Judgments of Intellectual Property High Court, Fourth Division
Date of the Judgment: 2006.10.18
Case Number: 2005（Ne）No.10059

Title（Case）:
A case wherein, with respect to the comparative advertisement indicating that the appellee's gum is more effective in recalcification of teeth than the appellant's gum, the court determined that the experiment which provided the basis for the comparative indication lacks necessary reasonability, and that the indication constituted an act of unfair competition prescribed in items 13 and 14 of Article 2, para.1 of the Unfair Competition Prevention Act, and the court therefore upheld the appellant's claim for an injunction against the appellee's use of the comparative indication in the advertisement

Reference: Items 13 and 14 of Article 2, para.1 of the Unfair Competition Prevention Act

Summary of the Judgment:

Both the appellant and the appellee are engaged in selling gum and other confectionary products, and they are in a competitive relationship. The appellee, upon release of a new gum product, placed a comparative advertisement in newspapers, etc., which indicates that the appellee's gum was five times more effective in recalcification of teeth than the appellant's gum（this indication shall hereinafter be referred to as the "Comparative Indication"）. The Comparative Indication was based on the experiment（D-2-3 Experiment）disclosed in the paper that was written by Assistant Professor C1 of the dental school of Medical University C and published in a journal called TIGG（this paper shall hereinafter be referred to as the "TIGG Paper"）. The data on both parties' gum products used in the Comparative Indication as the basis of concluding "about five times more effective" was obtained in the D-2-3 Experiment.

In this case, the appellant, alleging that the Comparative Indication constitutes an act of unfair competition prescribed in Article 2, para.1, item 13 of the Unfair Competition Prevention Act（misrepresenting information as to the quality of goods, etc.）or Article 2, para.1, item 14 of the same Act（making and circulating false allegation）, requests the appellee to stop using the Comparative Indication in the advertisement, publish an apology, and pay damages.

The court of the first instance（Tokyo District Court judgment of October 20, 2004 in Case No. 2003（Wa）No.15674）dismissed the appellant's claims, on the grounds that there was no unreasonable aspect in D-2-3 Experiment in terms of the experimental

conditions and method, and therefore the Comparative Indication did not constitute an act of unfair competition prescribed in item 13 or 14 of Article 2, para.1 of the Unfair Competition Prevention Act.

In the second instance, this court received from both parties expert opinions written by many scholars including foreign scholars. The court also received from the appellant several experiment reports denying the reproducibility of D-2-3 Experiment, as well as a request from the appellant to conduct a replication experiment of D-2-3 Experiment so as to obtain expert testimony. The court required both parties to decide a specific experimental method for a replication experiment with the intention of adopting its results in the form of expert testimony as relevant evidence. However, despite the fact that the technique and device required for the experiment would not be so special, the appellee set many conditions on the qualification of an expert witness. More specifically, the appellee asserted that it would be meaningless to conduct a replication experiment for expert testimony unless it was conducted by a person who could satisfy the conditions set by the appellee, while designating, as candidates for an expert witness, several persons including the foreign scholars who had submitted expert opinions in favor of the appellee. Since the appellee stood firm on its assertion, the court had no choice but to give up obtaining expert testimony.

Against such background, the court found as follows. There is no inappropriate or unreasonable aspect in the experimental conditions and method for D-2-3 Experiment disclosed in the TIGG paper, whereas inappropriate aspects can be found in the experimental method, etc. of the replication experiments submitted by the appellant for the purpose of denying the reproducibility of D-2-3 Experiment, and therefore the appellant's replication experiments cannot be deemed to have successfully denied the reproducibility of D-2-3 Experiment. However, when the appellant conducted reanalysis of the retained digital images of D-2-3 Experiment, the reanalysis produced an abnormal outcome (despite the fact that the same images were used for analysis, there was no significant difference from the results of D-2-3 Experiment disclosed in the TIGG Paper with regard to the appellant's gum, whereas a remarkable difference was found with regard to the appellee's gum). Taking into consideration this fact, it should inevitably be said that it is impossible to completely rely on the results of D-2-3 Experiment, and in order to prove the reasonableness of the experiment, it is necessary to have a third party conduct an objective and fair replication experiment, thereby supporting the accuracy of the results of D-2-3 Experiment. Stating as above and mentioning the reason for having given up obtaining expert testimony, the court concluded that the appellee should be deemed to have abandoned the responsibility for offering necessary evidence on the reasonableness of D-2-3 Experiment, and therefore D-2-3 Experiment should inevitably be judged to be unreasonable. Consequently, holding that the Comparative Indication, which is no longer supported by any reasonable experiment, constitutes an act

of unfair competition prescribed in item 13 or 14 of Article 2, para.1 of the Unfair Competition Prevention Act, the court upheld the appellant's claim for an injunction against the appellee's use of the indication. On the other hand, the court dismissed the claims for publication of an apology and payment of damages, holding that the appellee cannot be necessarily deemed to have used the Comparative Indication intentionally or negligently.

Judgment rendered on October 18, 2006

2005 (Ne) 10059, Appeal Case of Seeking an Injunction against Advertisement, etc.

Date of conclusion of oral argument: August 3, 2006

(Court of prior instance: Tokyo District Court; 2003 (Wa) 15674; judgment rendered on October 20, 2004)

Judgment

Appellant (plaintiff in prior instance): LOTTE Co., Ltd.

Appellee (defendant in prior instance): Ezaki Glico Co., Ltd.

Main Text

1. The judgment in prior instance shall be changed as follows.

(1) The appellee shall not make the advertisement or the indication stated in List 2 attached to this judgment when selling the goods stated in List 1 attached to this judgment.

(2) All of the other claims of the appellant shall be dismissed.

2. For the court costs, through the first and second instances, the appellee shall bear the part pertaining to the claim for an injunction out of the fees associated with the filing of the action and the appeal, and the appellant shall bear all the other parts. Each party shall bear all the other court costs excluding said fees at its own expense, respectively.

Facts and reasons

No. 1 Judicial decision sought by the parties

1. Appellant

A judgment and a declaration of provisional execution to the following effect: "The judgment in prior instance shall be revoked. The appellee shall not make the advertisement or the indication stated in List 2 attached to this judgment when selling the goods stated in List 1 attached to this judgment. The appellee shall publish the apology directed to the appellant, which is as stated in List 3 attached to this judgment, in the size of 6 cm in width and in two-column format by using the following phototypesetting on the city news page of the national edition of each of Asahi Shimbun, Yomiuri Shimbun, Mainichi Shimbun, Sankei Shimbun, and the Nikkei Shimbun respectively, once : 14-font gothic typeface for the heading, 11-font Mincho typeface for the text, and 14-font Mincho typeface for the name of the appellee. The appellee shall pay to the appellant 1,000,000,000 yen and the amount accrued thereon that is calculated by the rate of 5% per annum for the period from May 20, 2003 to the date of completion of payment. The appellee shall bear the court costs for both the first and second instances."

2. Appellee

A judgment to the following effect: "This appeal shall be dismissed. The appellant shall bear the cost of the appeal."

No. 2 Outline of the case

In this case, the appellant alleged that the indication stated in List 2 attached to this judgment in the advertisements (hereinafter the indication stated in said list is referred to as the "Comparative Indication," and the advertisements including the Comparative Indication, which the appellee made, are referred to as the "Comparative Advertisements"), which the appellee made when selling the goods stated in List 1 attached to this judgment (hereinafter referred to as "POsCAM") falls under the indication that is likely to cause a misconception about the quality, etc. of goods as prescribed in Article 2, paragraph (1), item (xiii) of the Unfair Competition Prevention Act and the act of making or circulating a false allegation as prescribed in item (xiv) of said paragraph. Based on this allegation, the appellant sought an injunction against the use of the Comparative Indication in advertisements, which the appellee makes when selling POsCAM, publication of an apology, and compensation for damages.

In its judgment, the court of prior instance ruled as follows: The Comparative Advertisements are based on the experiment stated in Chapter D-2-3 (hereinafter referred to as the "D-2-3 Experiment") in the paper titled "Production and Application of Potato Starch-derived Phosphorylated Oligosaccharide" (hereinafter referred to as the "TIGG Paper"), which was written by Assistant Professor C_1 of the faculty of dentistry of Medical University C (hereinafter referred to as "Assistant Professor C_1") and was placed in the March 2003 issue (Exhibit Ko No. 17) of the journal "TRENDS IN GLYCOSCIENCE AND GLYCOTECHNOLOGY," and they are indicated in accordance with the data presented through said experiment; There are no unreasonable points in the conditions, method, etc. of the D-2-3 Experiment, and the experimental results are supported by another experiment which the appellee conducted thereafter. Based on this ruling, the court of prior instance determined that the appellee's act of making the Comparative Advertisements falls under neither Article 2, paragraph (1), item (xiii) of the Unfair Competition Prevention Act nor item (xiv) of said paragraph, and dismissed all of the appellant's claims.

(omitted)

No. 4 Court decision

(omitted)

4. Regarding Issue 2 (whether the act of making an advertisement including the Comparative Indication falls under the act of making or circulating a false allegation as prescribed in Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act and whether such advertisement falls under the indication that is likely to cause a misconception about the quality, etc. of goods as prescribed in item (xiii) of said paragraph)

(1) Regarding the Comparative Advertisements (Exhibits Ko No. 8-1 to No. 8-6) placed in newspapers, one that was placed in the evening edition of Asahi Shimbun dated May 22, 2003 (Exhibit Ko No. 8-1) and one that was placed in the evening edition of Yomiuri Shimbun dated the same day (Exhibit Ko No. 8-2) are as follows: [i] There is a statement of the Comparative Indication, i.e, "realizes a remineralization effect about five times higher than xylitol gum in general"; [ii] A bar graph titled "Comparative Experiment with Xylitol Gum in General by a Human Saliva Immersion Method" is placed at the center of those advertisements with a photograph of a human tooth in the background, and it indicates that the remineralization rate by xylitol gum in general is around 5% while that by POsCAM exceeds 30% and that the latter is 5.35 times higher than the former; [iii] Photographs are placed with the title "Excellent Remineralization Effect of POs-Ca (seven days later)" at the bottom right of those advertisements, and the photograph on the left side indicates that almost no change has occurred in the tooth from the decalcified state while the photograph on the right side indicates that remineralization has occurred nearly up to the surface of the tooth. Incidentally, in the note (*2) in part [i], the content of four-day processing in the D-2-3 Experiment, including four-day immersion, is stated together with an indication of the TIGG Paper. In addition, in note (*5) in part [iii], it is stated that "A decalcified piece of tooth enamel was immersed in a solution not containing POs-Ca (photograph on the left side) or a solution containing 0.07% of POs-Ca (photograph on the right side) at 37 C° for seven days, and after that, the cross-section photograph of a piece of tooth was shot with a scanning electron microscope (the details are available in the document mentioned in note *2)."

On the other hand, an advertisement placed in the Sankei Shimbun dated June 4 of the same year (Exhibit Ko No. 8-3), one placed in the Mainichi Shimbun dated the same day (Exhibit Ko No. 8-4), and one placed in the Nikkei Shimbun dated the same day (Exhibit Ko No. 8-5) include a statement of the Comparative Indication to the same effect as [i] above, that is, "POsCAM realized a remineralization effect about five times higher than xylitol gum in general," but those advertisements neither include the photograph of a human tooth and the bar graph mentioned in [ii] nor include the two photographs mentioned in [iii]. Moreover, an advertisement placed in the Asahi Shimbun dated June 24 of the same year (Exhibit Ko No. 8-6) includes a statement to the same effect as [i] above and the photograph of a human tooth alone out of those mentioned in [ii] but does not include the bar graph mentioned in [ii] and the two

photographs mentioned in [iii].

Incidentally, after that, the Comparative Indication to the same effect as [i] above was used for cartons in which products are stored, etc. until around May 2004 (No.2, 1. above).

(2) The "xylitol gum in general" mentioned in the statement of the Comparative Indication in [i] above and in [ii] refers to Xylitol +2, as mentioned in No. 2, 1. above (lines 24 to 25 of page 5 of the judgment in prior instance). Therefore, the Comparative Indication and the bar graph mentioned in [ii] in the Comparative Advertisements indicate that the appellee's product, POsCAM, has a remineralization effect about five times higher than the appellant's product, Xylitol +2. However, there is no choice but to say that the D-2-3 Experiment that serves as a basis therefor is unreasonable, as mentioned in 2.(5) above. In addition, the appellee has not alleged any other grounds for proving that the remineralization effect of POsCAM is about five times higher than that of Xylitol +2. Consequently, the allegation that POsCAM has a remineralization effect about five times higher than Xylitol +2 should be considered to be a false allegation that goes against objective facts. The appellee's act of making the Comparative Advertisements that include the Comparative Indication mentioned in [i] above and the bar graph mentioned in [ii] falls under Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act as an act of circulating a false allegation that is injurious to the business reputation of another person with which one is in a competitive relationship.

In addition, it is obvious that the Comparative Advertisements are about POsCAM. As mentioned above, the Comparative Indication in [i] and the bar graph in [ii] indicate that POsCAM has a remineralization effect about five times higher than Xylitol +2, and the indication goes against objective facts. Therefore, these parts in the Comparative Advertisements should be considered to be those that cause a misconception about the quality of POsCAM. Consequently, the appellee's act of making the Comparative Advertisements including these parts falls under item (xiii) of said paragraph.

(3) As reasons for the Comparative Advertisements to fall under Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph, the appellant alleges that the Comparative Advertisements are detached from the D-2-3 Experiment, as well as that the D-2-3 Experiment is unreasonable. Therefore, this point is examined below.

A. First of all, the appellant alleges that the Comparative Advertisements are detached from the content of the D-2-3 Experiment in that they state that the difference in the "remineralization effect" (supplementation of mineral) is five times, on the basis of lesion depth (ld) in the D-2-3 Experiment. However, recovery of lesion depth (ld) can also be considered to be recovery of lost minerals, and it cannot be said that the Comparative Advertisements are detached from the content of the D-2-3 Experiment in this regard. Incidentally, as mentioned in 1.(1)E. and F. above, the remineralization rate by Xylitol +2 based on the amount of lost minerals ΔZ was

negative for both the four-day and eight-day processing in the D-2-3 Experiment. According to this, it is presumptively recognized that remineralization occurred at the deep part of the lesion. Therefore, it cannot be considered unreasonable that the appellee did not adopt the result of the amount of lost minerals ΔZ in the Comparative Advertisements.

B. The appellant alleges that the Comparative Advertisements are detached from the content of the D-2-3 Experiment in that they state a quantitative result (five times), which was obtained by using cattle teeth, as the effect on human teeth. However, as mentioned in 3.(2) above, using cattle enamel as a sample when evaluating the effect of promoting remineralization of human teeth is scientifically reasonable and was an ordinary method as of the time when the Comparative Advertisements were made. Taking these points into account, even if it is not indicated in the Comparative Advertisements that cattle teeth were used in the D-2-3 Experiment, the Comparative Advertisements cannot be immediately considered to fall under Article 2, paragraph 1, item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph.

C. The appellant alleges that the Comparative Advertisements are detached from the content of the D-2-3 Experiment in the following point: in the D-2-3 Experiment, an inexplicable result, the remineralization effect of Recaldent being negative, was obtained in the four-day processing, and in the eight-day processing, the difference between the rate of recovery of lesion depth (ld) of Xylitol +2 and that of POsCAM lessened; however, these points are not stated in the Comparative Advertisements. Although the remineralization effect of Recaldent was indicated as -3.5% in the four-day processing as mentioned in 1.(1) above, this level of negative value cannot be considered not to be included in the margin of error, and it cannot be considered to be especially inexplicable, taking into account that the remineralization effect of Recaldent is indicated as 12.0% in the eight-day processing. Moreover, as mentioned in (1) above, it is stated in the Comparative Advertisements that "about a five-times" difference in the remineralization effect arose between POsCAM and Xylitol +2 as a result of the four-day processing. In addition, taking into account the fact that the remineralization rate by POsCAM based on lesion depth (ld) was also more than 2.4 times higher than that of Xylitol +2 in the eight-day processing though the difference was less than five times, the Comparative Advertisements cannot be considered to fall under Article 2, paragraph 1, item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph even if the result of the eight-day processing is not stated therein.

D. The appellant alleges that the Comparative Advertisements are detached from the content of the D-2-3 Experiment because the left-side photograph of the two mentioned in [iii] in (1) above in the Comparative Advertisements is related to Xylitol +2, and it is intended to have people understand that Xylitol +2 brings about almost no remineralization even after seven days but

POsCAM improves the condition of teeth by remineralizing most decalcified parts. However, it is easy to understand that part [iii] is not related to "xylitol gum in general" in light of the content, etc. of the note (*5) in [iii] and the following points: [a] Based on the content of the indication mentioned in [iii] as found in (1) above, as well as in terms of the entire structure of the Comparative Advertisements (Exhibits Ko No. 8-1 and No. 8-2), the left-side photograph in [iii] cannot be recognized as being understood as one related to Xylitol +2, and rather, the difference in the remineralization rate indicated in the two photographs in [iii] is recognized as far exceeding five times; [b] As mentioned in (1) above, there is a discrepancy between the statement pertaining to the experiment stated as a grounds for "about a five-times" difference, "immersed for four days," and the statement pertaining to the photographs in [iii], "immersed for seven days." Therefore, the aforementioned allegation of the appellant lacks its premise.

E. The appellant alleges that the Comparative Advertisements are also detached from the content of the TIGG Paper because it is not stated in the TIGG Paper that POsCAM has a remineralization effect five times higher than Xylitol +2. However, the TIGG Paper states the result of the D-2-3 Experiment to the effect that the remineralization rate by POsCAM pertaining to lesion depth (ld) in the four-day processing is more than five times higher than that of Xylitol +2. The Comparative Advertisements are based on this experimental result, and have no direct relationship with whether said result is revealed again in the text of said paper. Therefore, the aforementioned allegation is unreasonable.

F. As mentioned above, all of the appellant's allegations to the effect that the Comparative Advertisements are detached from the D-2-3 Experiment, which were made as reasons for the Comparative Advertisements to fall under Article 2, paragraph 1, item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph, are unreasonable.

Incidentally, the appellant also alleges that the fact of the D-2-3 Experiment being placed as "MINI REVIEW" of the TIGG Paper also serves as a reason for the Comparative Advertisements to fall under the aforementioned unfair competition. However, whether the Comparative Advertisements fall under Article 2, paragraph 1, item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph is a matter of the reasonableness of the D-2-3 Experiment itself, and is not a matter of the medium or the form in which its results are placed. Therefore, the aforementioned allegation of the appellant itself is unreasonable.

Consequently, the reason for the Comparative Advertisements to fall under Article 2, paragraph 1, item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph is summed up in the unreasonableness of the D-2-3 Experiment, which is the only basis for the Comparative Advertisements.

5. Regarding Issue 3 (propriety of the appellant's claim for an injunction and claims for damages and for publication of an apology, etc.)

(1) On these grounds, the appellant may make a claim for an injunction against the Comparative Advertisements against the appellee pursuant to Article 3, paragraph (1) of the Unfair Competition Prevention Act. The appellee has already ceased to make the Comparative Advertisements and alleges that it would never resume them in the future. However, it is impossible to say that there is no need for granting an injunction against the Comparative Advertisements, taking into account that the Comparative Advertisements had been made up to around May 2004 as mentioned in 4.(1) above and that, in this action, the appellee disputes the question of whether the Comparative Advertisements fall under Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph by alleging the reasonableness of the D-2-3 Experiment.

(2) As mentioned in 4.(3) above, the reason for the Comparative Advertisements to fall under Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph exists in the point that the D-2-3 Experiment, which is the only basis for the Comparative Advertisements, is unreasonable. However, as mentioned in 2.(4)C. above, there is no especially unreasonable point in the method and conditions of the D-2-3 Experiment themselves. The circumstance that makes the D-2-3 Experiment unreasonable arose in relation to the result of the D-2-3 Experiment itself in the most important part thereof, and it therefore arose in the form of having caused a problem regarding the credibility of the result as a whole. Such unreasonable experimental result is drawn through transversal microradiography of the D-2-3 Experiment and analytical processing of the shot images, both of which were conducted by Assistant Professor C_1. There is no sufficient evidence to recognize that the appellee engaged in this part. In addition, there is no sufficient evidence to recognize that there was a circumstance based on which the appellee should doubt that processing by Assistant Professor C_1 was conducted in an appropriate manner.

In that case, even if the Comparative Advertisements fall under Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act and item (xiii) of said paragraph, it is impossible to immediately recognize that the appellee was intentional or negligent on that point.

Therefore, there is no reason for the appellant's claims for damages and for publication of an apology without the need for making determinations on other issues.

6. Conclusion

On these grounds, there is a reason only for the appellant's claim for an injunction against the Comparative Advertisements, and there is no reason for all the other claims. Therefore, the judgment in prior instance shall be changed in that manner. For the court costs, the judgment shall be rendered in the form of the main text by applying Articles 67 and 64 of the Code of Civil Procedure.

Intellectual Property High Court, Fourth Division

Presiding judge: TSUKAHARA Tomokatsu

Judge: ISHIHARA Naoki

Judge: TAKANO Teruhisa

(Attachment)

List 1

Type of the goods: Tablet gum

Name of the goods: POsCAM <Clear Dry>

(Attachment)

List 2

POsCAM <Clear Dry> realizes a remineralization effect about five times higher than xylitol gum in general.

(Attachment)

List 3

Apology Ad

We have placed the advertising statement, "realizes a remineralization effect about five times higher than xylitol gum in general," in newspapers in relation to our product, POsCAM <Clear Dry>, since May 20, 2003. However, the aforementioned statement was false. We caused so much trouble for consumers by creating a misconception about the content of our product due to this false indication. In addition, we deeply apologize for causing so much trouble for LOTTE Co., Ltd., which sells xylitol gum, due to our false statement.

Date:

Y, President & CEO
Ezaki Glico Co., Ltd.
○-○-○, △△, ○○-ku, Osaka-shi