Judgments of Osaka District Court, 21st Civil Division

Date of the Judgment: 2007.1.30

Case Number: 2005(Wa)No.12138

Title (Case):

A case wherein the court dismissed the plaintiff's claim to the effect that a licensor's act of forcing a licensee to place the indication ? and other indications on licensed goods even after the copyright to the original paintings had expired shall be regarded as a tort or an act of unfair competition, specified by Article 2, para.1, item 13 (Misleading indication) of the Unfair Competition Prevention Act.

Summary of the Judgment:

The defendant was engaged in licensing the copyright to pictures (original paintings) contained in the picture book "THE TALE OF PETER RABBIT." The plaintiff, who allegedly planned to sell towels carrying said pictures, filed this lawsuit against the defendant. The plaintiff (1) requested a declaratory judgment to the effect that the defendant did not have the right to demand an injunction against the plaintiff based on said copyright, since the copyright to said pictures had expired in Japan, (2) demanded an injunction against the use of the indication © by claiming that the defendant's act of forcing the plaintiff to place said indication on licensed goods even after the expiration of the copyright constituted an act of unfair competition (Article 2, para.1, item 13 of the Unfair Competition Prevention Act), because the indication could mislead the public about the quality and contents of goods and the quality and contents of services provided in the defendant's licensing business, and (3) claimed damages for the defendant's act, which constituted a tort under Article 4 of said Act or Article 709 of the Civil Code.

Regarding (1) above, the point of dispute was whether the plaintiff had any standing. The court found that, although the indication © was not a requirement for copyright protection, standing may be found in view of the fact that said indication had a warning function in reality, and that the defendant's act of forcing the plaintiff to place the indication "© Frederick Warne & Co., 20XX" caused the plaintiff to feel uncertain and insecure in its legal status permitting the plaintiff to sell its goods or have its business partners sell them without fear of committing a copyright infringement.

Regarding (2), the point of dispute was whether said indication misled the public about goods and services. The court found that the indications "©" and "©opyrights Group" did not mislead the public into believing that the copyright still existed. With regard to three indications (two of which contained "© Frederick Warne & Co., 20XX") that may be regarded as copyright notices which satisfy the protection requirements specified in the Universal Copyright Convention, the court found that, since copyrighted works were used as pictures on towel products in this case, the term "quality" should be interpreted accordingly, and therefore that the indication © would not mislead the public about the quality of the towel products. Similarly, the court found that said indication would not mislead the public about the "contents of goods," in view of the fact that, while an indication would be regarded as an indication misleading the public about the "contents of goods" as specified in Article 2, para.1, item 13 of the Unfair Competition Prevention Act if it

unjustly raised consumer demand, consumers of towel products made purchase decisions without taking into consideration whether the pictures on the products were copyrighted or not.

Furthermore, the court examined whether the three indications could mislead the public about the quality and contents of the defendant's licensing business, and found that the placement of any of the indications would mislead the public into believing that the original paintings created by Beatrix Potter may not be used without a license from the defendant. However, the court found that, since the pictures used on towel products were secondary derivative works made based on the original works — namely, Potter's original paintings — these indications would not necessarily mislead the public about the quality and contents of the defendant's services. Based on the grounds that the plaintiff, who was not in a licensing business, was not a rival company of the defendant, and therefore that the plaintiff's business interests would not be infringed by the defendant's act, the court found the claim made based on the Unfair Competition Prevention Act to be groundless. Regarding (3), the court examined whether the defendant's act constituted a tort under Article 709 of the Civil Code and found that any act that did not constitute an act of unfair competition specified in Article 2, para.1, item 13 of the Unfair Competition Act would not be regarded as a tort under the Civil Code, with the exception of extremely unusual cases, and that the defendant's act shall not be subject to tort liability in this case.

This case would be useful for law practitioners as an example case where the court determined the meaning of copyright notices.