughout 1968, and there is no evidence that can overturn this finding.

Based on these facts, the plaintiff should be held to have acquired copyright for the Work.

II. Whether the Copyright has been infringed

1. The plaintiff alleges that during the procedure of the competitive bidding for the Stage Sets, the defendants reproduced, without the plaintiff's authorization, the First Design created by the plaintiff. This court first examines this point. Among the matters mentioned in Section II of the plaintiff's statement of claim, there is no dispute between the parties over the fact that the Korean Government held a competitive bidding on December 16, 1969, to decide the creator of the Stage Sets to be installed in the government-owned national theater.

By putting together this fact in combination with Exhibit Ko 1 mentioned above and the testimony given by Witnesses A, B, and C, the following facts can be found.

(1) Around the summer of 1967, before said competitive bidding was held, the plaintiff received a request from the Korean Government to act as its consultant and create basic drawings and a specification of the Stage Sets. The plaintiff accepted this request, and as shown in the findings mentioned above, the plaintiff caused its employees engaged in its business to create the Work, for which the plaintiff's name was entered as the creator, during the period from around August 1967 throughout 1968, as well as a specification, and submitted a copy of the Work and this specification to the Korean Government in 1968.

(2) The Korean Government, since around 1968, had approached Japanese stage set manufacturers concerning their interest in creating the Stage Sets. Around November 1969, the Korean Government also approached the plaintiff and asked it to submit a design and specification if it wished to participate in the competitive bidding for the creation of the Stage Sets. In response to this offer, around December 1969, the plaintiff submitted to the Korean Government the First Design, which is a copy of the Work, and other necessary documents.

(3) In addition to the plaintiff, Yamamoto Sangyo and Morihei Butai Kiko Co., Ltd., which is not a party to this case, participated in said competitive bidding. Before this, around November 1969, the Korean Government delivered to Yamamoto Sangyo, etc. a design and specification as reference materials for creating a design and specification that were required to be submitted to make a bid.

(4) Around November 1969, Defendant Toho Stage Craft received a request from Yamamoto Sangyo to create a design and specification required for said competitive bidding, and received said reference materials from the Korean Government. Around that time, Defendant Toho Stage Craft requested its subcontractor, Defendant Fuji Industry, to create said design and specification and delivered said reference materials to the company. Using said reference materials, Defendant Fuji Industry created the design and specification discussed later, and delivered them to Defendant Toho Stage Craft.

Then, around that time, Defendant Toho Stage Craft delivered these to Yamamoto Sangyo.

(5) Subsequently, during the procedure of said competitive bidding held on December 16, 1966, Yamamoto Sangyo submitted to the Korean Government said design and specification created by Defendant Fuji Industry and made a successful bid. Around that time, Yamamoto Sangyo gave a contract to Defendant Toho Stage Craft to create the Stage Sets, and then, around that time, Defendant Toho Stage Craft subcontracted this project to Defendant Fuji Industry (there is no dispute between the parties over the fact that Defendant Fuji Industry received the subcontract for this project from Defendant Toho Stage Craft).

Thus, these facts are found, and there is no evidence that can overturn these findings.

The plaintiff alleges that during the procedure of said competitive bidding, the defendants created the design mentioned in (4) above by reproducing the First Design created by the plaintiff. However, Witness A's testimony that is consistent with this allegation cannot be trusted easily as compared to other evidence discussed later, and there is no evidence to accept that allegation.

Instead, by putting together Exhibit Otsu 1, which is found to be authentic based on Exhibit Ko 1 and the testimony given by Witnesses B and C mentioned above, in combination with Objects of Observation Otsu 1 to 4, which are found to be the original drawings as alleged by the defendants, and the testimony given by Witnesses B and C, the following facts can be found. [i] The design among the reference materials for said bidding that Yamamoto Sangyo received from the Korean Government consisted of about four sheets of drawings, which were the design drawings of the Stage Sets created by Lee Hee Tae Design Office located in Seoul. [ii] Around November 1969, by using said design as a reference, Defendant Fuji Industry created 19 sheets of design drawings of said stage sets (Objects of Observation Otsu 1 to 4 are Sheets 1, 2, 18, and 19 among said 19 sheets), and delivered the design created by reproducing them (which is identical in content with the drawings produced as Exhibit Otsu 1) to Yamamoto Sangyo via Defendant Toho Stage Craft, and Yamamoto Sangyo then submitted it to the Korean Government. [iii] Said design created by Lee Hee Tae Design Office is not identical in content with the First Design created by the plaintiff, and Defendant Fuji Industry, in the course of creating said 19 sheets of design drawings, did not reproduce the First Design created by the plaintiff.

Exhibit Otsu 1 and Objects of Observation 1 to 4 mentioned above are marked with "February 13, 1970" as the date of creation. However, according to the testimony given

by Witnesses B and C, it is clear that although these articles were initially marked with dates in November 1969, Defendant Fuji Industry subsequently altered the dates of creation as February 13, 1970, in order to reuse them as part of the approved drawings regarding the Stage Sets which were to be submitted to the Korean Government. Therefore, the entries of said date in these articles cannot be deemed to be the proper evidence to find that said articles were created as of said date and they cannot affect the findings referred to in the preceding paragraph.

Consequently, the plaintiff's allegation mentioned above is groundless.

2. The plaintiff further alleges that around February 1970, after said competitive bidding was held, the defendants reproduced, without the plaintiff's authorization, the First Design created by the plaintiff. This court next examines this point. Among the facts mentioned in Section IV of the plaintiff's statement of claim, there is no dispute between the parties over the fact that Defendant Fuji Industry created drawings of the same content as the First Design that the plaintiff had submitted to the Korean Government around December 1969, and that when creating them, Defendant Fuji Industry changed the name of the creator, the name of the checker, and the date of creation as alleged by the plaintiff.

By putting together Exhibit Ko 2, which is found to be supported by the original and indisputably authentic based on the abovementioned fact as well as Witness D's testimony, in combination with Exhibit Otsu 3, and the testimony given by Witnesses B, C, and D, the following facts can be found. [i] Defendant Toho Stage Craft, as shown in the findings mentioned above, received a contract for the creation of the Stage Sets from Yamamoto Sangyo. Subsequently, around February 1970, for the purpose of conducting a basic survey to confirm places to install sets, Defendant Toho Stage Craft borrowed drawings from the officials of the Culture and Information Department of the Korean Government, as drawings showing the conditions of installation on the stage. These drawings were identical in content with the First Design, which had already been submitted by the plaintiff to the Korean Government around December 1969, and carried the official seal of approval by OSROK (Office of Supply, Government of the Republic of Korea) and the plaintiff's name was entered as the name of the creator. Around that time, C, an employee of Defendant Toho Stage Craft, requested D, the representative director of Defendant Fuji Industry that had received a subcontract for the creation of the Stage Sets, to create drawings by reproducing said borrowed drawings, as reference materials of Defendant Toho Stage Craft. [ii] On this occasion, D created two copies of drawings by altering the name of the creator of said drawings from the plaintiff to Defendant Fuji Industry and also altering the name of the checker and the

date of creation (Exhibit Ko 2 and Exhibit Otsu 3), and preserved one of them as materials for in-house use by Defendant Fuji Industry. After that, D delivered said drawing (Exhibit Ko 2) to Marusho, which had received a contract for the installation of stage curtains, etc. for the Stage Sets from the Korean Government around December 1972. There is no evidence that can overturn these findings.

Based on these facts, around February 1970, C, an employee of Defendant Toho Stage Craft, and D, the representative director of Defendant Fuji Industry, jointly created drawings by reproducing drawings that were identical with the First Design without the plaintiff's authorization, and hence they should be held to have reproduced the First Design.

This court examines the defense raised by the defendants. The defendants allege that they intended to use the reproduced drawings of the First Design as their in-house materials, and that therefore they did not need to obtain authorization from the plaintiff for the reproduction. In this connection, Article 30 of the Copyright Act provides that a user may reproduce a work if the reproduction is for personal or family use or for any other use of a similarly limited scope. However, if a company or any other organization reproduces a work for its in-house business use, such use can be regarded neither as personal use nor as use within a limited scope similar to family use, and therefore it is appropriate to consider that said use does not fall within the scope of private use prescribed in said Article.

In the present case, as explained above, it is obvious that the defendants reproduced the First Design for in-house use, and their act of reproduction does not fall within the scope of private use prescribed in Article 30 of said Act, and hence it cannot be said that they did not need to obtain authorization from the plaintiff. Consequently, there are no grounds for the defense raised by the defendants.

III. Defendants' liability for compensation for damage

Based on the facts mentioned above, the reproduction of the First Design by C, an employee of Defendant Toho Stage Craft, and D, the representative director of Defendant Fuji Industry, should be held to have infringed the plaintiff's Copyright. Furthermore, as explained above, it is appropriate to find that C and D, at that time, knew of the existence of the plaintiff's Copyright or could have known it if at least had not failed to exercise due care as needed in transactions, and that they committed said reproduction in the course of performing their duties. Consequently, the defendants should be held to be jointly and severally liable to compensate for the damage sustained by the plaintiff from the infringement of the Copyright.

IV. Damage sustained by the plaintiff

Next, this court examines the damage sustained by the plaintiff from the defendants' act mentioned above. By putting together Exhibit Ko 7, which is indisputably authentic, as well as Witness E's testimony, the following facts can be found. [i] When the plaintiff permitted reproduction or any other manner of use of designs for which the plaintiff held copyright, it had collected reasonable design fees. [ii] The amount of design fees was actually determined through the negotiation with the party who was permitted to use the design, while taking into account the size of the object designed and other factors, and the standard amount was equivalent to about 5% of the price of the object created. Meanwhile, the price of the Stage Sets as a whole was about 120 million yen. There is no evidence that can overturn these findings.

Based on these findings of fact, the reasonable amount of design fees for the plaintiff's Work is 6 million yen, which is equivalent to 5% of 120 million yen. Thus, the plaintiff should be held to have sustained the damage in this amount.

V. Conclusion

Accordingly, the plaintiff's claim to seek against each of the defendants the payment of 5 million yen, which does not exceed said amount of damage (6 million yen), with delay damages accrued thereon at the rate of 5% per annum as provided for in the Civil Code, for the period from April 14, 1973, the day following the date of service of the complaint of this action (this is clear from the case records), until the date of completion of payment, should be upheld as a justifiable claim.

Therefore, the judgment shall be rendered in the form of the main text by applying Article 89 and the main clause of Article 93, paragraph (1) of the Code of Civil Procedure in relation to the bearing of the court costs and Article 196 of said Code in relation to a declaration of provisional execution, respectively.

Tokyo District Court

Judges: AKIYOSHI Toshihiro, SATO Eiichi, TSUKADA Atsushi