

Date	March 25, 2015	Court	Intellectual Property High Court, First Division
Case number	2013 (Ne) 10104		
<p>– A case in which the court determined which law should be applied as the governing law to each of the multiple acts of tort and denied the tortiousness of some of said acts of tort under US law and the tortiousness of the rest of said acts of tort under Japanese law, and thereby upheld the judgment in prior instance that dismissed Vestax's claims and, in conclusion, dismissed the appeal.</p>			

References: Article 709 and Article 719 of the Civil Code, Article 11, paragraph (1) of the Act on General Rules for Application of Laws (Act No. 10 of 1898), Article 17 and Article 19 of the Act on General Rules for Application of Laws after revision (Act No. 78 of 2006)

### Summary of Judgment

#### 1 Background

This is a lawsuit wherein the appellant, which is the comprehensive successor of the litigation status of Vestax Corporation (the plaintiff in the prior instance), i.e., a Japanese corporation engaged in manufacturing and selling replicas of the guitars produced by the late John D'Angelico (Vestax's goods), alleged against the appellees, which are a U.S. corporation and an individual who lives in the U.S. (the defendants in the prior instance), that (1) the appellee company [i] sold low-quality replica guitars (the appellees' goods) that have the same shape as that of Vestax's goods and bear the same mark as the original mark affixed to Vestax's goods, which is the mark of the original D'Angelico guitars, in the U.S. and caused confusion between the appellees' goods and Vestax's goods, and thereby damaged the honor, reputation, and brand image of Vestax (Act of Tort 1), [ii] registered the mark "D'Angelico," which is one of Vestax's trademarks, with the Office for Harmonization in the Internal Market (OHIM) ("OHIM Trademark Registration") without Vestax's prior consent, and thereby interfered with Vestax's business and caused economic damage to Vestax, which had to take countermeasures against such interference (Act of Tort 2), [iii] sent written warnings to Vestax's distributors in the U.K. and France based on the OHIM Trademark Registration although the OHIM Trademark Registration should be invalidated, and thereby damaged Vestax's honor and reputation (Act of Tort 3), and [iv] also sent written warnings with the same content and other documents to Vestax's business partners in Japan, and thereby interfered with Vestax's business and damaged its honor and reputation (Act of Tort 4), and that (2) Appellee Y assisted the appellee company to conduct these acts. On these grounds, the appellant alleged that the appellees' acts constitute joint acts of tort under the Civil Code and demanded payment of damages and

delay damages accrued thereon.

## 2. Judgment in prior instance

The judgment in prior instance dismissed all of Vestax's claims by holding that none of the Acts of Tort 1 to 4 constitutes an act of tort.

## 3. Judgment of this court

The major issues in this case are [i] whether a Japanese court has international jurisdiction or not, [ii] which law should be applied as the governing law, and [iii] whether an act of tort was committed or not.

### (1) Issue of whether a Japanese court has international jurisdiction or not

In this judgment, the court, like the court of prior instance, found that, regarding international jurisdiction, as far as the claim related to Act of Tort 4 is concerned, it is objectively clear that Vestax's business was interfered with in Japan and also found that the claims related to Act of Tort 1 to 3 are closely related to Act of Tort 4. On these grounds, the court recognized the international jurisdiction of a Japanese court over all of the claims.

### (2) Issue of which law should be applied as the governing law

In this judgment, the court determined as follows with regard to the governing law (no determination was made by the court of prior instance with regard to the governing law.)

[i] Regarding Act of Tort 1, since Article 11, paragraph (1) of the Act on General Rules for Application of Laws (Act No. 10 of 1898) is applicable to any cases where the act of misconduct led to a consequence prior to January 1, 2007, US law shall be used as the governing law (as the common law, law of the State of New Jersey shall be used) on the grounds that the infringement of Vestax's rights led to a consequence, i.e., damage of Vestax's honor, reputation, and brand image in the U.S. Meanwhile, since Article 19 of the Act on General Rules for Application of Laws after revision (Act No. 78 of 2006) is applicable to any cases where the act of misconduct led to a consequence on or after January 1, 2007, Japanese law shall be used as the governing law on the grounds that Vestax is located in Japan (there is a consensus among the parties concerned regarding the latter part). [ii] Regarding Act of Tort 2, since Article 11, paragraph (1) of the Act on General Rules for Application of Laws (Act No. 10 of 1898) is applicable, Japanese law shall be used as the governing law on the grounds that Vestax's interests of not suffering business interference were infringed in Japan. [iii] Regarding Act of Tort 3, namely, an act of damaging Vestax's honor and reputation, since Article 19 of the Act on General Rules for Application of Laws after revision (Act No. 78 of 2006) is applicable, Japanese law shall be used as the governing law. [iv] Regarding Act of Tort 4, namely,

an act of infringing Vestax's business interests and damaging Vestax's honor and reputation, since Article 17 and Article 19 of the Act on General Rules for Application of Laws after revision (Act No. 78 of 2006) are applicable, Japanese law shall be used as the governing law.

(3) Issue of whether an act of tort was committed or not

In this judgment, the court examined whether Act of Tort 1 committed prior to January 1, 2007 constitutes [i] unprivileged imitation or [ii] passing off under the common law of the State of New Jersey as alleged by the appellant. The court found that such Act of Tort 1 would not constitute "[i] unprivileged imitation" even if the appellees' goods are identical with Vestax's goods in terms of configuration on the grounds that, even if the designs of Vestax's goods are partially different from the original D'Angelico guitars, such part may not be considered to have been widely recognized by consumers in the U.S. as a distinctive feature of Vestax's goods. Also, the court found that such Act of Tort 1 does not constitute [ii] passing off on the grounds that the appellee's act of selling appellees' goods carrying the trademark "D'Angelico" may not be found to be an act of passing off in view of the facts that the trademark "D'Angelico" was affixed to Vestax's goods sold in the U.S. under a license agreement concluded with GHS Strings and that, after said license agreement had expired, the appellee company newly concluded a license agreement with GHS Strings and sold goods bearing said trademark. Also, on similar grounds, the court found that Act of Tort 1 committed on or after January 1, 2007 does not constitute an act of tort under the Japanese Civil Code.

Regarding Act of Tort 2, the court found that the trademark was attached to Vestax's goods in the U.S. based on a license agreement concluded with GHS Strings. In view of the fact that, after the termination of said license agreement, the appellee company filed with the Office for Harmonization in the Internal Market (Trade Marks and Designs) an application for the mark "D'Angelico" and, immediately after that, concluded a license agreement with GHS Strings, the appellee company's act of obtaining the OHIM Trademark Registration may not be considered to constitute an act of tort against Vestax under the Japanese Civil Code.

Furthermore, the court found that, regarding Acts of Tort 3 and 4, the appellee company's act of sending written warnings to Vestax's distributors and business partners may not be considered to go beyond the scope of legitimate exercise of the appellee company's rights in consideration of the fact that the appellee company had a valid trademark right for the OHIM Trademark Registration. In conclusion, the court found that no act of tort was committed under the Japanese Civil Code.