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| Date  | January 20, 2014 | Court | Tokyo District Court,<br>29th Civil Division |
| Case number   | 2013 (Wa) 3832   |       |  |
| – A case in which the formation of the unfair competition as prescribed in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act was alleged, the court denied the allegation that the relevant marks fall under the "indication of goods or business of another person" with respect to part of such marks and held that the act of using other marks was lawful in so far as they are used within the scope of the designated goods of the trademark right held by the defendant. |                  |       |  |

In this case, the plaintiff alleged that, since marks 1 through 3, consisting of the characters "FUKI" and "フキ (*fuki* in katakana characters)" (hereinafter referred to as "Marks" collectively or "Mark 1," "Mark 2," or "Mark 3" respectively), are well-known indications of goods, etc. for the keys, etc. sold by the plaintiff, the defendant's act of selling, etc. keys, etc. by attaching thereto the defendant's mark, which is identical or similar to the Marks, falls under the act of unfair competition as prescribed in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act. Based on this allegation, the plaintiff claimed injunction of the abovementioned act against the defendant. The representative of the plaintiff and the founder of the defendant are brothers. Around 1963, the defendant started a business for manufacture and wholesale of key base materials to which Mark 3 is attached; and the plaintiff has conducted the reproduction of copies of keys by receiving delivery of key base materials from the defendant and the sale of the abovementioned key base materials and key-related goods. However, around 2009, the plaintiff and the defendant dissolved the abovementioned business relationship.

The court found that, in light of the import of Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act, in deciding the entity to whom the relevant indication of goods, etc. belongs, it is appropriate to make the consideration from both the viewpoint of clarifying the entity who accumulated credit with respect to the source and quality, etc. of the relevant goods, etc., and the viewpoint of clarifying the entity recognized by the traders and consumers as the entity that is using the relevant indication. Based on this finding, the court held that, with respect to Mark 3, both the plaintiff and the defendant have accumulated their credit as distributor and manufacturer, respectively, and the consumers have recognized them as the entity who has accumulated credit. Thus, Mark 3 falls under the indication of goods, etc. of both the plaintiff and the defendant, and Mark 3 is not an "indication of goods or services of another person" for the defendant. Since the business relationship between the plaintiff

and the defendant had terminated as mentioned above, the relationship between the plaintiff and the defendant in which the former is a distributor of the goods (key base materials) to which Mark 3 is attached and the latter is the manufacturer thereof had already terminated as well. In this regard, the court found that, even after the termination of the abovementioned business relationship, Mark 3 cannot be found to belong solely to the plaintiff. Moreover, while the court found that Mark 1 and Mark 2 are indications of well-known goods, etc. of the plaintiff alone, the defendant holds the trademark right for Marks 1 and 2, and thus, the defendant's act of executing the abovementioned trademark right cannot be found to be an abuse of right. Based on this finding, the court held that the defendant's act of using the marks within the scope of the designated goods is legal as a use of registered trademark and thereby upheld the plaintiff's claim for injunction solely for the use of Marks 1 and 2 outside the scope of designated goods.