Unfair Competition	Date	August 29, 2019	Court	Intellectual Property High Court, Fourth Division
	Case number	2019 (Ne) 10002		
- A case in which the court held that the configuration of a medical device product pertaining to Appellant falls under an indication that is well-known among consumers as "another person's indication of goods or business" as stipulated in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act. - A case in which the court held that the act by Appellee of selling its product having a configuration that is similar to the configuration of Appellant's product falls under an act that creates confusion with Appellant's product.				

Case type: Injunction

Result: Modification of the prior instance judgment

References: Article 2, paragraph (1), items (i) and (ii), Article 3, paragraphs (1) and (2) of the Unfair Competition Prevention Act

Summary of the Judgment

1. In the present case, Appellant, who sells a portable and disposable device for continuous low pressure suction, which is a medical device and which consists of a drainage bottle and a suction bottle (hereinafter referred to as "Plaintiff's Product"), asserted against Appellee, who likewise sells a portable and disposable device for continuous low pressure suction which consists of a drainage bottle and a suction bottle (hereinafter referred to as "Defendant's Product"), that the sale of Defendant's Product having a configuration similar to that of Plaintiff's Product, which is well-known among consumers as Appellant's indication of goods or business, is an act that creates confusion with Plaintiff's Product, so that it falls under an act of unfair competition as stipulated in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act, and demanded an injunction against transfer and the like of Defendant's Product as well as disposal of the same pursuant to Article 3, paragraphs (1) and (2) of the same Act.

In the judgment in prior instance, the court of prior instance determined that it can be acknowledged that the configuration of Plaintiff's Product is well-known among consumers as Appellant's indication of goods or business, and that the configuration of Defendant's Product is similar to the configuration of Plaintiff's Product, but that it cannot be acknowledged that the act by Appellee of manufacturing and selling Defendant's Product falls under an "act that creates confusion" with Plaintiff's Product, so that it cannot be acknowledged that Appellee's act falls under an act of unfair competition as stipulated in Article 2,

paragraph (1), item (i) of the Unfair Competition Prevention Act, and thus dismissed Appellant's claims entirely.

In response, Appellant filed the appeal of the present case against the judgment in prior instance.

In the present case, Appellant added a new assertion that since the configuration of Plaintiff's Product is famous as Appellant's indication of goods or business, the sale of Defendant's Product by Appellee falls under an act of unfair competition as stipulated in Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act.

2. In the judgment of the present case, the court held as outlined below and modified the judgment in prior instance by determining that Appellant's claims against Appellee are reasonable within the extent of seeking an injunction against transferring and delivering Defendant's Product, displaying Defendant's Product for the purpose of transfer or delivery, or importing Defendant's Product, and of seeking disposal of Defendant's Product.

(1) Whether or not the configuration of Plaintiff's Product is a well-known indication of goods or business

Plaintiff's Product is characterized by the main constituent parts of two transparent bottles, which are a drainage bottle and a suction bottle, and by the cohesive unification of three parts of different shapes; namely, a rectangular drainage bottle, a roundish and almost cubic suction bottle, and a spherical rubber ball attached to the upper part of the suction bottle. While there are various configurations of portable and disposable devices for continuous low pressure suction with different suction methods, the configuration consisting of two transparent bottles as the main constituent parts was not found in other products of the same type from the time when Appellant began selling Plaintiff's Product under the name of "SB Bag" in 1984 until the time when Appellee began selling Defendant's Product around January 2018, and given such circumstances, it can be acknowledged that, from the time when Appellant began selling "SB Bag" in 1984 until the time when the sale of Defendant's Product began around January 2018, the configuration of Plaintiff's Product had acquired unique characteristics based on which Plaintiff's Product could be distinguished from other products of the same type.

Furthermore, ever since Appellant began selling Plaintiff's Product under the product name of "SB Bag" in 1984, the configuration of Plaintiff's Product had unique characteristics based on which Plaintiff's Product could be

distinguished from other products of the same type, and subsequently for approximately 34 years until around January 2018 when the sale of Defendant's Product began, Appellant used the configuration continuously and exclusively as a configuration that is not found in other products of the same type, and from 2006 until 2016, the sales volume for "SB Bag" in the domestic market for portable devices for continuous low pressure suction accounted for approximately 30% of the market and was at the top of the industry, and Appellant constantly held briefings aimed at medical institutions and provided explanations individually, so that, through the process of the transaction involved when a medical institution newly purchases a medical device, and through the actual use of Plaintiff's Product in clinical practice, healthcare professionals had opportunities to see the configuration of Plaintiff's Product and remember the same. Given the foregoing, it is acknowledged that, as a result of continuous and exclusive use by Appellant as the configuration of "SB Bag" over a long period of approximately 34 years, the configuration of Plaintiff's Product came to acquire, among healthcare professionals who are consumers, a function as an indication of source or origin showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product at least by around January 2018, which is the time when the sale of Defendant's Product began.

(2) Whether or not Plaintiff's Product is similar in configuration to Defendant's Product

The configuration of Plaintiff's Product and the configuration of Defendant's Product have main constituent parts in common, and as for the specific constituent parts of a drainage bottle and a suction bottle, there are a number of common features, and furthermore, given that the measurements of the drainage bottle and the suction bottle are almost identical, the configuration of Plaintiff's Product resembles the configuration of Defendant's Product very closely, so much so that it can be said that they are almost identical, and thus it is acknowledged that the impression given by the configuration of Plaintiff's Product is in common with the impression given by Defendant's Product.

It is acknowledged that, as a result of continuous and exclusive use by Appellant as the configuration of "SB Bag" over a long period of approximately 34 years, the configuration of Plaintiff's Product came to

acquire, among healthcare professionals who are consumers, a function as an indication of source or origin showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product at least by around January 2018, which is when the sale of Defendant's Product began, so that under the actual circumstances of transaction, it cannot be said that the difference in the indications of the product name and the company name in the suction bottles of Plaintiff's Product and Defendant's Product as well as the difference in pronunciation according to these indications are such that they surpass the impression which healthcare professionals, who are consumers, receive from the common features, described above in A, in the configurations of the products.

(3) Whether or not the sale of Defendant's Product falls under an "act that creates confusion" with Plaintiff's Product

Given the fact that Appellee began selling Defendant's Product, whose configuration resembles the configuration of Plaintiff's Product very closely, under the circumstances in which, as a result of continuous and exclusive use by Appellant over a long period of approximately 34 years, the configuration of Plaintiff's Product came to acquire, among healthcare professionals who are consumers, a function as an indication of source or origin showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product, and furthermore, the fact that both Plaintiff's Product and Defendant's Product are medical devices that fall under consumables and share the same sales method, it is acknowledged that, in the case where healthcare professionals come upon the configuration of Defendant's Product, which very closely resembles Plaintiff's Product in configuration, through product images and the like indicated in a catalogue for medical instruments or on an online shopping site, there is a likelihood of misleading said persons to believe that the source or origin of the products is the same, so that it is acknowledged that the sale of Defendant's Product by Appellee falls under an act that creates confusion with Plaintiff's Product.

(4) Concerning the claim for injunction against the manufacture of Defendant's Product

As for the manufacture of Defendant's Product, considering that Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act does not stipulate "manufacture" as an "act of unfair competition", and that in the

present case, no assertion or evidence is made or submitted to be able to provide basis for demanding an injunction against the manufacture of Defendant's Product pursuant to Article 3, paragraphs (1) and (2) of the same Act, the claim made by Appellant against Appellee for an injunction against the manufacture of Defendant's Product cannot be accepted (the same applies to the claim made by Appellant for an injunction against the manufacture of Defendant's Product for the act of unfair competition according to Article 2, paragraph (1), item (ii) of the same Act, since said item does not stipulate "manufacture" as an "act of unfair competition").

Judgment rendered on August 29, 2019
2019 (Ne) 10002 Appeal Case of Seeking Injunction against Act of Unfair Competition
(Court of Prior Instance: Tokyo District Court 2018 (Wa) 13381)
Date of conclusion of oral argument: July 16, 2019

Judgment

Appellant: Sumitomo Bakelite Company Limited

Appellee: Nihon Covidien Kabushiki Kaisha

Main text

1. The judgment in prior instance shall be modified as follows.
2. Appellee shall not transfer or deliver the products indicated in Attachment 1, List of Defendant's Products, or display the same for the purpose of transfer or delivery, or import the same.
3. Appellee shall dispose the products described in the preceding paragraph.
4. Appellant's other claims shall be dismissed.
5. Court costs throughout the first and second instances shall be divided into 20 portions, one of which shall be borne by Appellant, and the remainder shall be borne by Appellee.
6. Paragraph 2 of this judgment may be provisionally executed.

Facts and reasons

No. 1 Gist of the appeal

1. The judgment in prior instance shall be reversed.
2. Appellee shall not manufacture, import, transfer, or deliver the products indicated in Attachment 1, List of Defendant's Products, nor display the same for the purpose of transfer or delivery.
3. Appellee shall dispose the products described in the preceding paragraph.

No. 2 Outline of the case

1. Summary of the case

In the present case, Appellant, who sells the products indicated in Attachment 3, List of Plaintiff's Products (those consisting of a drainage bottle and a suction

bottle for a portable and disposable device for continuous low pressure suction; hereinafter referred to as "Plaintiff's Product"), asserted against Appellee, who sells the products indicated in Attachment 1, List of Defendant's Products (those consisting of a drainage bottle and a suction bottle for a portable and disposable device for continuous low pressure suction; hereinafter referred to as "Defendant's Product"), that the sale of Defendant's Product having a configuration similar to that of Plaintiff's Product, which is well-known among consumers as Appellant's indication of goods or business, is an act that creates confusion with Plaintiff's Product, so that it falls under an act of unfair competition as stipulated in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act (hereinafter referred to as "Act"), and demanded an injunction against transfer and the like of Defendant's Product as well as disposal of the same pursuant to Article 3, paragraphs (1) and (2) of the Act.

In the judgment in prior instance, the court of prior instance determined that while it is acknowledged that the configuration of Plaintiff's Product is well-known among consumers as Appellant's indication of goods or business, and that the configuration of Defendant's Product is similar to that of Plaintiff's Product, it cannot be acknowledged that the act by Appellee of manufacturing and selling Defendant's Product falls under an "act that creates confusion" with Plaintiff's Product, so that it cannot be acknowledged that Appellee's act falls under an act of unfair competition as stipulated in Article 2, paragraph (1), item (i) of the Act, and thus dismissed Appellant's claims entirely.

Appellant filed the present appeal case against the judgment in prior instance.

In this court, Appellant added a new assertion that since the configuration of Plaintiff's Product is famous as Appellant's indication of goods or business, the sale of Defendant's Product by Appellee falls under an act of unfair competition as stipulated in item (ii) of the same paragraph.

2. Basic facts

Other than making the corrections below, what is described in No. 2-2, "Facts and reasons", of the judgment in prior instance applies and shall be cited.

(1) On line 8 on page 2 of the judgment in prior instance, "Plaintiff's Product" shall be amended to "Plaintiff's Product (Exhibit Ken Ko 1)", and on line 10 on the same page, "Defendant's Product" shall be amended to "Defendant's Product (Exhibit Ken Ko 2)".

(2) On lines 11 and 15 on page 2 of the judgment in prior instance, "Attachment 5, Description of Defendant's Product" shall be amended to

"Attachment 2, Description of Defendant's Product", and on line 16 on the same page, "Attachment 6, ‘Photographs for Comparison of Plaintiff's Product and Defendant's Product’" shall be amended to "Attachment 5, ‘Photographs for Comparison of Plaintiff's Product and Defendant's Product’".

3. Issues

(1) Whether or not there was an act of unfair competition as stipulated in Article 2, paragraph (1), item (i) of the Act (Issue 1)

A. Whether or not the configuration of Plaintiff's Product is a well-known indication of goods or business (Issue 1-1)

B. Whether or not Plaintiff's Product is similar in configuration to Defendant's Product (Issue 1-2)

C. Whether or not the sale of Defendant's Product falls under an "act that creates confusion" with Plaintiff's Product (Issue 1-3)

(2) Whether or not there was an act of unfair competition as stipulated in Article 2, paragraph (1), item (ii) of the Act (a new assertion made in this court)

(omitted)

No. 4 Judgment of this court

1. Findings

Other than making the corrections below, what is described in No. 4-1, "Facts and reasons", of the judgment in prior instance applies and shall be cited.

(1) On line 4 on page 7 of the judgment in prior instance, "Plaintiff's Product" shall be amended to "Plaintiff's Product (Exhibit Ken Ko 1)", and on line 10 on the same page, "(Exhibits Ko 25-1, 25-2)" shall be added after "various configurations".

(2) On line 12 on page 7 of the judgment in prior instance, add "(application date: November 30, 1984)" after "application", and on line 14 on the same page, add "as for conventional technology, ‘it is well-known conventionally that a medical device for suction and collection is used for suction and discharge of exudate (bodily fluid) from a wound in a human body. In such case, a tube for inducing discharge of exudate is inserted into the wound, with the tube being connected to a suction and collection device, and by the negative pressure created inside the suction and collection device, the exudate within the wound is accumulated and stored into the suction and collection device. However, suction and collection devices that are publicly known still

have various flaws in terms of structure or function’ (lines 14 to 23 in column 2 of Exhibit Otsu 3-2)" after "(Examined Patent Publication No. 63-1859)", and at the end of the sentence in line 20 on the same page, add "(lines 22 to 33 in column 4 of Exhibit Otsu 3)".

(3) On line 1 on page 8 of the judgment in prior instance, add "(lines 26 to 39 in column 10 of Exhibit Otsu 3)" after "a medical device for suction and collection", and on line 3 on the same page, "two transparent bottles" shall be amended to "two transparent bottles which are a drainage bottle and a suction bottle".

(4) The following amendments shall be made from line 25 on page 10 to line 1 on page 11 of the judgment in prior instance.

"Defendant's Product consists of two transparent bottles, which are a drainage bottle and a suction bottle for a portable and disposable device for continuous low pressure suction, which is a drainage suction device with a balloon for suction.

Since around January 2018, Appellee has sold Defendant's Product for use in ‘Multi Channel™ Drainage Pump’, which is a part of the ‘Argyle™ Multi Channel™ Drainage Set’. The ‘Multi Channel™ Drainage Pump’ sold by Appellee has ‘bulb type’, ‘flap type’, ‘precision type’, and ‘soft bag type’, and Defendant's Product is the ‘precision type’ (Exhibit Ko 20)."

(5) On line 4 on page 11 of the judgment in prior instance, "Attachment 5, Description of Defendant's Product" shall be amended to "Attachment 2, Description of Defendant's Product", and the part from "Attachment 6" on line 5 on the same page until the end of the sentence on line 6 on the same page shall be amended to "as per Attachment 5, ‘Photographs for Comparison of Plaintiff's Product and Defendant's Product’", and the part from line 7 on the same page until line 24 on page 12 shall be deleted.

(6) The following amendments shall be made from line 8 on page 13 of the judgment in prior instance until line 20 on page 14.

"(6) Regarding the process of a transaction of a medical instrument

A. When a medical institution newly purchases a medical instrument, a common practice is such that physicians, nurses, and other healthcare professionals receive explanation about the medical instrument, including its characteristics, functions, and method of use, from a sales representative of a manufacturer of medical instruments or a distributor at a product briefing or the like, and then use the medical instrument experimentally for

approximately one week to one month in clinical practice, and after evaluating the medical instrument in terms of usefulness, functionability, and the like, make a decision as to newly adopting the medical instrument, and place an order for the same to a manufacturer of medical instruments or to a distributor. At a medical institution whose number of hospital beds is constant, a 'materials committee' (the name varies according to each medical institution) consisting of physicians, nurses, and other healthcare professionals holds a meeting and the decision on whether or not to newly purchase the medical instrument will be made after discussions among committee members. On the other hand, at private hospitals and medical institutions whose number of hospital beds is not many, no materials committee meeting is held, and it is not rare for the decision to newly adopt a medical instrument to be made by the will of physician(s) (Exhibits Ko 34, 39, 49, 50).

When a medical institution continuously purchases a medical instrument which has been used by the medical institution from before, sometimes the purchase is made by reference to a catalogue for medical use containing information such as the image, product number, specifications, and price of each medical instrument (for example, Exhibits Ko 35-1, 35-2), followed by order placement by way of giving the product number and the like to the sales representative of a manufacturer of medical instruments or to a distributor, or the medical institution may purchase the same through an online shopping site (for example, Exhibits Ko 36-1 to 36-3).

Other than the above, in cases of relatively inexpensive medical instruments such as consumables, a medical institution may purchase the same, even if it is the first time to make such purchase, by reference to a catalogue for medical use and giving the product number and the like to the sales representative of a manufacturer of medical instruments or to a distributor, or may purchase the same through an online shopping site. In such case, since a medical institution chooses a product based on the information indicated in a catalogue for medical use or on an online shopping site, there is no opportunity for the sales representative of a manufacturer of medical instruments or a distributor to give an explanation about the product (Exhibit Ko 39).

B. At a medical institution, from the perspective of preventing medical accidents resulting from cost savings or difference in methods of use, there

is a rule called ‘buy-one-to-replace-another rule’ (Exhibit Ko 48), according to which, concerning medical instruments that have the same use and similar capacities, only one type of such items shall be adopted, and introduction of a new medical instrument is conditional on the disposal of another medical instrument of the same type and effect. The ‘buy-one-to-replace-another rule’ is adopted mostly at large-scale medical institutions such as university hospitals and general hospitals, but at small-scale medical institutions, there is a strong tendency for each physician to use a medical instrument with which the physician is most familiar, so that the ‘buy-one-to-replace-another rule’ may not be adopted in the first place, and furthermore, even at medical institutions where the ‘buy-one-to-replace-another rule’ is adopted, the rule may not be thoroughly implemented, and specific doctors may designate and use different medical instruments based on their treatment policies, or there may be a period during which the former medical instrument remains alongside the new medical instrument even after the new medical instrument has been adopted, and thus it is possible for a plural number of medical instruments of the same type and effect to be used at the same time (Exhibits Ko 39, 40, 44-1, 44-2, 44-48).

C. While there are medical institutions where order placement and inventory management are carried out by identifying medical instruments by barcodes, and there are also medical institutions where the supply processing and distribution (SPD) service, including order placement, inventory management, and transportation to the hospital ward of the articles used at the medical institutions (such as pharmaceuticals, medical supplies, apparatuses, and equipment, and general consumables) is entrusted to business operators (Exhibits Otsu 16, 29), not all medical institutions carry out the aforementioned order placement and inventory management of medical instruments by barcodes or entrust the SPD service (Exhibits Ko 41, 49, 50). According to a survey on medical-related services, which was conducted by Mizuho Information & Research Institute, Inc. in 2012 (Exhibit Ko 58), the entrustment of the SPD service is carried out at 21.1% of all medical institutions, and for medical institutions whose number of hospital beds is less than 100, those which carry out such entrustment account for less than 10%.

D. Plaintiff's Product and Defendant's Product are medical instruments which are categorized under consumables.

Plaintiff's Product appeared in ‘Health & Smile Matsuyoshi Catalog 2018- 2019, Vol. 1400’ (issued in January 2018; Exhibit Ko 35-1) as ‘sumius SB Bag - complete set (vinyl chloride tube set)’, and along with the product images, information such as ‘code’, ‘product number’, ‘size (outer diameter of a tube)’, ‘number contained’, and ‘price’ was indicated. Plaintiff's Product also appeared ‘Navis Nursing and Medical Product General Catalog 2018-2019 No. 70000’ (issued in November 2017; Exhibit Ko 35-2) as ‘SB Bag (super smooth set)’ and ‘SB Bag (complete set / vinyl chloride tube set)’, and along with respective product images, information such as ‘product number’, ‘model number’, ‘size (outer diameter of a tube)’, ‘specifications’, ‘number contained’, and ‘price’ was indicated.

Also, on an online shopping site of ‘ASKUL’ (Exhibits Ko 36-1 to 36-3), Plaintiff's Product is shown along with the product images, as ‘SUMITOMO BAKELITE SB Bag Vinyl chloride tube set / Ordinary pressure type φ 3 mm, MD-53331, 1 box (containing 10 sets), 8-2946-01 (direct shipment product)’, and Defendant's Product is shown, along with the product images, as ‘Multi Channel Drainage Pump, Precision Type, 370 mL, 5220-370, 1 box (containing 10 units), Nihon Covidien (back order product)’".

(7) On line 22 on page 14 of the judgment in prior instance, amend "(7) Questionnaire results" to "(7) Regarding the results of Appellee's questionnaire survey", and on line 22 on the same page, amend "conducted" to "conducted around June 2018", and on line 24 on the same page, delete the "part from (Plaintiff’ until ‘cannot be accepted.) on line 25 on the same page".

(8) The following shall be added to the end of line 9 on page 15 of the judgment in prior instance, by starting a new line.

"(8) Regarding the results of Appellant's questionnaire survey

In January 2019, Appellant conducted the Questionnaire (Exhibits Ko 28-1 to 28-38, 30-1 to 30-30) to healthcare professionals and distributors of medical instruments concerning adoption of medical instruments and the manner of adoption.

According to the results of the Questionnaire, 54 out of 68 respondents to the questionnaire (Exhibits Ko 29, 31) replied ‘SB Bag’, ‘SB’, ‘SUMITOMO BAKELITE SB Bag’, and the like, as the name of the manufacturer, brand name, or product name which comes to mind upon seeing an illustration of the configurations of the two bottles."

2. Regarding Issue 1-1 (Whether or not the configuration of Plaintiff's Product is a well-known indication of goods or business)

The configuration of a product is, by nature, selected from perspectives such as fulfillment of the product's functions and performance of the product's utility, and improvement of the product's appearance, and is not aimed at indicating the source or origin of the product. However, if the configuration of a specific product has original characteristics from which the product can be distinguished from other products of the same type, and if the configuration is used continuously and exclusively over a long period of time, or even in the case where the use is for a short time but the product is advertised in an effective manner, it is possible that, as a result, the product acquires a function as an indication of the source or origin for showing that the product comes from a specific business entity, in addition to becoming well-known among consumers. It is interpreted that such product configuration falls under a well-known indication of goods or business of another person, which is the subject of protection pursuant to Article 2, paragraph (1), item (i) of the Act. Accordingly, first of all, whether or not the configuration of Plaintiff's Product was well-known among consumers as Appellant's indication of goods or business (indication of goods) around January 2018, which is when the sale of Defendant's Product began, shall be considered.

(1) Regarding whether or not the configuration of Plaintiff's Product has originality

A. Plaintiff's Product (Exhibit Ken Ko 1) consists of a drainage bottle and a suction bottle for a portable and disposable device for continuous low pressure suction, called by the product name of "SB Bag", which is a drainage suction device with a balloon for suction.

Constituent parts of the configuration of Plaintiff's Product are as per Attachment 4, Description of Plaintiff's Product, and main constituent parts are the two transparent bottles, which are a drainage bottle and a suction bottle, and the configuration is characterized by cohesive unification of the three parts of different shapes, namely, the rectangular drainage bottle, the roundish and almost cubic suction bottle, and the spherical rubber ball attached to the upper part of the suction bottle.

According to the findings of the above 1, while there are various configurations of portable and disposable devices for continuous low pressure suction having different suction methods, it is acknowledged that the configuration consisting mainly of two transparent bottles was not

found in other products of the same type, other than "SB Bag", ever since Appellant started the sale of Plaintiff's Product under the name of "SB Bag" in 1984 until Appellee began selling Defendant's Product around January 2018. Also, other than Plaintiff's Product and Defendant's Product, there is a drainage suction device with a balloon for suction called "Davol ReliaVac" (Exhibit Otsu 4), which is manufactured and sold by Kabushiki Kaisha Medicon, but the configuration of the aforementioned product does not consist of two transparent bottles, so that it is acknowledged that individual constituent parts are also significantly different in configuration from Plaintiff's Product (Exhibits Ko 11, 25-1, 25-2).

In that case, it is acknowledged that the configuration of Plaintiff's Product had original characteristics from which Plaintiff's Product can be distinguished from other products of the same type, ever since Appellant started the sale of Plaintiff's Product under the name of "SB Bag" in 1984 until Appellee began selling Defendant's Product around January 2018.

B. In response, Appellee asserts that the configuration of Plaintiff's Product was selected to fulfill and perform the function and utility as a portable and disposable device for continuous low pressure suction, and that the configuration is merely a result of combination, from the perspective of functionality, of the configurations which are ordinary and commonplace and are also adopted in other products of the same type, so that it cannot be said that the configuration of Plaintiff's Product has original characteristics.

However, even if the respective configurations constituting Plaintiff's Product, namely, the shape of the rectangular drainage bottle, the almost cubic suction bottle, and the spherical rubber ball attached to the upper part of the suction bottle, are commonplace shapes as individual configurations, the configuration of Plaintiff's Product resulted by making selections from among various choices of configurations for respective parts, and by combining and unifying them, and furthermore, as per the findings of the above A, since the configuration of Plaintiff's Product, whose main constituent parts are two transparent bottles, is not found in other products of the same type, it cannot be said that the overall configuration of Plaintiff's Product is commonplace.

Accordingly, the above assertion by Appellee cannot be accepted.

(2) Regarding whether or not the configuration of Plaintiff's Product was well-

known as an indication of goods or business

A. By comprehensively taking into consideration the findings of the above 1, the following is acknowledged: [i] The configuration of Plaintiff's Product had original characteristics, from which Plaintiff's Product can be distinguished from other products of the same type, and ever since when Appellant began selling Plaintiff's Product under the product name of "SB Bag" in 1984, and subsequently for approximately 34 years until around January 2018 when the sale of Defendant's Product began, Appellant used the configuration continuously and exclusively as a configuration that is not found in other products of the same type; [ii] From 2006 until 2016, the sales volume for "SB Bag" in the domestic market for portable devices for continuous low pressure suction accounted for approximately 30% of the market, and was at the top of the industry; [iii] Since the sale of "SB Bag" began, Appellant continuously updated the general catalogue for medical instruments which Appellant has issued since around 2002 and distributed the same to medical institutions, in addition to displaying "SB Bag" at exhibitions for medical institutions since 1998, if not earlier, and constantly held briefings aimed at medical institutions and provided explanations individually; [iv] The functions, characteristics, and method of use concerning "SB Bag" were introduced and explained, along with product images of "SB Bag", and were published in a large number of books aimed at healthcare professionals, and furthermore; and [v] When a medical institution newly purchases a medical instrument, a common practice is such that physicians, nurses, and other healthcare professionals receive explanation about the medical instrument, including its characteristics, functions, and method of use, from a sales representative of a manufacturer of medical instruments or a distributor at a product briefing or the like, and then use the medical instrument experimentally in clinical practice, and after evaluating the medical instrument in terms of usefulness and functionability, make a decision to newly adopt the medical instrument, and place an order for the same to a manufacturer of medical instruments or to a distributor, and through such process of a transaction and through the actual use of Plaintiff's Product experimentally in clinical practice, healthcare professionals had the opportunities to see the configuration of Plaintiff's Product and remember the same. Given the foregoing, it is acknowledged that as a result of continuous and exclusive use by Appellant

as the configuration of "SB Bag" over a long period of approximately 34 years, the configuration of Plaintiff's Product came to acquire, among healthcare professions who are consumers, a function as an indication of source showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product by around January 2018, if not later, when the sale of Defendant's Product began.

Accordingly, it is acknowledged that the configuration of Plaintiff's Product was well-known as Appellant's indication of goods or business at the aforementioned point in time.

B. In response, Appellee asserts the following: [i] The configuration of Plaintiff's Product is a product configuration which must be adopted inevitably and unavoidably to fulfill and perform the function and utility as a portable and disposable device for continuous low pressure suction, so that the configuration has neither a function to distinguish Plaintiff's Product from those of others, nor a function as an indication of source or origin, at all; [ii] Plaintiff's Product is a medical instrument whose consumers are healthcare professionals, and when healthcare professionals select a medical instrument, the new purchase is made after scrutinizing the functions, safety, and quality of the medical instrument and after going through prescribed procedures, and an additional purchase of a medical instrument is made by carefully checking the product name, specifications, catalogue number, and the like and by going through prescribed procedures, so that the selection of a medical instrument is made by placing emphasis on the function, quality, and usefulness of the product, and thus it is extremely unlikely that a product is selected by focusing only on the configuration of the product; [iii] In publications which show the configuration of Plaintiff's Product, the configuration of Plaintiff's Product is not the only information provided, but Plaintiff's company name and product name are always indicated as well, so that it cannot be said that the configuration alone of Plaintiff's Product performs a function as an indication of source or origin; [iv] Healthcare professionals manage and discern Plaintiff's Product, which is subjected to sterilized packaging and contained in boxes, based on the company name, product name, and barcode indicated on the package, so that the configuration of Plaintiff's Product does not have a function to distinguish Plaintiff's Product from

those of others, or a function as an indication of source or origin; [v] Plaintiff's Product must be used in combination with the tubes and catheters which are manufactured and sold by Appellant specifically for Plaintiff's Product, and healthcare professionals focus on the functions fulfilled by the package or set consisting of Plaintiff's Product as well as the tubes and catheters which are manufactured and sold by Appellant specifically for Plaintiff's Product, so that it cannot be assumed at all that a product is selected by focusing only on the configuration of Plaintiff's Product which is only one component thereof; and [vi] Plaintiff's Product has always been sold with the product name and company name indicated thereon, so that it should be said that fulfillment of a function to distinguish Plaintiff's Product from those of others and performance of a function as an indication of source or origin are realized by the indications of the product name and company name instead of the configuration of Plaintiff's Product, and the configuration per se of Plaintiff's Product, which does not intrinsically function as an indication of source or origin, does not have much distinguishability or publicity. Given the foregoing, Appellee asserts that, in the first place, the configuration of Plaintiff's Product does not fall under Appellant's indication of goods or business per se, and that it is not well-known as Appellant's indication of goods or business.

However, with regards to the points made in the above [i] and [ii], even if a medical institution selects a medical instrument product by placing emphasis on the function, quality, and usefulness of the product, the configuration of a medical instrument significantly affects the usability, usefulness, and convenience of the same, so that it is acknowledged that the configuration of a medical instrument product is a factor for consideration when healthcare professionals select the product. Furthermore, even in the case of a medical instrument, it should be said that it is possible for the configuration of a product, which has original characteristics from which the product can be distinguished from other products of the same type, to acquire a function as an indication of source or origin for showing that the product comes from a specific business entity, as a result of continuous and exclusive use by a specific business entity. As per the findings of the above A, the configuration of Plaintiff's Product had original characteristics from which Plaintiff's Product can be distinguished from other products of the same type, ever since Appellant began selling Plaintiff's Product under

the product name of "SB Bag" in 1984, and the configuration was subsequently used continuously and exclusively by Appellant as a configuration that is not found in other products of the same type, for a period of approximately 34 years until around January 2018, when the sale of Defendant's Product began, so that it is acknowledged that the configuration of Plaintiff's Product had acquired, among healthcare professionals who are consumers, a function as an indication of source or origin for showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product. Also, as per the findings of the above 1, Plaintiff's Product resulted by turning Appellant's patented invention into commercial products with the purpose of resolving various faults and restrictions inherent to a conventional suction and collection device for accumulating and storing exudate from a wound by means of the negative pressure created inside the suction and collection device. Functions of Plaintiff's Product include the following: the suction pressure accompanying the increase of the amount of the collected exudate from a wound does not fluctuate much, and the negative pressure can be applied to the wound at all times, and there is no risk of occurrence of the positive pressure which causes reflux of exudate having been collected, and realizes easy handling, and the fluid collection zone is separated from the negative pressure retention zone, and storing of collected fluid takes place entirely inside a rigid container, so that during use, the amount of collected fluid can be measured accurately and conveniently, in addition to there being no need for draining fluid upon re-setting the suction during use in order to collect more fluid. For constitution that accomplishes these functions, there are various choices, including the shape and transparency of a bottle, the shape of a scale mark, the position, size, shape, and color of a drain port, the position and shape of a fluid collection port, the manner in which a drainage bottle and a suction bottle are connected, the position, size, and shape of a rubber ball, and whether or not there is an exhaust valve. Accordingly, it cannot be said that the configuration of Plaintiff's Product derives from unavoidable constitution for which there is no other choice for realizing the technical function and effect of the product.

Next, with regards to the points made in the above [iii] and [vi], the following is generally the case. Given that there is no sufficient evidence

to acknowledge that healthcare professionals, upon using a medical instrument, give particular attention to the product name or the name of the manufacturer of medical instruments and recognize them accurately, it should be said that, even if there are cases in which Plaintiff's Product, as a result of having been sold with indications of the product name and company name placed thereon, came to be distinguished from other products of the same type by the product name of "SB Bag", such fact does not provide grounds for denying that the configuration, per se, of Plaintiff's Product has a function as an indication of source or origin. Also, with regards to the point made in the above [iv], as per the findings of the above 1, while there are medical institutions where order placement and inventory management are carried out by identifying medical instruments by barcodes, and where the supply processing and distribution (SPD) service, including order placement, inventory management, and transportation to the hospital ward of the articles used at the medical institution, is entrusted to business operators, not all medical institutions carry out the aforementioned order placement and inventory management of medical instruments by barcodes or entrust the SPD service, and the percentage of entrustment of the SPD service is not high by any means, so that it cannot be said that the fact that there are medical institutions where products are managed and discerned by the barcodes indicated on packages means that the configuration of Plaintiff's Product does not have a function as an indication of source or origin at all. Furthermore, with regards to the point made in the above [v], even if Plaintiff's Product must be used in combination with the tubes and catheters which are manufactured and sold by Appellant specifically for Plaintiff's Product, since the configuration of Plaintiff's Product (Exhibit Ken Ko 1) can be recognized separately and independently from the said tubes and catheters, it cannot be said that such manner of use affects the fact that the configuration of Plaintiff's Product has a function as an indication of source or origin.

Accordingly, since the points made in the above [i] to [vi] are improper, the above claim by Appellee, that the configuration of Plaintiff's Product does not fall under Appellant's well-known indication of goods or business, cannot be accepted.

(3) Summary

As described above, it is acknowledged that the configuration of Plaintiff's

Product was well-known as Appellant's indication of goods or business around January 2018, if not earlier, when the sale of Defendant's Product began. Since it is acknowledged that Appellant continued to sell Plaintiff's Product even after said point in time, it is reasonable to acknowledge that the configuration of Plaintiff's Product still has a function as an indication of source or origin as Appellant's well-known indication of goods or business as of the date of conclusion of oral argument in the present case (July 16, 2019).

3. Regarding Issue 1-2 (Whether or not Plaintiff's Product is similar in configuration to Defendant's Product)

(1) Whether or not an indication of goods falls under that which is similar to "another person's indication of goods or business" as stipulated in Article 2, paragraph (1), item (i) of the Act should be determined on the basis of whether or not there is likelihood, under the actual circumstances of transaction, of a customer or trader perceiving the two indications as being similar overall, based on the impression, memory, association, and the like given by the appearance, pronunciation, or concept of the two indications. As such, whether or not the configuration of Defendant's Product can be acknowledged as similar to the configuration of Plaintiff's Product, which is well-known as Appellant's indication of goods or business, shall be considered below.

A. Defendant's Product (Exhibit Ken Ko 2) consists of a drainage bottle and a suction bottle for a portable and disposable device for continuous low pressure suction that is sold under the product name of "Multi Channel™ Drainage Pump", which is a drainage suction device with a balloon for suction. Constituent parts of the configuration of Defendant's Product are as indicated in Attachment 2, Description of Defendant's Product.

Next, comparison of the configuration of Plaintiff's Product (Exhibit Ken Ko 1) and Defendant's Product (Exhibit Ken Ko 2) shows that both configurations have the following: [i] As main constituent parts, both consist of two transparent bottles, which are a drainage bottle and a suction bottle, and the configuration is characterized by cohesive unification of the three parts of different shapes, namely, the rectangular drainage bottle, the roundish and almost cubic suction bottle, and the spherical rubber ball attached to the upper part of the suction bottle; [ii] Constituent parts of the drainage bottle are as follows, namely, the bottle

is transparent, vertically long, and rectangular, with the edges of four corners roundish when seen from the front or the back, and "drainage bottle" is indicated at the front of the bottle, with large-sized scale marks indicated in the unit of 100 mL along with numbers, and middle-sized scale marks indicated in the unit of 50 mL, and small-sized scale marks indicated in the unit of 10 mL, between the scale marks of 0 and 370 mL, and as scale marks for small amounts, five lines are indicated diagonally, in the lower right of the front, with "10" indicated between the very bottom line and the second line from bottom, and "50" indicated in the upper right of the fifth line from bottom, and there is a drain port of a slightly wide diameter placed to the back of the left edge of the top of the bottle when seen from the front, with the drain port having a lid, and there is an opening at the center of the top of the bottle for mounting a fluid collection port, with a short, thin, tube-shaped fluid collection port set into this opening at the center, and with a tube being able to be attached to the fluid collection port, and the fluid collection port having a plate clamp attached thereto, and there is an opening near the front of the right edge of the top of the bottle when seen from the front, with a connecting tube attached to the opening, and the connection to the suction bottle is accomplished by this connecting tube; [iii] Constituent parts of a suction bottle are as follows, namely, the bottle is transparent and rectangular and is, when compared with the drainage bottle, slightly wider in width and approximately two-thirds the height, and when seen from the front or the back, the four corners are roundish and curvy, and "suction bottle" is indicated at the front along with the company name and product name, and when seen from the front, there is an opening of a slightly wide diameter in a position that is slightly to the right of the top of the bottle, with a rubber ball, which is blue and spherical, being connected to the opening by way of a short, thick, tube-shaped part coming out of the lower part of the rubber ball, and a short, tube-shaped opening for ventilating the air inside the bottle coming out of the upper part of the rubber ball, with an exhaust valve attached thereto, and there is an opening in a position to the back of the left edge of the top of the bottle when seen from the front, with a connecting tube being connected thereto by a connecting port, with the connection to the drainage bottle being accomplished by this connecting

tube, and there is an opening of a wide diameter in a position at the center of the bottom of the bottle, with a structure that allows for opening and closing by means of a cap, and there is a structure in which a balloon is attached to the cap by a shrinkable tube, and when the rubber ball is compressed, the air inside is exhausted and negative pressure is created, inflating the balloon inside the suction bottle, and the suction pressure created by the balloon's restoring force suctions the fluid inside the body into the drainage bottle, and all of the above are commonly found in the two bottles; and furthermore, [iv] As per Attachment 5, “Photographs for Comparison of Plaintiff's Product and Defendant's Product”, it is acknowledged that each of the measurements of the height of a drainage bottle (numbered (1)), width of a drainage bottle (numbered (2)), height of a suction bottle (numbered (3)), width of a suction bottle (numbered (4)), diameter of a rubber ball (horizontal direction) (numbered (5)), depth of a drainage bottle (numbered (6)), depth of a suction bottle (numbered (7)), and the diameter of a cap at the lower part of a suction bottle (numbered (8)) are almost identical.

As shown above, the configuration of Plaintiff's Product and the configuration of Defendant's Product have main constituent parts in common, and as for the specific constituent parts of a drainage bottle and a suction bottle, there are a number of common features, and furthermore, given that the measurements of a drainage bottle and a suction bottle are almost identical, the configuration of Plaintiff's Product resembles the configuration of Defendant's Product very closely, so much so that it can almost be said that they are identical, and thus it is acknowledged that the impression given by the configuration of Plaintiff's Product is in common with the impression given by Defendant's Product.

B. On the other hand, the following is acknowledged. Differences with regards to constituent parts of a drainage bottle are such that in Plaintiff's Product, "drainage bottle" is indicated in white against a pale blue background at the center of the front, and the color of scale marks is pale blue, whereas in Defendant's Product, "drainage bottle" is indicated in dark blue letters to the left of the front, and the color of scale marks is dark blue as well. As for constituent parts of a suction bottle, the difference is such that in Plaintiff's Product, "suction bottle"

is indicated in white against a pale blue background, and "SB Bag" and "SUMITOMO BAKELITE" are indicated in pale blue letters, and the color of the rubber ball is pale blue, whereas in Defendant's Product, "suction bottle", "COVIDIEN", "Argyle™", and "Multi Channel Drainage Pump" are indicated in dark blue letters, and the color of the rubber ball is also dark blue.

However, the difference in the letter color and the color of scale marks of a drainage bottle and a suction bottle is a difference within the category of the same types of the color, blue, and they concern minor parts when Plaintiff's Product and Defendant's Product are seen on the whole.

Next, as per the findings of the above 2 (2) A, it is acknowledged that, as a result of continuous and exclusive use by Appellant as the configuration of "SB Bag" over a long period of approximately 34 years, the configuration of Plaintiff's Product came to acquire, among healthcare professions who are consumers, a function as an indication of source or origin showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product by around January 2018, if not earlier, when the sale of Defendant's Product began, so that under the actual circumstances of transaction, it cannot be said that the difference in the indications of the product name and company name in the suction bottles of Plaintiff's Product and Defendant's Product as well as the difference in pronunciation according to these indications are such that they surpass the impression which healthcare professionals, who are consumers, receive from the common features, described above in A, of the configurations of the products.

C. From what is described above, the configuration of Plaintiff's Product resembles the configuration of Defendant's Product very closely, so much so that it can almost be said that they are identical, and thus it is acknowledged that the impression given by the configuration of Plaintiff's Product is in common with the impression given by Defendant's Product, and since it cannot be said that the difference pertaining to the configurations of the products (above B) is such that it surpasses the impression given by the common features of the configurations of both products (above A), it is acknowledged that there

is likelihood that healthcare professionals, who are consumers, perceive the configuration of Plaintiff's Product and the configuration of Defendant's Product as being similar overall.

Accordingly, it is acknowledged that the configuration of Defendant's Product is similar to the configuration of Plaintiff's Product, which is Appellant's well-known indication of business.

(2) In response, Appellee asserts the following: [i] In a transaction involving a medical instrument, a common practice is such that medical professionals, upon selecting a medical instrument, use the medical instrument experimentally in clinical practice so as to confirm the functionality, usefulness, and quality of the product, and since the selection of a product places emphasis on the difference between products in terms of functions, circumstances of transaction are such that observation is carried out sufficiently with regards to the structure and constitution which produce difference between products in terms of functions, even if the difference produced concerns a minor part of the configuration and remains only a part of the entire constitution of the product. Meanwhile, in Defendant's Product, a safety lock structure is adopted in the part that connects the main unit of the product with a connecting tube and the like, whereas in Plaintiff's Product, such part is not adopted, so that the two products have a significant difference of having or not having a safety lock structure. Accordingly, healthcare professionals who are consumers would evaluate that Plaintiff's Product and Defendant's Product are significantly different in appearance. As such, under the actual circumstances of such transaction, there is no likelihood of consumers perceiving that the configuration of Plaintiff's Product is similar overall to the configuration of Defendant's Product; [ii] Given that in Plaintiff's Product, the registered trademark, "SB Bag", is placed thereon, whereas in Defendant's Product, the trademark, "Argyle", is placed thereon, and that, at a medical institution, a medical instrument for which an order is placed is managed and discerned based on information such as the product name and product number, and that Plaintiff's Product and Defendant's Product are sterilized products and are contained in packages from which the configuration of the product cannot be discerned until immediately before use, it should be considered that healthcare professionals distinguish medical instruments mostly based on the product name, and thus, as long as the product name and company name

indicated in the main units of Plaintiff's Product and Defendant's Product are significantly different in appearance, there is no likelihood of consumers perceiving the configuration of Plaintiff's Product and the configuration of Defendant's Product as similar overall based on the impression, memory, association, and the like given by the appearance, pronunciation, or concept of the two indications, so that it cannot be said that the Defendant's Product and Plaintiff's Product are similar in configuration.

However, with regards to the point made in the above [i], given that the difference in configuration between Plaintiff's Product and Defendant's Product, which produces the difference in the function of having or not having a safety lock structure, as pointed out by Appellee, is merely of a level which cannot be discerned at a first glance, the above difference merely concerns a minor part when Plaintiff's Product and Defendant's Product are seen on the whole, and it cannot be said that it surpasses the impression given by the common features in the configurations of the products (above (1) A).

Next, with regards to the point made in the above [ii], the configuration of Plaintiff's Product acquired, among healthcare professionals who are consumers, a function as an indication of source or origin for showing that the product comes from a specific business entity, in addition to being well-known among healthcare professionals, who are consumers, as an indication of source or origin of Plaintiff's Product (above 2 (2) A), and that while there are medical institutions where order placement and inventory management are carried out by identifying medical instruments by barcodes, and there are also medical institutions where the supply processing and distribution (SPD) service, including order placement, inventory management, and transportation to the hospital ward of the articles used at the medical institutions, is entrusted to business operators, not all medical institutions carry out the aforementioned order placement and inventory management of medical instruments by barcodes or entrust the SPD service, and the percentage of entrustment of the SPD service is not high by any means (above 2 (2) B), so that it cannot be said that healthcare professionals distinguished products based only on the product names placed on Plaintiff's Product and Defendant's Product, and it cannot be said that the difference in the product names and company names indicated on the

suction bottles of Plaintiff's Product and Defendant's Product as well as the difference in pronunciation based on these indications surpass the impression which healthcare professionals receive from the common features in the configurations of both products (above (1) A).

Accordingly, the points made in the above [i] and [ii] are both improper, and the above assertion by Appellee cannot be adopted.

4. Regarding Issue 1-3 (Whether or not the sale of Defendant's Product falls under an "act that creates confusion" with Plaintiff's Product)

(1) As per the findings of the above 2 (2) A and 3(1) C, ever since Appellant started the sale of Plaintiff's Product under the name of "SB Bag" in 1984, the configuration of Plaintiff's Product had original characteristics from which Plaintiff's Product can be distinguished from other products of the same type, and subsequently for a long period of approximately 34 years until around January 2018 when the sale of Defendant's Product began, Appellant used the configuration continuously and exclusively as a configuration that is not found in other products of the same type, and as a result, by around the same month as when the sale of Defendant's Product began, if not earlier, the configuration had acquired, among healthcare professionals who are consumers, a function as an indication of source or origin for showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product, and the configuration of Plaintiff's Product resembles the configuration of Defendant's Product very closely, so much so that it can almost be said that they are identical.

As per the findings of the above 1, the actual circumstances of transaction involved in the process of a transaction of a medical instrument are as follows: [i] When a medical institution newly purchases a medical instrument, a common practice is such that healthcare professionals receive explanation about the medical instrument, including its characteristics, functions, and method of use, from a sales representative of a manufacturer of medical instruments or a distributor at a product briefing or the like, and then use the medical instrument experimentally for approximately one week to one month in clinical practice, and after evaluating the medical instrument in terms of usefulness and function and the like, make a decision to newly adopt the medical instrument, and place an order for the same to a manufacturer of medical instruments or to a distributor. At medical institutions whose number of hospital beds is constant, a "materials committee" consisting of physicians,

nurses, and other healthcare professionals holds a meeting, and after discussions among committee members, the decision of whether or not to newly purchase the medical instrument is made. On the other hand, at private hospitals and medical institutions whose number of hospital beds is not many, no materials committee meeting is held, and it is not rare for the decision to newly adopt a medical instrument to be made by the will of physician(s); [ii] When a medical institution continuously purchases a medical instrument which has been used by the medical institution from before, sometimes the purchase is made by referring to a catalogue for medical use containing information such as the image, product number, specifications, and price of each medical instrument, and an order being placed for the same, or the medical institution may purchase the same through an online shopping site; [iii] In cases of relatively inexpensive medical instruments such as consumables, a medical institution may purchase the same, even if it is the first time to make such purchase, by referring to a catalogue for medical use and informing the sales representative of a manufacturer of medical instruments or a distributor of the product number and other information, or through an online shopping site; [iv] At a medical institution, there is a "rule called buy-one-to-replace-another", according to which, concerning medical instruments that have the same use and similar capacities, only one type of such items shall be adopted, and introduction of a new medical instrument is conditional on the disposal of another medical instrument of the same type and effect. The "buy-one-to-replace-another rule" is adopted mostly at large-scale medical institutions such as university hospitals and general hospitals, but at small-scale medical institutions, there is a strong tendency for each physician to use a medical instrument with which the physician is most familiar, so that the "buy-one-to-replace-another rule" may not be adopted in the first place, and furthermore, even at medical institutions where the "buy-one-to-replace-another rule" is adopted, the rule may not be thoroughly implemented, and specific doctors may designate and use different medical instruments based on their treatment policies, or there may be a period during which the former medical instrument remains alongside the new medical instrument after the new medical instrument has been adopted, and thus it is possible for a plural number of medical instruments of the same type and effect to be used at the same time; [v] While there are medical institutions where order placement and inventory management are carried out by identifying medical instruments by barcodes,

and the supply processing and distribution (SPD) service, including order placement, inventory management, and transportation to the hospital ward of the articles used at the medical institution, is entrusted to business operators, not all medical institutions carry out the aforementioned order placement and inventory management of medical instruments by barcodes or entrust the SPD service, and the percentage of entrustment of the SPD service is not high by any means; [vi] Plaintiff's Product and Defendant's Product are medical instruments which are categorized under consumables, and other than catalogue sales, Plaintiff's Product and Defendant's Product are also sold on online shopping sites where the product number, model number, price, and other information are shown along with product images (website of "ASKUL"), and thus it is acknowledged that the two products have the sales method in common.

Upon comprehensively taking the above into consideration, it is acknowledged that, as a result of continuous and exclusive use by Appellant over a long period of approximately 34 years, the configuration of Plaintiff's Product came to acquire, among healthcare professions who are consumers, a function as an indication of source or origin showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product. Under such circumstances, Appellee began selling Defendant's Product whose configuration very closely resembles that of Plaintiff's Product, and furthermore, considering that both products are medical instruments which are categorized under consumables and the products have the sales method in common, in the case where healthcare professionals come upon the configuration of Defendant's Product, which very closely resembles Plaintiff's Product in configuration, through product images and the like indicated on a catalogue for medical instruments or on an online shopping site, there is a likelihood of creating the misleading that the source or origin of the products is the same, so that it is acknowledged that the sale of Defendant's Product by Appellee falls under an act that creates confusion with Plaintiff's Product.

(2) In response, Appellee asserts as follows: [i] At a medical institution, a large number of healthcare professionals are involved in the selection of a medical instrument, and a trial period is established so as to carefully make a selection by focusing on the product's function and safety and the like, and order placement through a distributor and management of articles are carried

out by focusing on the product name and specifications and the like. As such, when a medical instrument is purchased, it is usually not the case for the purchaser to focus on the product configuration or to take a cue from the product configuration, and the same is true in the case of purchasing a medical instrument through a catalogue for medical instruments or an online shopping site; [ii] When a medical institution continuously purchases a product, which underwent experimental use in clinical practice or evaluation of functionality and the like, and was adopted, such purchase may be made through a catalogue for medical instruments or an online shopping site, but management at a medical institution is such that an order is placed based on the product name and product number and the like so as to ensure that the same medical instrument as the one that was adopted is purchased, and an order is not placed merely by looking at the configuration of the product, and even in the case of purchase through a catalogue or an online shopping site, if an order is placed for a new medical instrument for which an order was not placed before, it is usually the case for the seller to always contact the medial institution and recommend experimental use; [iii] Even if Plaintiff's Product and Defendant's Product are sold on an online shopping site at the same time, healthcare professionals do not focus on the product configuration to begin with, and since an online shopping site clearly indicates information such as the product name and the manufacturer of the product, it is unlikely that healthcare professionals would have misleading or confusion as to the source or origin between Plaintiff's Product and Defendant's Product based on the configurations alone; [iv] At a medical institution, there is a so-called "buy-one-to-replace-another rule", according to which, concerning medical instruments that have the same use and similar capacities, only one type of such items shall be adopted, and introduction of a new medical instrument is conditional on the disposal of another medical instrument of the same type and effect. Accordingly, a circumstance in which Plaintiff's Product and Defendant's Product are adopted at the same time cannot happen at such medical institution or clinical department, and it cannot be imagined that a circumstance occurs in which healthcare professionals mistake Plaintiff's Product for Defendant's Product, or vice versa, or use the product incorrectly, and even if it so happens that a plural number of medical instruments of the same type are used at a single medical institution at the same time, Plaintiff's Product and Defendant's Product have respective product names and company

names clearly indicated thereon, and Plaintiff's Product and Defendant's Product are specially designed so that they cannot be connected with catheters other than the dedicated catheters, which are manufactured and sold by Appellant and Appellee, respectively (Exhibit Otsu 13), with no compatibility with each other, which can be confirmed from the attached document (Exhibit Otsu 1) as well, so that it is unlikely that a mix-up of the two products would occur during the actual order placement or use. Given these actual circumstances of transaction, Appellee asserts that there is no likelihood that confusion is created, among healthcare professionals who are consumers, as to the identicalness of the source or origin of the product based on the configuration of Plaintiff's Product and the configuration of Defendant's Product, so that the sale of Defendant's Product by Appellee does not fall under an act that creates confusion with Plaintiff's Product.

However, in regards to the points made in the above [i] to [iii], as per the findings of the above 2 (2) A, as a result of continuous and exclusive use by Appellant over a long period of approximately 34 years, the configuration of Plaintiff's Product came to acquire, among healthcare professions who are consumers, a function as an indication of source or origin showing that the product comes from a specific business entity, in addition to being well-known as an indication of source or origin for Plaintiff's Product. Given the above, it is acknowledged that, in the case of purchasing a medical instrument through a catalogue for medical instruments and an online shopping site, healthcare professionals may make a purchase by focusing on the configuration of Plaintiff's Product. Also, as per the findings of the above 2 (2) B, while there are medical institutions where order placement and inventory management are carried out by identifying medical instruments by barcodes, and there are also medical institutions where the SPD service is entrusted to business operators, not all medical institutions carry out the aforementioned order placement and inventory management of medical instruments by barcodes or entrust the SPD service, and the percentage of entrustment of the SPD service is not high by any means.

With regards to the point made in the above [iv], as per the findings of the above (1), small-scale medical institutions may not adopt the "buy-one-to-replace-another rule" to begin with, and even at medical institutions where the "buy-one-to-replace-another rule" is adopted, it may be the case that the rule is not thoroughly implemented, and specific doctors may designate and use

different medical instrument based on their treatment policies, or there may be a period during which the former medical instrument remains alongside the new medical instrument after the new medical instrument has been adopted, and thus it is possible for a plural number of medical instruments of the same type and effect to be used at the same time. As such, the fact that there is a "buy-one-to-replace-another rule" does not deny the likelihood of creating the misleading, to a person who comes upon Defendant's Product whose configuration very closely resembles that of Plaintiff's Product, that the source or origin of the two products is the same. Also, Plaintiff's Product and Defendant's Product are specially designed so that they cannot be connected with catheters other than the dedicated catheters, which are manufactured and sold by Appellant and Appellee, respectively, so that they do not have mutual compatibility in that respect, but it does not immediately deny the likelihood, upon purchase of Plaintiff's Product or Defendant's Product, of creating the misleading, which results from the fact that the two products very closely resemble each other in configuration, that the source or origin of the products is the same.

Accordingly, the above claim made by Appellee is not reasonable.

5. Summary

From what is described in above 2 to 4, it is acknowledged that the sale of Defendant's Product by Appellee falls under an act of unfair competition as stipulated in Article 2, paragraph (1), item (i) of the Act. Since Appellant's business interests pertaining to the sale of Plaintiff's Products have been infringed on due to the above act of unfair competition by Appellee, it is acknowledged that Appellant may demand against Appellee an injunction against transferring or delivering Defendant's Product, or displaying Defendant's Product for the purpose of transfer or delivery, or importing Defendant's Product pursuant to Article 3, paragraph (1) of the Act, and pursuant to paragraph (2) of the same Article, may demand against Appellee for disposal of Defendant's Product. On the other hand, as for the manufacture of Defendant's Product, considering that Article 2, paragraph (1), item (i) of the Act does not stipulate "manufacture" as an "act of unfair competition", and that in the present case, no assertion or evidence is made or submitted to provide basis for demanding an injunction against the manufacture of Defendant's Product pursuant to Article 3, paragraphs (1) and (2) of the Ac, it should be said that the claim made by Appellant against Appellee for an injunction against the manufacture of Defendant's Product cannot be accepted. Given that

Article 2, paragraph (1), item (ii) of the Act does not stipulate "manufacture" as an "act of unfair competition", the same applies to the claim made by Appellant for an injunction against the manufacture of Defendant's Product pertaining to unfair competition according to the same item.

6. Conclusion

From what is described above, Appellant's claims against Appellee are reasonable within the extent of seeking an injunction against transferring and delivering Defendant's Product, displaying Defendant's Product for the purpose of transfer or delivery, or importing Defendant's Product, and of seeking disposal of Defendant's Product, so that they shall be approved, and other claims, which are unreasonable, shall be dismissed.

Accordingly, the judgment in prior instance which stated otherwise is inappropriate, and since the present appeal is partially reasonable, the judgment in prior instance shall be modified as described above, and the judgment of this court shall be rendered in the form of the main text.

Intellectual Property High Court, Fourth Division

Presiding judge: OTAKA Ichiro
Judge: FURUKAWA Kenichi
Judge: OKAYAMA Tadahiro

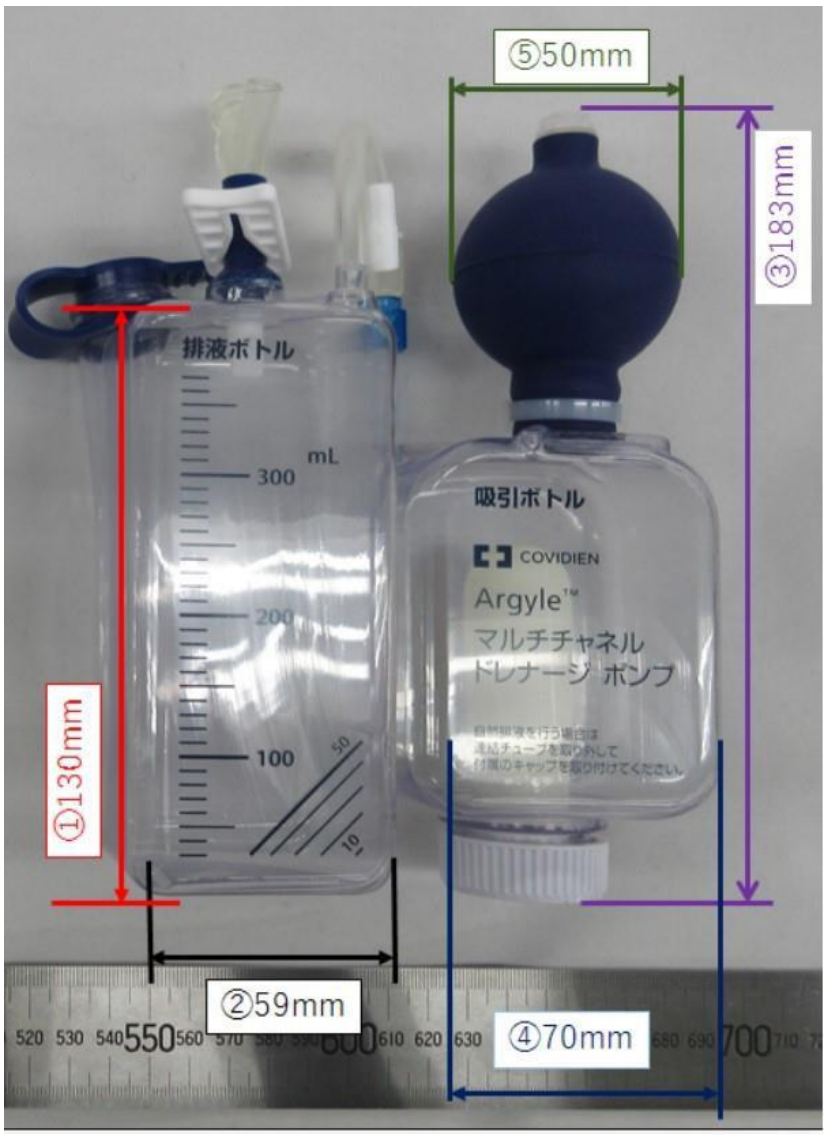
(Attachment 1) List of Defendant's Product

Product name: Multi Channel Drainage Pump (Precision)
Product No. 5220-370

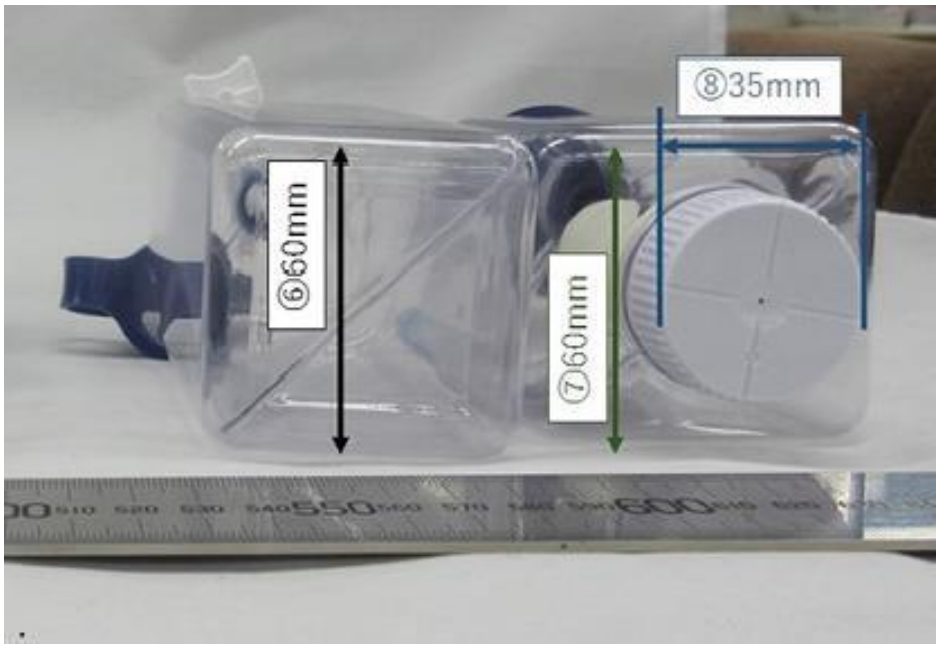
(Attachment 2) Description of Defendant's Product

1. Photographs of Defendant's Product

(1) Front



(2) Bottom



2. Configuration of Defendant's Product

(1) Main constituent parts are the two transparent bottles, which are a drainage bottle and a suction bottle.

(2) Drainage bottle

A. The bottle is transparent, vertically long, and rectangular, with the edges of four corners roundish when seen from the front or the back.

B. "Drainage bottle" is indicated in dark blue letters to the left of the front of the bottle, with large-sized, dark blue scale marks indicated in the unit of 100 mL along with numbers, and middle-sized, dark blue scale marks indicated in the unit of 50 mL, and small-sized, dark blue scale marks indicated in the unit of 10 mL, between the scale marks 0 and 370 mL, and as scale marks for small amounts, five dark blue lines are indicated diagonally, in the lower right of the front, with "10" indicated in dark blue between the very bottom line and the second line from bottom, and "50" indicated in dark blue in the upper right of the fifth line from bottom.

C. There is a drain port of a slightly wide diameter placed to the back of the left edge of the top of the bottle when seen from the front, and the drain port has a dark blue lid.

D. At the top of the bottle, there is an opening at the center for mounting a fluid collection port, and a short, thin, tube-shaped fluid collection port is set into this opening at the center, and a tube can be attached to the fluid

collection port. The fluid collection port has a plate clamp attached thereto.

E. At the top of the bottle, there is an opening near the front of the right edge when seen from the front, with a connecting tube attached thereto, and the connection to the suction bottle is accomplished by this connecting tube.

(3) Suction bottle

A. The bottle is transparent and rectangular and is, when compared with the drainage bottle, slightly wider in width and approximately two-thirds the height, and when seen from the front or the back, the four corners are roundish and curvy.

B. At the front, "suction bottle" is indicated in dark blue letters, and "Argyle Multi Channel Drainage Pump" is indicated in dark blue letters along with the company name of "COVIDIEN" and the method of use.

C. On the top of the bottle, in a position that is slightly to the right when seen from the front, there is an opening of a slightly wide diameter, with a rubber ball, which is dark blue and spherical, being connected to the opening by a short, thick, tube-shaped part coming out of the lower part of the rubber ball. A short, tube-shaped opening for ventilating the air inside the bottle comes out of the upper part of the rubber ball, with an exhaust valve attached thereto.

D. On the top of the bottle, in a position to the back of the left edge when seen from the front, there is an opening, with a connecting tube being connected thereto by a connecting port, and the connection to the drainage bottle is accomplished by this connecting tube.

E. In a position at the center of the bottom of the bottle, there is an opening of a wide diameter, with a structure that allows for opening and closing by means of a cap. The structure is such that a balloon is attached to the cap by a shrinkable tube, and when the rubber ball is compressed, the air inside is exhausted and negative pressure is created, inflating the balloon inside the suction bottle, and the suction pressure created by the balloon's restoring force suctions the fluid inside the body into the drainage bottle.

(Attachment 3) List of Plaintiff's Products

From among the products which are called "SB Bag" and which are portable and disposable devices for continuous low pressure suction, the following.

SB Bag Set without Tube (a drainage bottle and a suction bottle) (Product No. MD-53300)

SB Bag Set without Tube (a low pressure product) (a drainage bottle and a suction bottle) (Product No. MD-53600)

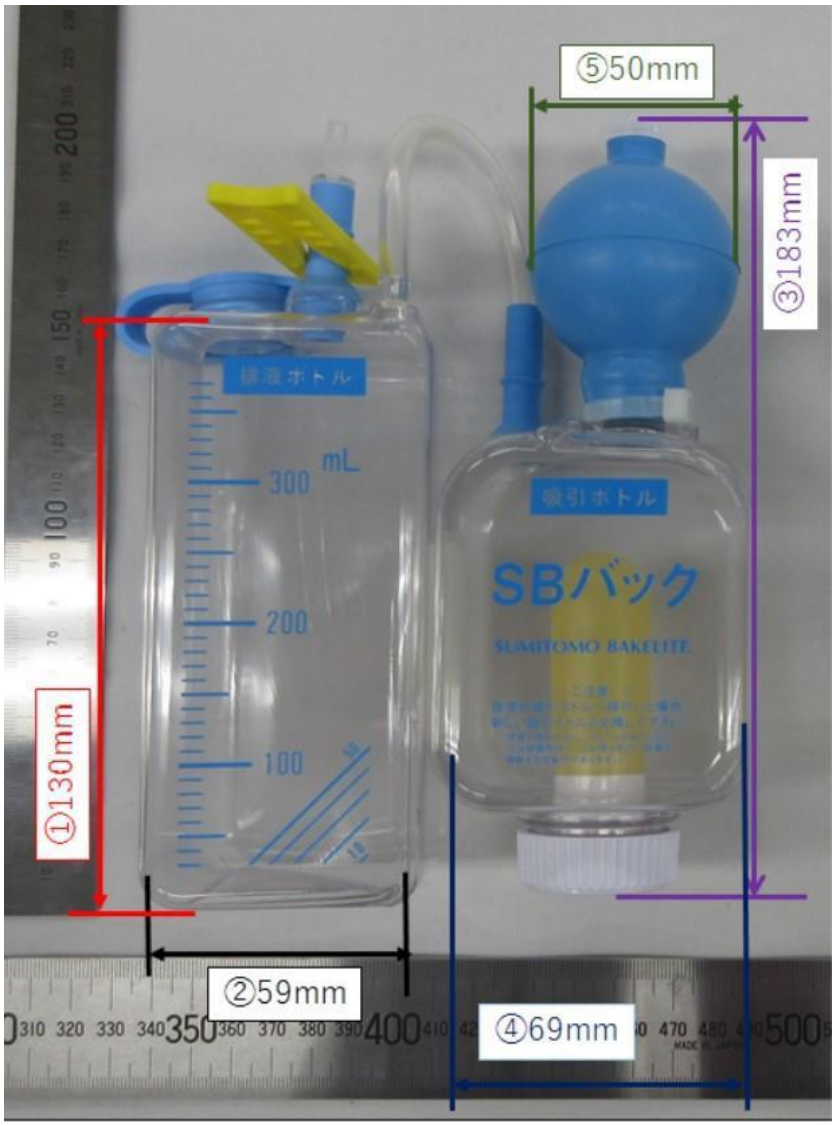
(Drainage bottles and suction bottles which are the same as the above are also included in the following set products, namely, Product Nos. MD-53331, MD-53341, MD-53351, MD-53361, MD-53631, MD-53641, MD-53651, MD-53730, MD-53750, MD-53760, MD-5363S, MD-5365S, MD-53732N, MD-53752N, MD-53762N, MD-53734N, MD-53754N, MD-53632N, MD-53652N, MD-53662N, MD-53634N, and MD-53654N.)

(Attachment 4)　Description of Plaintiff's Product

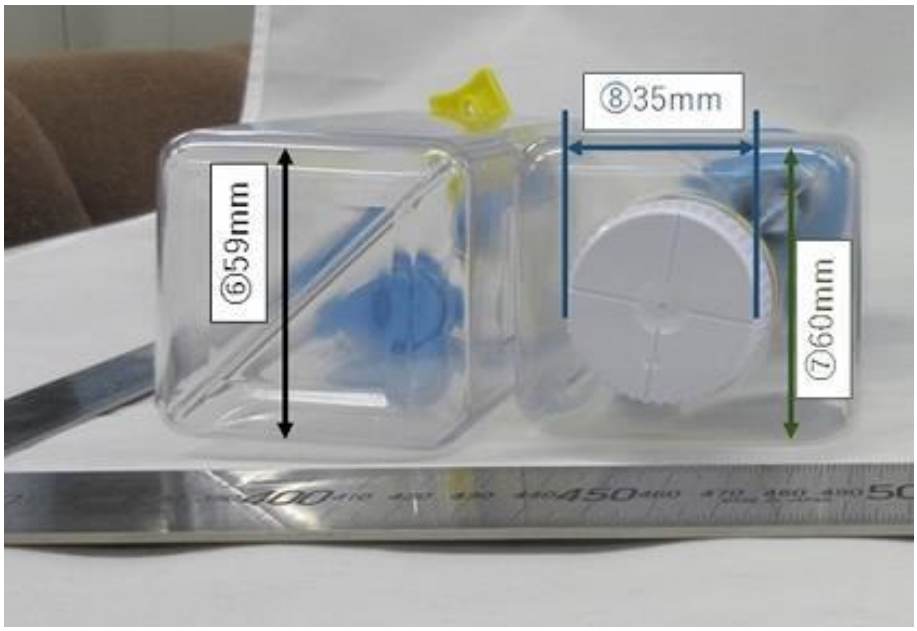
1. Photographs of Plaintiff's Product

The photographs are those of Product No. MD-53300 (the configuration of Product No. MD-53600 is the same with the only difference being the softness of the balloon).

(1) Front



(2) Bottom



2. Configuration of Plaintiff's Product

(1) All products indicated in Attachment 3, List of Plaintiff's Products, have the following configuration, with the main constituent parts being the two transparent bottles, which are a drainage bottle and a suction bottle.

(2) Drainage bottle

A. The bottle is transparent, vertically long, and rectangular, with the edges of four corners roundish when seen from the front or the back.

B. At the front of the bottle, in the center, "drainage bottle" is indicated in white against a pale blue background, with big-sized, pale blue scale marks indicated in the unit of 100 mL along with numbers, and middle-sized, pale blue scale marks indicated in the unit of 50 mL, and small-sized, pale blue scale marks indicated in the unit of 10 mL, between the scale marks of 0 and 370 mL, and as scale marks for small amounts, five pale blue lines are indicated diagonally, in the lower right of the front, with "10" indicated in pale blue between the very bottom line and the second line from bottom, and "50" indicated in pale blue in the upper right of the fifth line from bottom.

C. On the top of the bottle, in a position that is slightly to the back of the left edge when seen from the front, there is a drain port of a slightly wide diameter, and the drain port has a pale blue lid.

D. On the top of the bottle, in the center, there is an opening for mounting

a fluid collection port, and a short, thin, tube-shaped fluid collection port is set into this opening at the center, and a tube can be attached to the fluid collection port. The fluid collection port has a plate clamp attached thereto.

E. On the top of the bottle, near the front of the right edge when seen from the front, there is an opening with a connecting tube attached thereto, and the connection to the suction bottle is accomplished by this connecting tube.

(3) Suction bottle

A. The bottle is transparent and rectangular and is, when compared with the drainage bottle, slightly wider in width and approximately two-thirds the height, and when seen from the front or the back, the four corners are roundish and curvy.

B. At the front, "suction bottle" is indicated in white against a pale blue background, and "SB Bag" is indicated in pale blue letters along with the indications of the company name, "SUMITOMO BAKELITE", and a precaution statement.

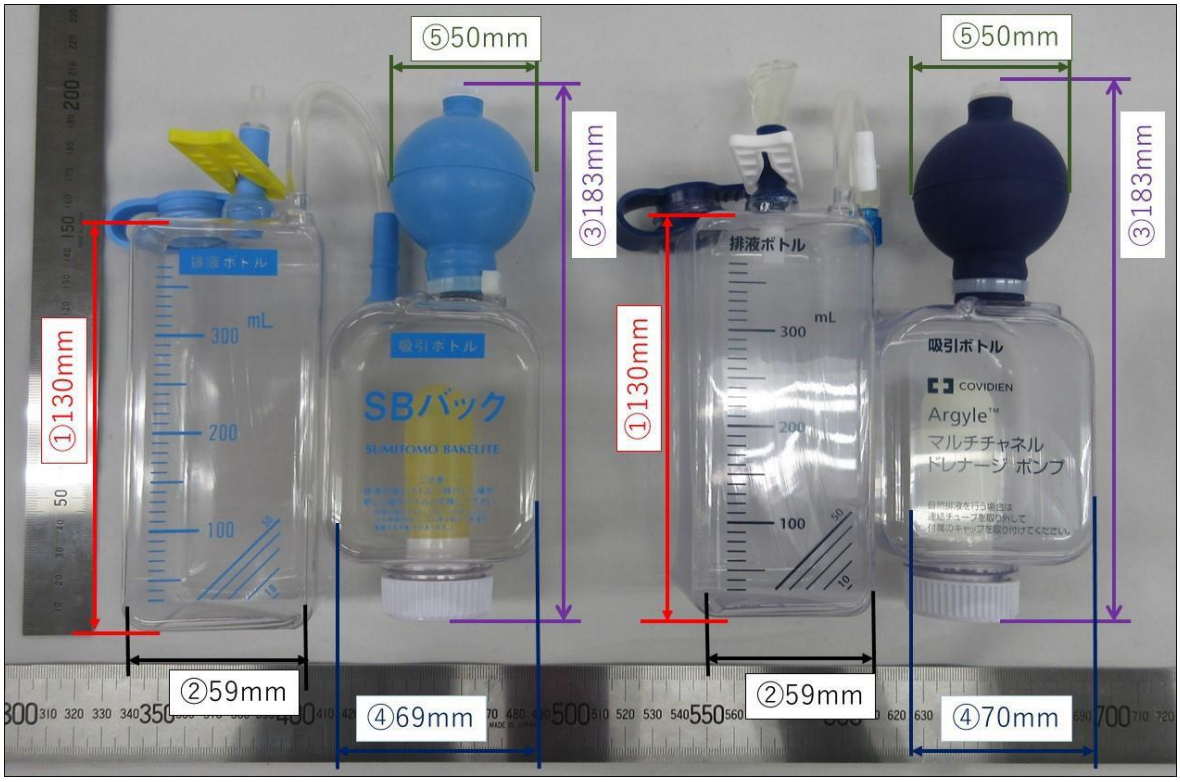
C. On the top of the bottle, in a position that is slightly to the right when seen from the front, there is an opening of a slightly wide diameter, with a rubber ball, which is pale blue and spherical, being connected to the opening by a short, thick, tube-shaped part coming out of the lower part of the rubber ball. A short, tube-shaped opening for ventilating the air inside the bottle comes out of the upper part of the rubber ball, with an exhaust valve attached thereto.

D. On the top of the bottle, in a position to the back of the left edge when seen from the front, there is an opening, with a connecting tube being connected thereto by a connecting port, and the connection to the drainage bottle is accomplished by this connecting tube.

E. In a position at the center of the bottom of the bottle, there is an opening of a wide diameter, with a structure that allows for opening and closing by means of a cap. The structure is such that a balloon is attached to the cap by a shrinkable tube, and when the rubber ball is compressed, the air inside is exhausted and negative pressure is created, inflating the balloon inside the suction bottle, and the suction pressure created by the balloon's restoring force suctions the fluid inside the body into the drainage bottle.

(Attachment 5) Photographs for Comparison of Plaintiff's Product and Defendant's Product

(1) Front (Left: Plaintiff's Product　　Right: Defendant's Product)



(2) Bottom (Left: Plaintiff's Product　　Right: Defendant's Product)