

Date	July 23, 2009	Court	Tokyo District Court, 47th Civil Division
Case number	2006 (Wa) 26725 and 2007 (Wa) 15580		
A case in which the court determined that in the case where there are different trademark right holders for one trademark in and outside Japan, the parallel import of goods to which said trademark is attached does not fall under the cases of lacking illegality as infringement of a trademark right			

X1 is the holder of a trademark right for a trademark for a brand, "Converse," for which designated goods are footwear, etc. (hereinafter referred to as the "Plaintiff's Trademark"). X2 and X3 have obtained a license to use the Plaintiff's Trademark from X1 and X2, respectively, and are the holders of the monopolistic non-exclusive right to use. X, etc. asserted that Y imported and sold shoes, to which a trademark identical with, or similar to, the Plaintiff's Trademark (hereinafter referred to as the "Defendant's Trademark") is attached, in Japan and infringed the trademark right, etc of X, etc. Based on this assertion, X, etc. demanded that Y suspend the aforementioned act and pay damages, etc. The trademark for a brand, "Converse," was originally held by the former Converse Inc. in the United States, but X1 later obtained the right to use the trademark in Japan, while new the U.S. Converse Inc. obtained the right to use the trademark outside Japan. Consequently, there have come to be different trademark right holders for the same trademark inside and outside Japan.

Y argued against X, etc., asserting that the illegality of its act is denied as parallel import, because shoes attached with the Defendant's Trademark, which Y imports, are authentic goods manufactured by new U.S. Converse Inc.

The court examined the fulfillment of the requirement of identity of trademark source (the relevant trademark indicates the same source as that indicated by a registered trademark in Japan, on the grounds that the holder of the trademark right outside Japan and the holder of the trademark right in Japan are identical with each other or are in a relationship in which they can be identified as an identical person legally or economically), one of the three requirements for denying the illegality of infringement of a trademark right for parallel import, which were indicated in the Supreme Court judgment on the Fred Perry case (Judgment of the First Petty Bench of the Supreme Court, February 27, 2003, Minshu, vol. 57, no. 2, at 125). The court then determined that the requirement of identity of trademark source was not fulfilled because, according to the facts found, X1 and new U.S. Converse Inc. are not recognized as being in a relationship in which they can be identified as an identical

person legally or economically. Y asserted that the act of importing and selling the goods of new U.S. Converse Inc. does not damage the source indicating function of the plaintiff's trademark and is thus not illegal even if the requirement of identity of trademark source is not fulfilled, for the reasons (i) that the Converse trademark is famous throughout the world, (ii) that X1's unique goodwill had yet to be established for the Plaintiff's Trademark even after X1 obtained it, and (iii) that the source recognized by consumers from the Plaintiff's Trademark is new U.S. Converse Inc. In response to this, the court ruled as follows. The act of importing and selling the goods of new U.S. Converse Inc. would damage the source indicating function of the Plaintiff's Trademark, because the source indicating function of a trademark is a function to indicate that goods and services attached with an identical trademark originate from an identical source, and because the source protected under the Trademark Act is the holder of a registered trademark right. In this case, the source indicated by the Plaintiff's Trademark is X1, which is the holder of the registered trademark right. Based on this ruling, the court did not accept the aforementioned Y's assertions.

Moreover, with regard to the requirement of quality control which is one of said three requirements, the court determined that X1 does not fulfill said requirement as X1 is neither directly nor indirectly recognized as being in a position to control the quality of the goods of new U.S. Converse Inc. Based on this determination, the court cast aside Y's defense of parallel import and other defenses, and upheld the claims of X, etc.