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Date of the judgment

2017.02.28
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Case number

2015(Ju)1876
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Reporter

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Title

Judgment on whether or not it is permitted for the adverse party to a trademark right infringement case to claim a defense under the provisions of Article 104-3, paragraph (1) of the Patent Act as applied mutatis mutandis in Article 39 of the Trademark Act on the grounds that the applicability of Article 4, paragraph (1), item (x) of the Trademark Act constitutes a reason for invalidating the trademark registrations, after a lapse of five years following the dates of registration of the establishment of the trademark rights without filing a request for a trial for invalidation of the trademark registrations by reason of the applicability of the said item.
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Case name

Case of a principal action seeking an injunction under the Unfair Competition Prevention Act and of a counterclaim seeking an injunction against trademark right infringements
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Result

Judgment of the Third Petty bench, partially quashed and remanded and partially dismissed with prejudice on the merits
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Court of the Second Instance

Fukuoka High Court, Judgment of June 17, 2015
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Summary of the judgment

1. It is not permitted for the adverse party to a trademark right infringement case to claim a defense under the provisions of Article 104-3, paragraph (1) of the Patent Act as applied mutatis mutandis in Article 39 of the Trademark Act on the grounds that the applicability of Article 4, paragraph (1), item (x) of the Trademark Act to the registered trademarks constitutes a reason for invalidating the trademark registrations, after a lapse of five years following the dates of registration of the establishment of the trademark rights without filing a request for a trial for invalidation of the trademark registrations by reason of the applicability of the said item, unless the trademark registrations were obtained for unfair competition purposes.

2. It is permitted for the adverse party to a trademark right infringement case to claim a defense of abuse of rights against the exercise of the trademark rights against such party, on the grounds that the relevant registered trademarks fall under Article 4, paragraph (1), item (x) of the Trademark Act because they are identical with, or similar to, such party's trademarks which are well known among consumers as indicating goods or services involved in the party's business at the time of application for registration of the trademarks, even after a lapse of five years following the dates of registration of the establishment of the trademark rights without filing a request for a trial for invalidation of the trademark registrations by reason of the applicability of the said item and whether or not the trademark registrations were obtained for unfair competition purposes.

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References

(For 1 and 2) Article 4, paragraph (1), item (x) and Article 47, paragraph (1) of the Trademark Act

(For 1) Article 39 of the Trademark Act and Article 104-3, paragraph (1) of the Patent Act

(For 2) Article 1, paragraph (3) of the Civil Code and Article 25 of the Trademark Act

Trademark Act

Article 4 (1) Notwithstanding the preceding Article, no trademark shall be registered if the trademark:

(x) is identical with, or similar to, another person's trademark which is well known among consumers as that indicating goods or services in connection with the person's business, if such a trademark is used in connection with such goods or services or goods or services similar thereto;

Article 47 (1) Where a trademark registration has been made in violation of Article 3, 4(1)(viii), 4(1)(xi) to 4(1)(xiv), 8(1), 8(2) or 8(5), where a trademark registration has been made in violation of Article 4(1)(x) or 4(1)(xvii) (excluding the case where a trademark has been registered for the purpose of unfair competition), where a trademark has been registered in violation of Article 4(1)(xv) (excluding the case where a trademark has been registered for unfair purposes), or where a trademark registration falls under Article 46(1)(iii), a request for a trial relating to the trademark registration under Article 46(1) may not be filed after a lapse of five years from the date of registration of the establishment of the trademark right.

Article 39 Articles 103 (Presumption of negligence), 104-2 (Obligation to clarify the specific conditions), 104-3(1) and (2) (Restriction on exercise of rights of patentee, etc.), 105 to 105-6 (Production of documents, etc.; Expert opinion for calculation of damages; Determination of reasonable damages; Protective order; Rescission of protective order and Notice, etc. of a request inspection of record, etc.) and 106 (Measures to restore credibility) of the Patent Act shall apply mutatis mutandis to the infringement of a trademark right and an exclusive right to use.

Article 25 The holder of trademark right shall have an exclusive right to use the registered trademark in connection with the designated goods or designated services; provided, however, that where an exclusive right to use the trademark is established in connection with the trademark right, this provision shall not apply to the extent that the holder of exclusive right to use has an exclusive right to use the registered trademark.

Patent Act

Article 104-3 (1) Where, in litigation concerning the infringement of a patent right or an exclusive license, the said patent is recognized as one that should be invalidated by a trial for patent invalidation, the rights of the patentee or exclusive licensee may not be exercised against the adverse party.

Civil Code

Article 1 (3) No abuse of rights is permitted.

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Main text of the judgment

1. Of the judgment of prior instance, the portion concerning the claims made under the Unfair Competition Prevention Act out of those made in the principal action and the portion concerning the claims made in the counterclaim are quashed.

2. The portions of the case stated in the preceding paragraph are remanded to the Fukuoka High Court.

3. The appellant's other claims made in the final appeal are dismissed.

4. Costs for the final appeal related to the preceding paragraph shall be borne by the appellant.

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Reasons

Reasons for the petition for acceptance of final appeal filed by the counsels for the appeal, KUMAKURA Yoshio, TOMIOKA Eiji and MATSUNO Masahiko (excluding reasons excluded)

1. In the principal action of this case, the appellee, which entered into an exclusive distributorship agreement with Company A, a U.S. corporation (hereinafter, "Company A"), for electric instantaneous water heaters manufactured by Company A (hereinafter, "Water Heaters") and has marketed Water Heaters in Japan using trademarks consisting of the letters "EemaX" and "Eemax" and their phonetic equivalent in Japanese katakana, each written laterally (hereinafter collectively, the "Trademarks Used by Appellee"), seeks, among others, an injunction against the use of these trademarks by, and compensation for damages from, the appellant, which has independently imported Water Heaters into and has marketed them in Japan, claiming, among others, that the appellant's use of trademarks that are identical with the Trademarks Used by Appellee constitutes unfair competition as defined in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act.

In the counterclaim of this case, the appellant seeks, among others, an injunction against the use by the appellee of certain trademarks similar to the registered

trademarks described in 2 (3) below, based on the trademark rights held by the appellant with respect to such registered trademarks. This is disputed by the appellee which claims that the aforementioned registered trademarks each constitute a trademark which is set forth in Article 4, paragraph (1), item (x) of the Trademark Act as a trademark that cannot be registered as such, and that the appellant is thus not allowed to exercise the aforementioned trademark rights against the appellee.

2. The outline of facts related to the case which became final and binding in the judgment of prior instance is as described below:

(1) In November 1, 1994, the appellee entered into an exclusive distributorship agreement for Japan with Company A and has since marketed Water Heaters using the Trademarks Used by Appellee.

(2) (a) Around 2002, before the establishment of the appellant, the appellant's representative learned of the existence of Water Heaters through a friend and started, from around the fall of 2003, negotiations with the appellee to enter into a distributorship agreement. After the establishment of the appellant, a distributorship agreement was entered into between the appellant and the appellee on December 20, 2003.

(b) Subsequently, a dispute arose between the appellant and the appellee. In the action filed in June 2006 by the appellant against the appellee seeking compensation for damages, an in-court settlement was reached on May 25, 2007 which confirmed, among others, that the distributorship agreement mentioned in (a) above did not exist as of the said date.

(3) (a) On January 25, 2005, before filing the action mentioned in (2) (b) above, the appellant filed an application for registration of a trademark which consisted of the phonetic equivalent of "Eemax" in standard katakana letters written laterally and whose designated goods were Class 11 of the Enforcement Ordinance of the Trademark Act, namely, "Electric instantaneous water heaters for household use and other electric heating appliances for household use". On September 16 of the same year, the establishment of the trademark right was registered with respect to the application (Registration No. 4895484; hereinafter this trademark is referred to as the "2005 Registered Trademark").

(b) On March 23, 2010, the appellant filed an application for registration of a trademark which is shown in the Exhibit (which is not attached hereto) and whose designated goods are the same as those described in (a) above. On November 5 of the same year, the establishment of the trademark right was registered with respect to the application

(Registration No. 5366316; hereinafter this trademark and the 2005 Registered Trademark are collectively referred to as the “Registered Trademarks” and the respective trademark rights in the Registered Trademarks as the “Trademark Rights”).

(4) In July 2009, an action was filed by the appellee against the appellant seeking, among others, an injunction under the Unfair Competition Prevention Act. On July 8, 2011, in the court of second instance, an in-court settlement was reached whereby the appellant pledged that it would not use the trade name “Eemax” in katakana.

However, the appellant has continued to market Water Heaters using trademarks that are identical with the Trademarks Used by Appellee.

(5) In December 2012, the appellee filed the principal action of this case. In December 2013, the appellant filed the counterclaim of this case against the appellee. On the seventh date for preparatory proceedings for the first instance of this case which took place on February 6, 2014, the appellee stated in its answer filed in the counterclaim that the Registered Trademarks each constitute a trademark which is set forth in Article 4, paragraph (1), item (x) of the Trademark Act as a trademark that cannot be registered as such, and that the appellant is thus not allowed to exercise the aforementioned trademark rights against the appellee. On June 26 of the same year, the appellee also filed with the Japan Patent Office a request for a trial for invalidation of the trademark registrations of the Registered Trademarks on the grounds that the Registered Trademarks fell under Article 4, paragraph (1), item (x) of the Trademark Act.

(6) The situation of advertising and promotion, sales, etc. of Water Heaters by the appellee using the Trademarks Used by Appellee is as described below.

(a) The Nikkan Kensetsu Sangyo Shinbun issued on October 6, 1994 published an article reporting the execution of the distributorship agreement between the appellee and Company A mentioned in (1) above, together with a photo of a Water Heater. A similar article was published in the Nihon Ryutsu Sangyo Shimbun issued on October 20, 1994 and another in the Suisan-Keizai Daily News issued on October 31, 1994.

(b) An advertisement for Water Heaters sponsored by the appellee was published in the Nikkan Kogyo Shimbun issued on July 28, 1995 and in the Nikkei Sangyo Shimbun issued on March 26, 1999.

(c) In order to advertise Water Heaters, the appellee exhibited Water Heaters at trade shows held in Tokyo in April 1996 and February 1998. The appellee also exhibited Water Heaters at a trade show held in Kobe in September 1995, which was reported in the Nihon Kogyo Gijutsu Shimbun issued on September 30, 1995.

(d) During the fiscal years from 1994 to 2012 (with each fiscal year commencing on July

1 of each year and ending on June 30 of the following year), the appellee spent a total of over 26,740,000 yen on advertising and promotion and a total of over 15,510,000 yen on trade shows, resulting in the annual advertising and promotion cost and the annual trade show cost of over 1,400,000 yen and over 810,000 yen, respectively.

(e) The appellee's purchasers of Water Heaters in Japan were 157 companies as of July 2000, including construction companies, food manufacturers, trading companies and hotels, and have since been increasing in number. However, the period during which Water Heaters have been sold to these companies and the number of units sold to them are unknown.

In the in-house newsletter issued on July 25, 1996 by the purchasing division of Company B, one of the aforementioned purchasers, contained an article reporting that Water Heaters had high performance and that over one thousand units had already been introduced to condominiums, hospitals, etc.

3. Based on its finding of the facts related to the case described above, the court of prior instance concluded that: (i) some of the claims made in the principal action should be accepted because the Trademarks Used by Appellee constitute "[another] person's indication of goods or business that is well-known among consumers" as referred to in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act, and the appellant's use of trademarks that are identical with the Trademarks Used by Appellee constitute "unfair competition" as defined in the said item; and (ii) the claims made in the counterclaim should be dismissed because the Trademarks Used by Appellee constitute "another person's trademark which is well known among consumers as that indicating goods or services in connection with the person's business" as referred to in Article 4, paragraph (1), item (x) of the Trademark Act, and so do the Registered Trademarks which are identical with, or similar to, the Trademarks Used by Appellee, which means the Registered Trademarks cannot be registered as trademarks as a consequence of falling under the said item, which follows that the appellee should be permitted to claim a defense under the provisions of Article 104-3, paragraph (1) of the Patent Act as applied mutatis mutandis in Article 39 of the Trademark Act, precluding the appellant from exercising the Trademark Rights against the appellee. The findings by the court of prior instance regarding the point that the Trademarks Used by Appellee constitute trademarks that are "well known among consumers" as set forth in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act and Article 4, paragraph (1), item (x) of the Trademark Act are as follows.

In light of the circumstances such as the newspaper coverage of the appellee's sale of

Water Heaters and the appellee's exhibition of Water Heaters at the trade shows, payment of the advertising and promotion costs, sales performance, etc. described in 2 (6) above, and the fact that the appellant's representative learned of the existence of Water Heaters and started negotiations with the appellee for the execution of a distributorship agreement even though the appellant's representative had no personal or capital tie with the appellee, it would be appropriate to find that the Trademarks Used by Appellee had become well known among consumers in Japan as an indication of goods involved in the appellee's business by, at latest, around the fall of 2003, when the aforementioned negotiations were started.

4. However, none of the above findings by the court of prior instance is acceptable for the following reasons.

(1) The point concerning Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act

The facts and circumstances described above suggest that, in light of the nature of the goods and the actual situation of business, among other things, the appellee has marketed Water Heaters using the Trademarks Used by Appellee extensively in Japan instead of certain limited parts of the country. Regarding the appellee's advertisement and promotion of Water Heaters, while several trade papers published articles reporting the execution of the distributorship agreement between the appellee and Company A, and while the appellee exhibited Water Heaters at the trade shows for promotional purposes, a newspaper advertisement sponsored by the appellee was published only twice, in 1995 and 1999, and the amounts of the advertising and promotion costs and the trade show costs spent by the appellee during the period from 1994 to 2012 were not considerable in light of the fact that Water Heaters have been marketed extensively in Japan. In addition, regarding the appellee's sale of Water Heaters, while the appellee has sold at least a considerable number of Water Heaters to a considerable number of companies, including major construction companies, the total picture of the appellee's sales, such as the specific number of units sold, is unknown. These circumstances do not immediately suggest that the Trademarks Used by Appellee became well known among traders in Japan, even considering the fact that the appellant's representative learned of the existence of Water Heaters through a friend and started negotiations with the appellee for the execution of a distributorship agreement, as described in 2 (2) (a) above. Therefore, the Court finds the conclusion of the court of prior instance illegal in that it erroneously applied law, because it immediately concluded, solely from the circumstances pointed out in the judgment of prior instance and without fully hearing

the specific situation of the marketing of Water Heaters by the appellee, among other things, that the Trademarks Used by Appellee constituted trademarks that are “well known among consumers” as set forth in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act, and that the said item applied to the appellant’s use of trademarks that are identical with the Trademarks Used by Appellee.

(2) The point concerning Article 4, paragraph (1), item (x) of the Trademark Act

(a) (A) The judgment of prior instance finds that both of the Registered Trademarks fall under Article 4, paragraph (1), item (x) of the Trademark Act as described in 3 above. As for the 2005 Registered Trademark, however, five years have lapsed after the date of registration of establishment of the trademark right and before the date for the preparatory proceedings mentioned in 2 (5) above, in which the appellee claimed in this case that the said item applied, without a request being filed for a trial for invalidation of the trademark registration by reason of the applicability of the said item.

Article 47, paragraph (1) of the Trademark Act provides that where a trademark registration has been made in violation of Article 4, paragraph (1), item (x) of the same act, a request for a trial for invalidation of the trademark registration may not be filed after a lapse of a five-year period of exclusion from the date of registration of the establishment of the trademark right, except where the trademark has been registered for the purpose of unfair competition. It has been understood that the intention of this paragraph is that, while a trademark registration violating the said item should be invalidated, the validity of the trademark registration is no longer disputable once the period of exclusion lapses without a request for invalidation of the trademark registration being filed, in order to protect the existing continuing condition that has arisen as a result of the trademark registration (see Supreme Court, 2003 (Gyo-Hi) No. 353, Judgment of the Second Petty bench of July 11, 2005, Shumin No. 217, p. 317). The provisions of Article 104-3, paragraph (1) of the Patent Act as applied mutatis mutandis in Article 39 of the Trademark Act (hereinafter, the “Provisions”) provide that where, in a trademark right infringement case, the trademark registration is recognized as one that should be invalidated by a trial for invalidation, the trademark right holder may not exercise its right against the adverse party. As described above, after a lapse of five years following the date of registration of the establishment of the trademark right, Article 47, paragraph (1) of the Trademark Act precludes a request for a trial for invalidation of the trademark right by reason of the applicability of Article 4, paragraph (1), item (x) of the same act. Therefore, if the adverse party to the trademark right infringement case claims an existence of a reason for invalidation of the trademark registration after a lapse of the aforementioned period without filing a request for a

trial for invalidation of the trademark registration, there is no room to accept that the trademark registration should be invalidated by a trial for invalidation in the same case. In addition, if, after a lapse of the aforementioned period, a defense were allowed to be claimed under the Provisions in a trademark right infringement case by reason of the applicability of Article 4, paragraph (1), item (x) of the Trademark Act, the adverse party's claim of such defense would preclude the trademark right holder from exercising its right even if it filed a trademark right infringement action. This would ignore the aforementioned intention of Article 47, paragraph (1) of the same act, i.e., the protection of the existing continuing condition that has arisen from the trademark registration.

Consequently, it is reasonable to understand that the adverse party to a trademark right infringement case is not permitted to claim a defense under the Provisions on the grounds that the applicability of Article 4, paragraph (1), item (x) of the Trademark Act to the registered trademarks constitutes a reason for invalidating the trademark registrations, after a lapse of five years following the date of registration of the establishment of the trademark rights without filing a request for a trial for invalidation of the trademark registrations by reason of the applicability of the said item, unless the trademark registrations were obtained for unfair competition purposes.

(B) On the other hand, the Court understands that the reason for Article 4, paragraph (1), item (x) of the Trademark Act to preclude the registration of a trademark that is identical with, or similar to, another person's trademark which is well known among consumers as that indicating goods or services (hereinafter, "Goods") involved in the person's business at the time of filing of an application for trademark registration (see paragraph (3) of the same article) is to prevent confusion as to the source of Goods in relation to the trademark which is well known among consumers and to coordinate the interests of the person whose business involves Goods that are known to be represented by the trademark and those of the person who files an application for trademark registration. Then, if a trademark is registered in violation of Article 4, paragraph (1), item (x) of the Trademark Act despite the fact that such trademark falls under the said item, the trademark right holder's request for an injunction of the use of the registered trademark on the grounds of alleged infringement of the trademark right in the registered trademark, even against another person whose business involves Goods that are well known among consumers to be represented by a trademark that is identical with, or similar to, the registered trademark, constitutes an abuse of the right and should not be permitted unless exceptional circumstances exist, because such request would be detrimental to the maintenance of the objectively fair competition order, which is one of the purposes of the Trademark Act (see Supreme Court, 1985 (O) No. 1576,

Judgment of the Second Petty bench of July 20, 1990, Minshu Vol. 44, No. 5, p. 876). Therefore, it is understood that the adverse party to the trademark right infringement case is entitled to claim a defense that the exercise of the trademark right against the said party constitutes an abuse of the right, on the grounds that the registered trademark falls under Article 4, paragraph (1), item (x) of the Trademark Act in relation to a trademark known as indicating Goods involved in the said party's business. Even if such defense is allowed to be claimed after a defense under the Provisions is no longer allowed to be claimed due to a lapse of five years following the date of registration of the establishment of the trademark right, the intention of Article 47, paragraph (1) of the said act as described in (A) above would not be ignored.

Therefore, it is reasonable to understand that it is permitted for the adverse party to a trademark right infringement case to claim a defense of abuse of rights against the exercise of the trademark rights against such party, on the grounds that the relevant registered trademarks falls under Article 4, paragraph (1), item (x) of the Trademark Act because it is identical with, or similar to, such party's trademarks which are well known among consumers as indicating Goods involved in the party's business at the time of application for registration of the trademarks, even after a lapse of five years following the dates of registration of the establishment of the trademark rights without filing a request for a trial for invalidation of the trademark registrations by reason of the applicability of the said item and whether or not the trademark registrations were obtained for unfair competition purposes. Now, since the appellee's argument in this case is that the exercise of the Trademark Rights against the appellee is not permitted because the Registered Trademarks falls under Article 4, paragraph (1), item (x) of the Trademark Act, as they are identical with, or similar to, certain trademarks that are well known among consumers as indicating Goods involved in the appellee's business at the time of filing of the application for registration of each of the Registered Trademarks, the Court understands that this argument contains a claim of a defense of abuse of rights as described above.

(C) Based on the above, since the appellee's argument in this case is understood as containing a claim of a defense of abuse of rights as described in (B) above, the appropriateness of the judgment of prior instance should be examined with respect to the applicability of Article 4, paragraph (1), item (x) of the Trademark Act regardless of whether or not unfair competition purposes existed in the registration of the Registered Trademarks, including the 2005 Registered Trademark, even though the judgment of prior instance is erroneous in that it accepts a defense under the Provisions without clarifying whether or not unfair competition purposes existed in the registration of the

2005 Registered Trademark.

(b) Now, if we turn our eyes to the applicability of Article 4, paragraph (1), item (x) of the Trademark Act to the Registered Trademarks, the Court cannot immediately conclude, from the appellee's advertisement and promotion and sales of, and other circumstances surrounding, Water Heaters described in (1) above, that the Trademarks Used by Appellee had become known among traders extensively in Japan by the time of filing of the application for registration of each of the Registered Trademarks. Therefore, the Court finds the conclusion of the court of prior instance illegal in that it erroneously applied law, because it immediately concluded, solely from the circumstances pointed out in the judgment of prior instance and without fully hearing the specific situation of the marketing of Water Heaters by the appellee, among other things, that the Trademarks Used by Appellee constituted trademarks that are "well known among consumers" as set forth in Article 4, paragraph (1), item (x) of the Trademark Act, and that the said item applied to the Registered Trademarks.

5. As described above, the conclusion of the court of prior instance contains illegality that obviously affects its judgment. The appellant's reasons for the petition are justified to this extent and, of the judgment of prior instance, the portion concerning the claims made under the Unfair Competition Prevention Act out of those made in the principal action and the portion concerning the claims made in the counterclaim must be quashed. The portions so quashed should be remanded to the court of prior instance in order to further and fully hear the specific situation of the marketing of Water Heaters by the appellee, among other things.

The appellant's other claims made in the final appeal are dismissed, since the reasons for the petition for acceptance of final appeal were excluded by the decision to accept the final appeal.

Accordingly, the Court unanimously decides as set forth in the main text. However, there is a concurring opinion of one of the justices, YAMASAKI Toshimitsu.

The concurring opinion of the justice, YAMASAKI Toshimitsu, is as follows:

Although I agree with the Court's decision, I would like to express my supplementary opinion with regard to, among others, how to judge whether or not the exercise of a trademark right constitutes an abuse of the right.

Whether or not an abuse of a right exists should be judged by taking comprehensively into account the various circumstances present in the case, and this is the same with a case where a point in dispute is whether or not an abuse of a right exists in the exercise of a trademark right. However, there have been a number of cases where the exercise of

a trademark right was found to constitute an abuse of the right, since a trademark right can be obtained without such creative activities as invention or writing. It would be possible, based on these cases, to find out some typical characteristics of cases where the exercise of a trademark right is found to constitute an abuse of the right. The Court's decision that, if a trademark has been registered in violation of Article 4, paragraph (1), item (x) of the Trademark Act, exercising the trademark right in the registered trademark against another person whose business involves Goods that are well known, as referred to in the same item, to be represented by a trademark identical with, or similar to, the registered trademark, constitutes an abuse of the right unless exceptional circumstances exist, would be able to be positioned as a typical example where the exercise of a trademark right is found to constitute an abuse of the right.

By the way, the court of prior instance has found: that the appellee entered into an exclusive distributorship agreement for Japan with Company A, a U.S. corporation manufacturing Water Heaters, whereas the appellant entered into a distributorship agreement for Water Heaters with the appellee but has, after the subsequent dissolution of the contractual relationship with the appellee, independently imported Water Heaters into, and marketed them in, Japan; and that a suit over the appellant's sale of Water Heaters was filed between the appellant and the appellee twice before this case, with the second suit resulting in an in-court settlement at the court of second instance whereby the appellant pledged not to use the trade name "Eemax" in katakana, after the first-instance judgment that the appellant's use of the trademarks falls under Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act. These circumstances, such as the relationship between the appellant and the appellee and the course of events in the past suits between them, have significant relevance in judging whether or not the appellant's exercise of its trademark rights constitutes an abuse of the rights. In this case, the appellee can be considered to have asserted these circumstances to support its claim that the appellant's exercise of its trademark rights constitutes an abuse of the rights.

While the court of prior instance concluded that the exercise of the Trademark Rights is not permitted based on the circumstances related to the applicability of Article 4, paragraph (1), item (x) of the Trademark Act to the registered trademarks, out of the various circumstances asserted by the appellee as circumstances supporting its claim of an abuse of rights, the Court has found this conclusion unacceptable and has decided to remand this case to the court of prior instance. Then if, at hearings after the remand, an abuse of rights is not found to exist on the grounds of the applicability of Article 4, paragraph (1), item (x) of the Trademark Act to the Registered Trademarks, whether or

not the appellant's exercise of the Trademark Rights constitutes an abuse of rights should be examined and judged again, after taking into account the various circumstances that have not yet been examined at the court of prior instance, including the relationship between the appellee and the appellant and the course of events in the past suits between them.

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Presiding Judge

Justice OHASHI Masaharu

Justice OKABE Kiyoko

Justice OTANI Takehiko

Justice KIUCHI Michiyoshi

Justice YAMASAKI Toshimitsu

(This translation is provisional and subject to revision.)