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| Date | September 27, 2017 | Court | Intellectual Property High Court First Division |
| Case number | 2016 (Gyo-Ke) 10266 | | |
| – A case in which the court maintained a JPO decision which determined that a trademark in an application falls under Article 3, paragraph (1), item (iii) of the Trademark Act and that it fails to meet the requirement under paragraph (2) of the same Article. | | | |

Reference: Article 3, paragraph (1), item (iii), and paragraph (2) of the Trademark Act
Number of related rights, etc.: Trademark Application No. 2014-5943, Appeal against the Examiner's Decision of Refusal No. 2015-907

Summary of the Judgment

[Trademark] [FIG. 1/7]



Designated goods: Class 28 "Playing card dealing device that incorporates a function to identify playing card identification codes printed on playing cards and a program to determine whether the relevant card is the right one or whether the player wins or loses in a card game" (the "Designated Goods")

1. This is an action seeking the rescission of a decision rendered by the JPO to dismiss an appeal against an examiner's decision of refusal (Appeal No. 2015-907) with regard to an application for registration of the trademark in question (a three-dimensional trademark; the "Trademark"). The JPO determined that: [i] the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act; and [ii] the Trademark fails to meet the requirement under Article 3, paragraph (2) of the Trademark because the Trademark cannot be deemed to have been recognized among consumers as a mark for the goods relating to the plaintiff's business as a result of the Trademark having been used for its designated goods. In this judgment, the court, holding as follows, determined that there is no violation of law in the JPO decision for which it should be rescinded, and dismissed the plaintiff's claim.

2. Article 3, paragraph (1), item (iii) of the Trademark Act

The three-dimensional shape of the Trademark is objectively found to have been adopted for the purpose of contributing to the function or aesthetic impression, and it is within the scope of shapes that can be predicted by consumers as a shape of goods that is intended to contribute to the function or aesthetic impression. Accordingly, the three-dimensional shape of the Trademark is found to fall under Article 3, paragraph (1), item (iii) of the Trademark Act as a trademark that consists solely of a mark indicating the shape of goods in a common manner.

3. Article 3, paragraph (2) of the Trademark Act

(1) A trademark set forth in Article 3, paragraph (1), item (iii) of the Trademark Act is considered to be unregistrable for the following reasons. Such trademark is a mark that indicates or describes the place of origin, place of sale or other features of goods, or a mark that indicates the shape of goods, and any person would wish to use the trademark as a necessary and appropriate indication in trade, and therefore it is inappropriate for the sake of public interest to grant a particular person the exclusive right to use the trademark. Another reason is that such a trademark is a mark that is commonly used and lacks distinctiveness in most cases, and therefore it is incapable of functioning as a trademark. Article 3, paragraph (2) of the Trademark Act provides that even if it is inappropriate for the sake of public interest to grant a particular person the exclusive right to use a trademark, as in the case of a trademark that falls under paragraph (1), item (iii) of the same Article, and it lacks distinctiveness and is incapable of functioning as a trademark, it may be registered as an exception only if, as a result of the trademark having been used, consumers are now able to recognize goods or services carrying that trademark as goods or services relating to a particular person's business, and it has thus acquired distinctiveness. Considering that the Trademark Act applies uniformly across Japan and that a trademark right is an exclusive right which is effective nationwide and for which registration may be renewed, in order for a trademark to be registered under Article 3, paragraph (2) of the Trademark Act, it may be necessary for a trademark that falls under paragraph (1), item (iii) of the same Article to have become recognized among consumers of the designated goods or services throughout Japan as a mark indicating a particular person as the source of the goods or services, as a result of the trademark having been actually used (in that case, as a general rule, consumers of the designated goods or services must exist across Japan). This reasoning also applies as a requirement for a trademark that falls under Article 3, paragraph (1), item (iv) or (v) of the Trademark Act to be registered under paragraph (2) of the same Article. It is found that letters such as "ANGEL EYE" are written on the upper surface of the Goods in Use. It is appropriate to determine whether the Trademark has acquired

independent distinctiveness, focusing on its three-dimensional shape that is left after removing those letters, etc.

(2) The court examines the Trademark based on the explanation given above. There is no dispute between the parties with regard to the fact that the Goods in Use that have substantially the same shape as the three-dimensional shape of the Trademark are intended exclusively for export and are not distributed in Japan. Even if, as argued by the plaintiff, the Trademark is used by exporting the Goods in Use or assigning or exhibiting them for assignment for the purpose of exporting them, since the person involved in the trade of the Goods in Use is limited to a domestic sales agent and there are only a limited range of consumers who can recognize the Trademark as indicating the plaintiff as the source of the goods, it cannot be found that consumers of the Designated Goods exist across Japan. What is more, even if, as a result of the export of the Goods in Use, the Trademark is being used in foreign countries and known to people in the casino industry in foreign countries, there is no evidence that shows that the Trademark is well-known in Japan as well. Therefore, the Trademark cannot be found to have become recognized among consumers of the Designated Goods throughout Japan as a mark indicating the plaintiff as the source of the goods.

Consequently, the Trademark cannot be regarded as a mark that is registrable under Article 3, paragraph (2) of the Trademark Act.

Judgment rendered on September 27, 2017

2016 (Gyo-Ke) 10266, Case of Seeking Rescission of JPO Decision

Date of conclusion of oral argument: June 12, 2017

Judgment

Plaintiff: Angel Playing Cards Co., Ltd

Defendant: Commissioner of the Japan Patent Office

Main text

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

Facts and reasons

No. 1 Decision sought by the plaintiff

The JPO decision made on October 25, 2016, concerning Appeal against Examiner's Decision of Refusal No. 2015-907, shall be rescinded.

No. 2 Outline of the case

This is an action seeking the rescission of a decision rendered by the JPO to dismiss an appeal against an examiner's decision of refusal of an application for trademark registration. The main issues of the case are: [i] whether the trademark in the application falls under Article 3, paragraph (1), item (iii) of the Trademark Act; and [ii] whether said trademark falls under paragraph (2) of the same Article.

1. The trademark in the application and the developments in the procedure at the JPO

(1) On January 29, 2014, the plaintiff filed an application for registration of a trademark indicated in the List of Trademark in the Application attached hereto, designating the goods in Class 28, namely, "playing card dealing device that incorporates a function to identify playing card identification codes printed on playing cards and a program to determine whether the relevant card is the right one or whether the player wins or loses in a card game, playing card dealing tools, playing cards, gaming tools" (Exhibit Ko 54; Trademark Application No. 2014-5943; hereinafter this trademark is referred to as the "Trademark"). Having received a notice of reasons for refusal dated June 16, 2014, the plaintiff submitted an amendment dated July 31, 2014, to amend the designated goods as "playing card dealing device that incorporates a function to identify playing card identification codes printed on playing cards and a program

to determine whether the relevant card is the right one or whether the player wins or loses in a card game" in Class 28 (the "Designated Goods"; Exhibit Ko 56).

(2) The plaintiff received an examiner's decision of refusal dated October 9, 2014. Dissatisfied with this decision, the plaintiff filed an appeal on January 16, 2015.

The JPO examined the appeal as the case of Appeal No. 2015-907, and rendered a decision to dismiss the appeal on October 25, 2016. A certified copy of this decision was served upon the plaintiff on November 16, 2016.

2. Summary of the reasons for the JPO decision

The Trademark is unregistrable because it falls under Article 3, paragraph (1), item (iii) of the Trademark Act and fails to meet the requirement under paragraph (2) of the same Article, for the following reasons.

(1) Article 3, paragraph (1), item (iii) of the Trademark Act

The Trademark consists of a box-like three-dimensional shape, with its upper surface gently sloping, and the front surface sloping at an angle and having an arc-shaped opening. It has lights on the upper surface, a button on one side surface, and a switch and parts that appear to be sockets for connection with various devices on the rear surface. In whole, many curved lines are used for the outline of its shape. The Designated Goods are goods to be used for card games and they fall within the category of gaming goods.

It is found that when casino games such as baccarat and black jack are played using playing cards at casinos in foreign countries, a card container in which playing cards can be stored and taken out one by one from the top card is being used. It is presumed that also in the industry dealing with gaming goods in Japan, a device in a box-like three-dimensional shape that is similar to such card container is being sold as a device in which playing cards can be stored and taken out one by one from the top card.

The three-dimensional shape of the Trademark and the shape of an ordinary card container have some features in common, namely, they are both like a box, the upper surface is gently sloping, and an arc-shaped opening is provided on the front surface that is sloping at an angle. Even if more curved lines are used for the outline of the shape of the Trademark than an ordinary card container, this cannot be the reason for finding that the Trademark has a shape that is innovative and unpredictable to consumers. Hence, the Trademark can be deemed to be within the scope of shapes that can be predicted as a shape of goods, etc. to be selected for the same kind of goods for an aesthetic purpose, and it is appropriate to consider the Trademark to be intended to contribute to the attractive appearance of the goods. Furthermore, lights, buttons,

sockets, and such other parts are generally provided to enable various electronic devices to perform their functions. The Designated Goods have functions as electronic devices as well. All of the lights, button, sockets and such other parts in the Trademark can be deemed to be within the scope of shapes that can be predicted as a shape of goods, etc. to be selected for the same kind of goods for a functional purpose, that is, for determining whether the relevant card is the right one or whether the player wins or loses in a card game, and it is appropriate to consider the Trademark to be a shape intended to contribute to the function of the goods.

Thus, it must be said that the Trademark, even when used for its designated goods, can only be perceived among traders and consumers who access it as indicating only the shape of goods, and it cannot be recognized as a mark to distinguish the plaintiff's goods from goods of others.

Consequently, the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act.

(2) Article 3, paragraph (2) of the Trademark Act

A. In order to have a trademark registered under Article 3, paragraph (2) of the Trademark Act, it may be necessary that a trademark that falls under any of items (iii) to (v) of paragraph (1) of the same Article, as a result of having been used, has become recognized among consumers of the designated goods or services throughout Japan as a mark indicating a particular person as the source of the goods or services. If a trademark in an application falls under Article 3, paragraph (1), item (iii) of the Trademark Act as a mark indicating the shape of the goods that fall within the scope of the designated goods, whether that trademark falls under paragraph (2) of the same Article and may be registered should be determined by examining whether it is found that, as a result of the trademark having been used, consumers are now able to recognize goods carrying that trademark as goods relating to a particular person's business, while comprehensively taking into consideration circumstances such as the trademark used and the goods for which it is used, the time of start of use and the period of use, the area of use, the volume of the goods sold, and the method and frequency of advertisement. In this process, the trademark used and the goods for which it is used must be identical with the trademark in the application and its designated goods.

B. The court examines and determines the case, based on the explanation given in A. above.

(a) Structures of the Trademark and the goods for which it is used

The plaintiff (the demandant of an appeal against the examiner's decision of refusal) manufactures and sells goods with a shape that is similar to the Trademark, with the name of "バカラ電子シュー (Electronic Baccarat Shoe)" (hereinafter referred to as the "Goods in Use").

The Goods in Use can be deemed to fall within the scope of the Designated Goods (Exhibits Ko 1 to 4, and 6).

Comparing the Goods in Use and the Trademark, they are slightly different in terms of the number of lights, the shape of the curved surface, and the shape of the opening for dealing cards, and thus they cannot be regarded as consisting of a completely identical shape (Exhibit Ko 18). In addition, one can find some letters, namely, "ANGEL EYE," "ANGEL EYE II EX," and "ANGEL EYE III" (hereinafter referred to as "'ANGEL EYE,' etc. "), are written on the upper surface of the Goods in Use in an eye-catching manner (Exhibits Ko 1, 2, 18, 24-2 to 24-5, 24-7, and 37).

Even if the Trademark and the goods for which it is used can be deemed to be within the same scope as the Trademark in terms of the three-dimensional shape, they are different depending on whether they carry the letters of "ANGEL EYE," etc., which are more eye-catching and distinctive than the three-dimensional shape, and therefore, when compared in terms of the entire structure, they are not identical with each other.

(b) Period of use, area of use, and volume of goods sold

The plaintiff (the demandant) has been exporting the Goods in Use from Japan since February 17, 2005 (Exhibit Ko 18). The Goods in Use are intended exclusively for export and they are not distributed in Japan. It is presumed: that during the period between 2005 and 2014, the plaintiff sold a total of 14,841 units of the Goods in Use in countries in Asia, Oceania, North America, and Europe, making approx. 2.7 billion yen of sales while spending approx. 130 million yen of promotion costs (Exhibits Ko 40 and 49); and that Matsui Gaming Machine Co., Ltd. (hereinafter referred to as "Matsui") sold the Goods in Use in South Korea as the plaintiff's sales agent (Exhibit Ko 44). However, since the scale of the industry dealing with the Goods in Use is unknown, the Goods in Use cannot be deemed to have been recognized among consumers only on the basis of the number of units sold and the sales areas.

(c) Method of advertisement

Although it is presumed that the Goods in Use have won a prize in the gaming industry, the selection criteria for the prize and the prize-giving process are unclear. In addition, although it is presumed that the Goods in Use have been featured in foreign casino magazines, the circulation and the areas of publication of these magazines are unknown.

(d) Degree of recognition of the Trademark among consumers

Although the certificates and other documents regarding the three-dimensional shape of the Trademark, namely, the certificates issued by many foreign people (Exhibit Ko 27), the

certificate issued by Matsui (Exhibit Ko 29), and the written oaths prepared by persons who are considered to be influential and well-versed in the casino industry (Exhibits Ko 30 and 31), provide certification of the goods with the same appearance as the Trademark, these certificates cannot immediately be deemed to be objective and they lack competence as evidence. Furthermore, the number of persons who visited the gatherings held at the plaintiff's factory in Japan for the presentation of the Goods in Use is only 198 persons in total over eight years (Exhibit Ko 32-3). Most visitors were people from the casino industry in foreign countries, and the only Japanese visitors from the industry were a few who were from Matsui. Therefore, only because of the existence of these various certificates and documents, the Trademark cannot be found to be recognized widely among consumers as a mark indicating the goods relating to the business of the plaintiff (the demandant).

(e) Acquisition of famousness through export and other circumstances

None of the circumstances regarding the Goods in Use, such as the volume of units sold, the market share, the magazine articles and website posts, and the certificates and written oaths issued by consumers, can be regarded as representing the fact that these goods are being used in the Japanese market. The accurate number of Japanese tourists who visit casinos in South Korea is unknown. With regard to the certificate issued by Matsui, its factual basis is uncertain, and what is more, one cannot immediately say on the basis of a certificate issued by only one company that the Trademark has acquired a sufficient capability to distinguish the plaintiff's goods from goods of others in Japan.

With regard to the materials showing the casino information website in Japan (Exhibits Ko 52 and 53), one cannot immediately say that the Trademark is known widely among consumers in Japan only on the basis of the number of subscribers and the number of accesses to the website, or the fact that the Trademark is used at almost all casinos that the subscribers visit. The plaintiff's allegation that the Trademark is recognized among a considerable number of Japanese casino players is not supported by any clear basis.

(f) Summary

The shape of the Goods in Use cannot be deemed to be identical with the Trademark, and even by comprehensively taking into consideration the circumstances alleged and evidence produced by the plaintiff, it cannot be said that, as a result of the Trademark having been used for its designated goods, consumers are now able to recognize goods carrying the Trademark as goods relating to the business of the plaintiff (the demandant).

For the reasons stated above, the Trademark cannot be found to meet the requirement under Article 3, paragraph (2) of the Trademark Act.

(omitted)

No. 5 Court decision

1. Ground for Rescission 1 (errors in the determination on whether the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act)

(1) Facts found

According to the evidence (Exhibits Ko 1 to 8 and 18, Exhibits Otsu 1 to 14) and the entire import of the oral argument, the following facts are found.

A. Designated Goods, etc.

At casino facilities in foreign countries where gambling is taking place, a container in which multiple sets of playing cards are stored and from which the dealer takes out these cards when dealing cards is used with such names as "card shoe," "shoe," "card shooter," and "dealing shoe." This kind of card shoe is distributed as gaming goods in Japan. Prior to the filing of the application of the Trademark, containers similar to such card shoes had been used at casino facilities in foreign countries.

The Designated Goods are a "playing card dealing device that incorporates a function to identify playing card identification codes printed on playing cards and a program to determine whether the relevant card is the right one or whether the player wins or loses in a card game," which is a card shoe mentioned above that "incorporates a function to identify playing card identification codes printed on playing cards and a program to determine whether the relevant card is the right one or whether the player wins or loses in a card game." This kind of goods is being used as a substitute for the conventional card shoe at casino facilities in foreign countries, for such purposes as preventing cheating in baccarat, discovering dealers' mistakes, and allowing the automatic display of the game results, in addition to storing and dealing playing cards.

The goods designated for a trademark in an application are generally premised on the fact that these goods are distributed and a market for the goods exists in Japan. The goods that fall within the scope of the Designated Goods are not actually distributed on the market in Japan and therefore, general consumers of these goods cannot be specifically imagined at the present

stage. However, in the section below, the court examines the case on the assumption that there may be such general consumers in Japan in the future.

B. Three-dimensional shape of the Trademark

As indicated in the List of the Trademark attached hereto, the Trademark consists of a box-like three-dimensional shape, with its upper surface gently sloping, and the front surface sloping at an angle and having an arc-shaped opening. It has lights on the upper surface, a button on one side surface, and a switch and sockets for connection with various devices on the rear surface. In whole, many curved lines are used for its outline (there is no dispute on these points between the parties). It can be characterized by the following features: [i] its whole shape is like a horizontally-long box; [ii] its upper surface is gently sloping; [iii] its front surface is sloping and has a semicircular opening; [iv] many curved lines are used for its outline: and [v] its upper surface and side surface carry three-dimensional shapes such as lights, a button, and a switch. These lights, button and such other parts are found to be provided in order to display the game results (result display lights) or control the device (instruction button).

C. Three-dimensional shape of a card shoe

A card shoe is goods to be used to deal playing cards in card games such as baccarat. It is used at casino facilities in foreign countries and also used in Japan when playing card games. An ordinary card shoe has the following features in its three-dimensional shape: [i] it is like a horizontally-long box to be used to store multiple sets of playing cards; [ii] because the lower surface of the card container part is sloping toward the front in order to push forward the stored cards, its upper surface is also gently sloping; [iii] and in order to enable the dealer to slip each card forward by the hand and pick it up easily, the front surface is sloped and provided with a semicircular opening. This kind of shape of a card shoe is selected for the purpose of enabling it to effectively perform its function to store multiple sets of playing cards and enable the dealer to slip each card from the top card forward and pick it up smoothly. It cannot be deemed to have the function as a mark to indicate the source of goods or distinguish one's goods from goods of others.

(2) Whether the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act

According to the explanation given in (1) above, the shape of the Trademark and the shape of an ordinary card shoe have some features in common, namely, they are both like a horizontally-long box, the upper surface is gently sloping, and the front surface is sloping and provided with a semicircular opening. The shape incorporating these features is a basic shape of a card container in which playing cards can be stored and taken out one by one from the top

card, and it is regarded as a shape that is generally adopted for a playing card dealing device in order to enable it to effectively perform its function.

Although the three-dimensional shape of the Trademark has certain characteristic features, such as many curved lines being used for its whole outline, there are other card shoes with such outline made of curved lines (Exhibits Otsu 4 and 11), and hence, that three-dimensional shape cannot be regarded as going beyond the scope of a generally adopted shape, but rather it is found to be within the scope of shapes that can be predicted by consumers who have accessed the Trademark as a shape of goods that is intended to contribute to the aesthetic impression of the goods.

The Designated Goods are a "playing card dealing device that incorporates a function to identify playing card identification codes printed on playing cards and a program to determine whether the relevant card is the right one or whether the player wins or loses in a card game." As found above, lights, a button and such other parts are found to be provided in order to identify the playing card and display the game results electronically or control the electronic device. It may be common for goods having such electronic functions to be provided with lights, buttons, switches, and such other parts in order to allow them to perform their functions. The characteristic features of the lights, button, switch and such other parts of the Trademark can be deemed to be within the scope of shapes that can be predicted by consumers who have accessed the Trademark as a shape of goods that is intended to enable the goods to effectively perform their functions.

According to the above, the three-dimensional shape of the Trademark is objectively found to have been adopted for the purpose of contributing to the function or aesthetic impression, and it is within the scope of shapes that can be predicted by consumers as a shape of goods that is intended to contribute to the function or aesthetic impression. Accordingly, the three-dimensional shape of the Trademark is found to fall under Article 3, paragraph (1), item (iii) of the Trademark Act as a trademark that consists solely of a mark indicating the shape of goods in a common manner.

(3) Plaintiff's allegations

A. The plaintiff alleges as follows. The Designated Goods are a very special kind of goods which are intended for the use and function of "preventing cheating in baccarat," "discovering dealers' mistakes," and "allowing the automatic display of the game results," and whose essential element lies in the function of sensing a card with a unique patented code printed thereon and exchanging data with a device having a communication function such as a personal

computer (Exhibits Ko 1 to 8). Accordingly, they are goods to be used at casino facilities where formal casino games can be played, and in light of their use and function, they are usually not distributed in Japan where baccarat gaming is illegal but are intended exclusively for export. On the other hand, a card shoe does not have functions as an electronic device and it may be a kind of gaming goods that anyone can supply at eating and drinking places (bars). Thus, in the first place, the Designated Goods and a card shoe are completely different in terms of the specific structure, and they are also completely different in terms of the places where they are used and the consumers who use them, and therefore, a card shoe cannot be said to be the same kind of goods to be supplied to the same consumers as those of the Designated Goods as their substitute.

However, as found above, the Designated Goods are a card shoe "that incorporates a function to identify playing card identification codes printed on playing cards and a program to determine whether the relevant card is the right one or whether the player wins or loses in a card game," or more specifically, they can be deemed to have been made by combining the functions of an ordinary card shoe—a device which stores multiple sets of playing cards and enables the dealer to slip each card from the top card forward and pick it up (playing card dealing device), with additional functions such as identifying a playing card electronically to determine whether the relevant card is the right one or whether the player wins or loses in a card game.

Both the Designated Goods and a card shoe are used for games played with cards, and as mentioned above, the shape of the Designated Goods and the shape of a card shoe are similar to each other because of many common elements. Hence, even if the Designated Goods are used exclusively at casinos in foreign countries and have special electronic functions as argued by the plaintiff, in the process of determining whether the three-dimensional shape of the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act as a trademark that consists solely of a mark indicating the shape of goods in a common manner, it is appropriate to compare it with the three-dimensional shape of a card shoe.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

B. The plaintiff also alleges as follows. The three-dimensional shape of the Trademark is based on the image of a "shoe," which is the origin of the name of a card shoe used by the dealer when dealing cards at a casino, intentionally combined with the image of a "sports car," which symbolizes the pioneer leading the way as the first electronic baccarat shoe in the casino industry (the plaintiff adopted this shape itself as a mark to distinguish its goods from goods of others). Because of the uniqueness of its entire structure made of many curved lines, the

three-dimensional shape of the Trademark gives a strong and memorable impression to consumers of the Designated Goods as a mark that expresses a beautiful future envisaged from the present society as well as moderate streams in nature. It is adopted for the purpose of giving the capability to distinguish the plaintiff's goods from goods of others with a view to re-stimulating the demand, in addition to the purpose of improving the attractive appearance. Therefore, it is appropriate to consider that the three-dimensional shape of the Trademark was not selected only for the purpose of the attractive appearance but was elaborated, under restraints arising from the functions of the goods, by exerting the plaintiff's originality and ingenuity in the shape of goods to make it distinctive.

However, as found above, the feature of the three-dimensional shape of the Trademark in that many curved lines are used for its entire outline does not go beyond the scope of shapes that are usually adopted for a card shoe but is considered to have been adopted for the purpose of contributing to the function or aesthetic impression. Even if the plaintiff's subjective intention was to adopt the shape of the Trademark itself as a mark to distinguish the plaintiff's goods from goods of others by exerting its originality and ingenuity in the shape of goods, this point only gives a meaning in terms of consumers' preference when they choose goods based on the attractive appearance, and objectively, consumers would still recognize the shape of the Trademark only as a shape of goods, and hence it does not affect the finding that the Trademark is a trademark that consists solely of a mark indicating the shape of goods in a common manner.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

C. The plaintiff further alleges as follows. The three-dimensional shape of the Trademark has been created by adopting a structure made with many curved lines from among a certain range of options under restraints arising from the use, nature and other factors of the goods, with a view to improving the attractive appearance, and also by exerting a certain degree of originality and ingenuity in selecting the position, size and range of the lights, button and such other parts provided therewith in order to make it distinctive based on the adopted shape to attract consumers to purchase the goods repeatedly. It is not inevitable to adopt the same structure as the three-dimensional shape of the Trademark in order to secure the functions of the Designated Goods, nor can it be deemed to be within the scope of shapes that can be predicted as a shape to be selected for the functional purpose. Therefore, the three-dimensional shape of the Trademark is not a shape that is intended to contribute to the functions of the goods.

However, even if the plaintiff created the three-dimensional shape of the Trademark by exerting its originality and ingenuity in selecting the position, size and area of lights, button and

such other parts from among a certain range of options in order to make it distinctive under restraints arising from the use, nature and other factors of the goods, and the three-dimensional shape of the Trademark adopted as a result is not such a structure that should inevitably be adopted in order to secure the functions of the Designated Goods, it is common to provide goods having electronic functions, like the Designated Goods, with lights, buttons, switches and such other parts in order to enable the goods to perform their functions. As found above, even when the position, size and other factors of these parts are viewed objectively, the three-dimensional shape of the Trademark is found to be within the scope of shapes that can be predicted by consumers who have accessed the Trademark as a shape of goods that is intended to enable the goods to effectively perform their functions.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

D. The plaintiff alleges as follows. The three-dimensional shape of the Trademark has the capability to distinguish the plaintiff's goods from goods of others. In addition, there are no businesses in the casino industry except for the plaintiff that deal in the Designated Goods which have the three-dimensional shape of the Trademark or similar shape. Therefore, the three-dimensional shape of the Trademark constitutes a unique three-dimensional shape of the first electronic baccarat shoe in the casino industry, and the Trademark which represents its unique three-dimensional shape is not a mark that any person would wish to use or usually uses as a necessary and appropriate indication in trade.

However, even if the plaintiff is, at present, the sole business that deals in the Designated Goods which have the three-dimensional shape of the Trademark or similar shape, and the Trademark constitutes a unique three-dimensional shape of the first card shoe with electronic functions in the casino industry, the three-dimensional shape of the Trademark can objectively be regarded as an ordinary shape selected for a card shoe with electronic functions for the purpose of contributing to the function or aesthetic impression of the goods, as found above. Therefore, it cannot be said that the three-dimensional shape of the Trademark is not a mark that any person would wish to use in the future, and it is inappropriate from the perspective of public interest to grant the plaintiff the exclusive right to use the Trademark only because it filed a trademark application earlier than others.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

E. The plaintiff also alleges as follows. The plaintiff filed applications for registration of the Trademark in foreign countries which have casino facilities where baccarat games are played, and the Trademark has been registered as a distinctive mark at least in the United States,

European Union, Australia, Russia, Malaysia, and New Zealand (Exhibits Ko 26-1 to 26-8). Based on these facts, no problem will arise in terms of public interest by granting the plaintiff the exclusive right to use the Trademark in Japan, from which the plaintiff exports the goods with the Trademark.

However, as found above, it should be said that if the Trademark is used for its designated goods, consumers would only recognize it as representing the shape of the goods, and thus the Trademark does not have the capability to distinguish the plaintiff's goods from goods of others. Therefore, even though the Trademark has been registered in those foreign countries where the Goods in Use are generally distributed, it cannot be said, only because of that fact, that the Trademark should necessarily be registered in Japan where these goods are not distributed.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

(4) For the reasons stated above, there are no errors in the JPO decision that determined that the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act as a trademark that consists solely of a mark indicating the shape of goods in a common manner, and hence, Ground for Rescission 1 argued by the plaintiff is unreasonable.

2. Ground for Rescission 2 (errors in the determination on whether the Trademark falls under Article 3, paragraph (2) of the Trademark Act)

(1) Applicability of Article 3, paragraph (2) of the Trademark Act

A trademark set forth in Article 3, paragraph (1), item (iii) of the Trademark Act is considered to be unregistrable for the following reasons. Such trademark is a mark that indicates or describes the place of origin, place of sale or other features of goods, or a mark that indicates the shape of goods, and any person would wish to use the trademark as a necessary and appropriate indication in trade, and therefore it is inappropriate for the sake of public interest to grant a particular person the exclusive right to use the trademark. Another reason is that such a trademark is a mark that is commonly used and lacks distinctiveness in most cases, and therefore it is incapable of functioning as a trademark. Article 3, paragraph (2) of the Trademark Act provides that even if it is inappropriate for the sake of public interest to grant a particular person the exclusive right to use a trademark, as in the case of a trademark that falls under paragraph (1), item (iii) of the same Article, and it lacks distinctiveness and is incapable of functioning as a trademark, it may be registered as an exception only if, as a result of the trademark having been used, consumers are now able to recognize goods or services carrying that trademark as goods or services relating to a particular person's business, and it has thus

acquired distinctiveness. Considering that the Trademark Act applies uniformly across Japan and that a trademark right is an exclusive right which is effective nationwide and for which registration may be renewed, in order for a trademark to be registered under Article 3, paragraph (2) of the Trademark Act, it may be necessary for a trademark that falls under paragraph (1), item (iii) of the same Article to have become recognized among consumers of the designated goods or services throughout Japan as a mark indicating a particular person as the source of the goods or services, as a result of the trademark having been actually used (in that case, as a general rule, consumers of the designated goods or services must exist across Japan). This reasoning also applies as a requirement for a trademark that falls under Article 3, paragraph (1), item (iv) or (v) of the Trademark Act to be registered under paragraph (2) of the same Article.

(2) Structures of the Trademark and the goods for which it is used

While the Trademark has the structure as found in 1(1) above, according to the evidence (Exhibits Ko 1 to 4, 6, 18, 22, 37, and 49) and the entire import of the oral argument, the plaintiff manufactures and sells goods with a shape that is similar to the Trademark, with the name of "バカラ電子シュー (Electronic Baccarat Shoe)" (the "Goods in Use"). It is found: that the Goods in Use are a "playing card dealing device that incorporates a function to identify playing card identification codes printed on playing cards and a program to determine whether the relevant card is the right one or whether the player wins or loses in a card game," which falls within the scope of the Designated Goods; and that the three-dimensional shape of the Goods in Use and that of the Trademark are slightly different in terms of the number of lights, the shape of the curved surface, and the shape of the opening for dealing cards, and thus they cannot be regarded as consisting of a completely identical shape, but they can be deemed to be identical with each other in substance. Also according to the evidence (Exhibits Ko 1, 2, 18, 24, 37, and 41) and the entire import of the oral argument, it is found that the Goods in Use carry the letters of "ANGEL EYE," etc., which are written on the upper surface in an eye-catching manner. In light of the fact that it is common that goods, etc., upon sale or other occasions, carry the names of the companies which are their sources, or marks, letters or something similar, it is inappropriate to deny the applicability of Article 3, paragraph (2) of the Trademark Act with regard to the three-dimensional shape of the Trademark only because the three-dimensional shape actually in use carries said letters, but it is rather appropriate to determine whether the Trademark has acquired independent distinctiveness, focusing on its three-dimensional shape that is left after removing those letters, etc.

(3) The court examines the Trademark based on the explanation given above. There is no dispute between the parties with regard to the fact that the Goods in Use that have substantially the same shape as the three-dimensional shape of the Trademark are intended exclusively for export and are not distributed in Japan. Even if, as argued by the plaintiff, the Trademark is used by exporting the Goods in Use or assigning or exhibiting them for assignment for the purpose of exporting them, since the person involved in the trade of the Goods in Use is limited to a domestic sales agent and there are only a limited range of consumers who can recognize the Trademark as indicating the plaintiff as the source of the goods, it cannot be found that consumers of the Designated Goods exist across Japan. What is more, even if, as a result of the export of the Goods in Use, the Trademark is being used in foreign countries and known to people in the casino industry in foreign countries, there is no evidence that shows that the Trademark is well-known in Japan as well. Therefore, the Trademark cannot be found to have become recognized among consumers of the Designated Goods throughout Japan as a mark indicating the plaintiff as the source of the goods.

Consequently, the Trademark cannot be regarded as a mark that is registrable under Article 3, paragraph (2) of the Trademark Act.

(4) Plaintiff's allegations

A. The plaintiff alleges as follows. [i] Since its foundation in 1949, the plaintiff has been doing business across the world as a manufacturer of various types of card game goods. The Goods in Use have been exported and used at casinos in foreign countries for more than ten years since 2005, and they have approx. 90% share in Macao, the largest casino market in the world. [ii] During the period between 2005 and 2014, the plaintiff sold a total of 14,841 units of the Goods in Use in countries in Asia, Oceania, North America, and Europe, making approx. 2.7 billion yen of sales while spending approx. 130 million yen of promotion costs (Exhibits Ko 40 and 49), and the plaintiff's sales agent, Matsui, has sold the Goods in Use in South Korea as well. [iii] The plaintiff advertises the Goods in Use by showing them on its corporate leaflet (Exhibit Ko 1) and website (Exhibit Ko 2). The Goods in Use also appeared in the photographs of casinos posted on the foreign website that provides news on casinos (Exhibits Ko 25-1 to 25-7). [iv] The Goods in Use now hold more than 90% share in the market of electronic baccarat shoes, have a high degree of recognition among people in the casino industry in foreign countries (Exhibits Ko 27-1 to 32-3), and have been nominated for and awarded a prize in the gaming industry (Exhibit Ko 24). In view of these facts, people in the casino industry, upon seeing the Goods in Use in Japan, would be able to recognize them as the goods manufactured by the plaintiff. [v]

The plaintiff holds gatherings for visitors to its factory for the presentation of the Goods in Use using videos. A number of persons from casino groups have visited the plaintiff's factory (Exhibit Ko 32), and the plaintiff has held negotiations with them in Japan for the sale of the Goods in Use. Thus, it is obvious at least that the plaintiff exhibits the Goods in Use in Japan for the purpose of assigning or exporting them and carries out advertising activities on these goods in Japan. [vi] The plaintiff invites agents and people in the casino industry from home and abroad to its factory to hold sales negotiations, and people who visit the plaintiff's factory, even those from abroad, can be regarded as consumers in Japan. Based on these facts, as a result of the Trademark having been used for its designated goods, consumers are now able to recognize goods carrying the Trademark as goods relating to the plaintiff's business, and therefore the Trademark falls under Article 3, paragraph (2) of the Trademark Act.

However, all of the circumstances concerning the Goods in Use as alleged by the plaintiff such as the status of use, number of units sold, market share, sales amount, winning of a prize, articles posted on the websites, etc., and the status of sales promotion activities, represent the situations in foreign countries which have casino facilities, and they do not represent the status of use or other circumstances concerning the Goods in Use in Japan, and hence, they cannot be regarded as reflecting the recognition among consumers in Japan.

Furthermore, with regard to the visitors to the gatherings held at the plaintiff's factory for the presentation of the Goods in Use, the number of persons who visited these gatherings is only 198 persons in total over eight years, and among these visitors, the only Japanese visitors were a few who were from the plaintiff's sales agent (Exhibit Ko 32). In light of these facts, even if the plaintiff holds negotiations for the sale of the Goods in Use at its factory in Japan, the foreign visitors cannot be regarded as consumers in Japan, and it is only a few persons from the plaintiff's sales agent that can be regarded as consumers in Japan. Therefore, it cannot be found that consumers of the Designated Goods exist across Japan, and the Trademark cannot be deemed to be recognized among consumers of the Designated Goods throughout Japan as a mark indicating the plaintiff as the source of the goods, as a result of the Trademark having been actually used.

Consequently, all of the plaintiff's allegations mentioned above cannot be accepted.

B. The plaintiff alleges that as a result of the manufacturing and export of the Goods in Use by the plaintiff, a number of people in the casino industry (those in Oceania, Singapore, Hong Kong, the Philippines, Malaysia, and Macao; a total of 101 persons) now recognize the image of

the Trademark that is identical with the Goods in Use as showing the goods that are provided by the plaintiff.

However, although the certificates and other documents issued by many people in the casino industry, which are submitted by the plaintiff (Exhibits Ko 27, and 29 to 31), may be proof of the fact that people in the casino industry in foreign countries can recognize the Goods in Use as relating to the plaintiff's business, they cannot be regarded as the evidence showing that the Trademark has become recognized among consumers of the Designated Goods throughout Japan as a mark indicating the plaintiff as the source of the goods.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

C. The plaintiff further alleges as follows. Resocasi, which is the largest casino information website in Japan, has approx. 30,000 subscribers and receives as many as 300,000 accesses on a monthly basis. Since it posts information only in Japanese language, most of its subscribers and viewers are supposed to be Japanese tourists who wish to visit casino facilities in foreign countries. Considering that the Goods in Use are installed at almost 100% of casinos visited by Japanese tourists, who are subscribers of Resocasi, it can be presumed that the Goods in Use are recognized among a considerable number of Japanese tourists who visit casino facilities.

However, even if it can be presumed from the numbers of subscribes and accesses to this website that the Goods in Use themselves are recognized among a certain number of Japanese tourists who visit casino facilities in foreign countries, and these tourists can be regarded as consumers, it can hardly be found that they are interested in the source of these goods. Therefore, the Trademark cannot be deemed to have become recognized among consumers of the Designated Goods throughout Japan as a mark indicating the plaintiff as the source of the goods only on the grounds of the aforementioned circumstances alleged by the plaintiff.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

D. The plaintiff also alleges that the Trademark has been registered as a distinctive mark in foreign countries which have casino facilities where baccarat games are played (the United States, European Union, Australia, Russia, Malaysia, and New Zealand) (Exhibits Ko 26-1 to 26-8), and that as a result of the plaintiff having continued to use the Trademark on a large scale, the Goods in Use now hold more than 90% share in the market of electronic baccarat shoes (Exhibits Ko 27-1 to 32-3).

However, as found above, even if people in the casino industry in foreign countries can recognize and understand the Trademark as a mark indicating the source of the goods relating to the plaintiff's business, these people in the casino industry cannot be regarded as consumers in

Japan, and the Trademark cannot be deemed to have become recognized throughout Japan as a mark indicating the plaintiff as the source of the goods, as a result of the Trademark having been used. In that case, even if the Trademark has been registered in those foreign countries which have casino facilities where baccarat games are played, it cannot be said that there are such circumstances where Article 3, paragraph (2) of the Trademark Act should be applied, and therefore the plaintiff's allegation does not affect the findings mentioned above.

Consequently, the plaintiff's allegation mentioned above cannot be accepted.

(5) For the reasons stated above, there are no errors in the JPO decision that determined that the Trademark fails to meet the requirement under Article 3, paragraph (2) of the Trademark Act, and hence, Ground for Rescission 2 argued by the plaintiff is unreasonable.

No. 6 Conclusion

As shown above, both of the grounds for rescission argued by the plaintiff are unreasonable, and the plaintiff's claim is groundless, and therefore, the court shall dismiss the claim and render a judgment in the form of the main text.

Intellectual Property High Court, First Division

Presiding judge: SHIMIZU Misao

Judge: NAKASHIMA Motoyuki

Judge: OKADA Shingo

Attachment

List of the Trademark

[FIG.1/7]



[FIG.2/7]



[FIG.3/7]



[FIG.4/7]



[FIG.5/7]



[FIG.6/7]



[FIG.7/7]

