| Date | July 15, 2004 | Court | Osaka District Court |
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| Case number | 2003 (Wa) 11512 | | |

– A case in which the court determined that the defendant's act constitutes an act of unfair competition prescribed in Article 2, paragraph (1), item (xii) of the Unfair Competition Prevention Act prior to the amendment by Act No. 54 of 2015 by finding that the domain name used by the defendant "maxellgrp.com" is similar to the plaintiff's famous indications such as "マクセル," "MAXELL," or "maxell."

References: Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act and Article 2, paragraph (1), item (xii) of the Unfair Competition Prevention Act prior to the amendment by Act No. 54 of 2015 (item (xiii) after said amendment)

Number of related rights, etc.:

## Summary of the Judgment

The plaintiff is a company engaged in the business of manufacturing and selling or otherwise handling dry-cell batteries and has been using the indications "マクセル," "MAXELL," and "maxell" as its indication of goods or business (the "plaintiff's indications of goods or business") by affixing them to its products. The plaintiff's indications of goods or business are famous in Japan.

The defendant, which is a company engaged in the management of restaurants, established a website on the Internet using the domain name "maxellgrp.com" (the "defendant's domain name") and used the indications of business such as "マクセルグループ" and "maxellcorporation" (the "defendant's indications of business").

The plaintiff claimed damages based on an allegation that the defendant's acts of using the defendant's indications of business and the defendant's domain name constitute an act of unfair competition prescribed in Article 2, paragraph (1), items (i) and (ii) of the Unfair Competition Prevention Act and Article 2, paragraph (1), item (xii) of the Unfair Competition Prevention Act prior to the amendment by Act No. 54 of 2015 (item (xiii) after said amendment).

In this judgment, the court affirmed that an act of unfair competition had been conducted based on a finding that the defendant's indications of business are identical with or similar to the plaintiff's indications of goods or business, while also finding that an act of unfair competition had been conducted by finding that the defendant's domain name is similar to the plaintiff's indication of goods or business based on the following determinations.

i. The "com" part among the defendant's domain name "maxellgrp.com" is a commonly-used (general-use) top-level domain name, which merely indicates its

attribute; [ii] The "." part is just a separator; [iii] The "grp" part is an abbreviation created by omitting vowel sounds from the English word "group," which is often used as an additional character string; and [iv] Thus, it can be said that "maxell" is the essential feature of the aforementioned defendant's domain name. Accordingly, the defendant's domain name is similar to the plaintiff's indications of goods or business.

Judgment rendered on July 15, 2004

2003 (Wa) 11512 Case of Seeking an Injunction, etc. against an Act of Unfair Competition

Date of conclusion of oral argument: May 24, 2004

Judgment

Plaintiff: Hitachi Maxell, Ltd.

Defendant: Yugen Kaisha Maxwill Corporation

Main text

1. The defendant shall pay the plaintiff 5,330,827 yen and delay damages accrued thereon at a rate of 5% per annum from November 14, 2003 until the date of full payment.

2. Any other claims of the plaintiff shall be dismissed.

3. The court costs shall be divided into ten portions. Nine of them shall be borne by the plaintiff, while the remaining one shall be borne by the defendant.

4. This judgment may be provisionally enforced only with regard to paragraph (1).

Facts and reasons

No. 1 Claim

The defendant shall pay the plaintiff 108 million yen and delay damages accrued thereon at a rate of 5% per annum from November 14, 2003 (the day following the day of the service of a statement of claim) until the date of full payment.

No. 2 Background

This is a case where the plaintiff alleged that the indications of goods or business that the plaintiff has been using are famous or well known and that the defendant has been using a trade name, an indication of business, and a domain name that are similar to the plaintiff's indications of goods or business, and alleged that these acts of the defendant constitute acts of unfair competition specified in Article 2, paragraph (1), item (ii) or (i) and item (xii) of the Unfair Competition Prevention Act. Based on these allegations, the plaintiff demanded the payment of damages.

1. Facts on which the decision is premised (No evidence will be referred to regarding the undisputed facts.)

(1) Parties concerned

The plaintiff is a stock company that was initially established as a division of Nitto Denki Kogyo in 1950 and then separated from Nitto Denki Kogyo on September 3,

1960, and independently registered under the trade name "Maxell Denki Kogyo Kabushiki Kaisha." Its trade name was changed to the current one on January 1, 1964. The plaintiff is engaged in the manufacturing, sale, etc. of dry-cell batteries and storage media including cassette tapes, videotapes, CDs, MDs, and DVDs.

The defendant is a Yugen Kaisha (private limited company) established on March 16, 1999 under the trade name "有限会社マクセルコーポレーション (Yugen Kaisha Makuseru Kōporēshon)," which was changed to the current trade name on August 26, 2003. The defendant was registered on September 2, 2003 and has been engaged in the management, etc. of restaurants (sexually oriented business) (Exhibit Ko 9).

(2) Plaintiff's indications of goods or business

A. The plaintiff has been using "マクセル," "MAXELL," and "maxell," as its indications of goods or business (hereinafter collectively referred to as the "plaintiff's indications of goods or business") since the establishment of the plaintiff's predecessor, i.e., the Maxell division of Nitto Denki Kogyo, in 1950. The plaintiff has been using the plaintiff's indications of goods or business in its trade name, while also affixing them to its products including computer tapes, videotapes for broadcasting, CD-Rs, CD-ROMs, DVD-Rs, DVD-R/RAMs, DVD-ROMs, MO Disks, floppy disks, memory cards, IC cards, RFID systems, glossy paper for printing, label cards, MDs, audiotapes, videotapes, lithium-ion batteries, polymer lithium-ion batteries, small-size secondary batteries, primary lithium batteries, various button batteries, alkaline dry-cell batteries, manganese dry-cell batteries, small-size electrical equipment, electroformed products and precision apparatuses, as well as using them in TV commercials, neon-lighted signs, advertisements in newspapers and magazines, brochures, etc.

The plaintiff's indications of goods or business indicate a word coined by combining the first and last three characters of the indication of goods, "Maximum Capacity Dry Cell," which was used for the dry-cell batteries initially manufactured at the time of foundation.

Many of the 32 subsidiaries of the plaintiff have been using "マクセル" and "maxell" out of the plaintiff's indications of goods or business, as their indications of goods or business.

Furthermore, the plaintiff has obtained many registrations for the plaintiff's indications of goods or business, such as "maxell" (Trademark Registration No. 1079986) (Application filing date: January 8, 1970; Trademark registration date: August 1, 1974). Since 1995, the plaintiff has obtained 31 defensive mark registrations based on the aforementioned trademark registration (Exhibit Ko 6). Moreover, in a book titled "FAMOUS TRADEMARKS IN JAPAN" published by the AIPPI JAPAN in 1998 and

the search service called "Japanese Well-known Trademarks" available at the JPO Industrial Property Digital Library ("IPDL"), "maxell" is explained and registered as the plaintiff's trademark (Exhibits Ko 7 and 8).

B. The plaintiff's sales from FY1970 to FY2001 are shown in the attached table of sales.

Regarding electromagnetic tapes, the plaintiff held the second largest domestic market share (22%) in 1988 (Exhibit Ko 16-2).

Regarding dry-cell batteries, the plaintiff held the third largest domestic market share (10.1%) for manganese dry-cell batteries, the fifth largest domestic market share (9.0%) for alkaline manganese dry-cell batteries, and the largest domestic market share (31.8%) for silver oxide batteries (Exhibit Ko 16-2).

Regarding floppy disks, the plaintiff held the largest domestic share (31.0%) in FY1994 and held the largest domestic share (30.5%) in FY1995 as well (Exhibit Ko 16-3).

C. The plaintiff paid the advertisement costs shown in the attached table of advertisement costs (containing data about the year 1970 and thereafter) and conducted advertisement activities by using the plaintiff's indications of goods or business such as building an advertisement neon-lighted signs, placing advertisements in newspapers and magazines, and putting up posters in train stations. The plaintiff started TV commercials from 1974. The commercials in which TV personalities P or Q appeared were broadcast nationwide with the plaintiff's indications of goods or business shown in those commercials.

Many newspaper articles about the plaintiff were published in national newspapers, local newspapers, and industry newspapers. In those articles, the plaintiff was often indicated as "マクセル."

(3) Defendant's act

A. The defendant used the trade name "有限会社マクセルコーポレーション (Yugen Kaisha Makuseru Kōporēshon)" (the "defendant's former trade name") from March 16, 1999 to August 26, 2003.

B. The defendant used "マクセル," "マクセルグループ," "maxell," "maxellcorporation," "MaXeLL," and "MaXeLL CORPORATION" (hereinafter collectively referred to as the "defendant's indications of business") on the website established by the defendant.

C. The defendant used the domain name "maxellgrp.com" (the "defendant's domain name") to establish its website in which the defendant once advertised the restaurants that the defendant was operating.

(omitted)

No.3 Court Decision

1. Issue (1) (the issue of whether the defendant's act constitutes an act of unfair competition specified in Article 2, paragraph (1), item (ii) or (i) of the Unfair Competition Prevention Act)

(1) According to the facts described in the aforementioned section titled "Facts on which the decision is premised," it can be found that the plaintiff's indications of goods or business had become famous as an indication of the goods or business pertaining to the plaintiff or its related companies by around 1975 at the latest.

(2) Regarding the defendant's former trade name "有限会社マクセルコーポレーション (Yugen Kaisha Makuseru Kōporēshon)," in consideration of the facts that "有限会社 (Yugen Kaisha)" indicates a type of a company and that "コーポレーション (Kōporēshon) (Corporation)" means "company," which is often included in the name of a company, it can be said that the essential feature of the defendant's former trade name is "マクセル."

Regarding one of the defendant's indications of business, "マクセルグループ (Makuseru Gurūpu)," since the word "グループ" is a Katakana expression of the English word, "group," which is often included in the name of a group, it can be said that the essential feature of the aforementioned defendant's indication of business is "マクセル."

Regarding another one of the defendant's indications of business, "maxellcorporation," since "corporation" is an English word meaning a company, which is often included in the name of a company, it can be said that the essential feature of the aforementioned defendant's indication of business is "maxell."

Furthermore, regarding another one of the defendant's indications of business, "MaXeLL CORPORATION," it can also be said that the essential feature of the aforementioned defendant's indication of business is "MaXeLL" on the grounds mentioned above.

Therefore, the essential features of the defendant's former trade name and the defendant's indications of business should be considered to be "マクセル," "maxell," and "MaXeLL."

(3) A comparison between the plaintiff's indications of goods or business, the defendant's former trade name and the defendant's indications of business has revealed, as described in (2) above, that the essential features of the defendant's former trade name and the defendant's indications of business should be considered to be "マクセ

ル," "maxell," and "MaXeLL." Among these three constituent features, "マクセル" and "maxell" are identical with "マクセル" and "maxell," which are two of the plaintiff's indications of goods or business. Regarding "MaXeLL," it can be considered to be similar to "maxell" and "MAXELL," which are two of the plaintiff's indications of goods or business, since "MaXeLL" can be created by using lower-case letters for the second and the fourth characters of "maxell" and "MAXELL" with the rest of the characters written in capital letters.

Therefore, the defendant's former trade name and the defendant's indications of business can be considered to be identical or similar to the plaintiff's indications of goods or business.

(4) As described above, the defendant's act of using the defendant's former trade name and the defendant's indications of business, which can be considered to be a trade name and marks identical or similar to the already-famous plaintiff's indications of goods or business, constitutes an act of unfair competition specified in Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act.

(5) Meanwhile, the defendant alleged that the use of the defendant's former trade name and the defendant's indications of business would not cause confusion among general consumers with the plaintiff's goods or business. However, since the fact of causing confusion is not a prerequisite for recognition of an act of unfair competition specified in Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act, the allegation of the defendant would not affect the aforementioned determination of the court.

Also, the defendant alleged that the defendant had not used the defendant's former trade name and the defendant's indications of business in the store where the defendant conducted its business. However, Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act clearly specifies that not only the use of a trade name in the place of business such as a store, but also the use of a trade name in any other places and the use of an indication of business on a website would constitute an act of unfair competition specified in said item. Therefore, this allegation of the defendant would not affect the aforementioned determination of the court.

2. Issue (2) (the issue of whether the defendant's act constitutes an act of unfair competition specified in Article 2, paragraph (1), item (xii) of the Unfair Competition Prevention Act)

(1) As mentioned in 1.(1) above, the plaintiff's indications of goods or business had become famous by around 1975 at the latest as an indication of the goods or business pertaining to the plaintiff or its related companies.

(2) Regarding the defendant's domain name "maxellgrp.com," the "com" part is a commonly-used (general-use) top-level domain name, which merely indicates its attribute. The "." part is just a separator. The "grp" part is an abbreviation created by omitting vowel sounds from the English word "group," which is often used as an additional character string. Thus, it can be said that the essential feature of the aforementioned defendant's domain name is "maxell."
(3) As described in (2) above, a comparison between the plaintiff's indications of goods or business and the defendant's domain name has revealed that the essential feature of the defendant's domain name is "maxell," which is identical with "maxell," or one of the plaintiff's indications of goods or business.

Therefore, it can be said that the defendant's domain name is similar to the plaintiff's indications of goods or business.
(4) While Article 2, paragraph (1), item (xii) of the Unfair Competition Prevention Act contains the phrase "the purpose of acquiring a wrongful gain," the meaning of this phrase should be interpreted as "the purpose of wrongfully advancing one's own interests in a manner that is against the public policy."

As described in (1) above, the plaintiff's indications of goods or business had become famous by around 1975 at the latest as an indication of the goods or business pertaining to the plaintiff or its related companies. As described in 1. above, the defendant's use of the defendant's former trade name and the defendant's indications of business, which are similar to the plaintiff's indications of goods or business, constitutes an act of unfair competition.

In light of the facts described above, the defendant's act of establishing a website and advertising its restaurants thereon by using the defendant's domain name, which is similar to the already-famous plaintiff's indications of goods or business, can be presumed to have the purpose of advancing the defendant's interests by taking advantage of the goodwill acquired by the famous plaintiff's indications of goods or business.

Therefore, it can be said that the defendant had "the purpose of acquiring a wrongful gain" specified in Article 2, paragraph (1), item (xii) of the Unfair Competition Prevention Act.
(5) As described above, the defendant established a website by using the domain name that is similar to the already-famous plaintiff's indications of goods or business and advertised its restaurants thereon. Thus, this act of the defendant constitutes an act of unfair competition specified in Article 2, paragraph (1), item (xii) of the Unfair Competition Prevention Act.

(Omitted)

4. Conclusion

As described above, the plaintiff's claim is well-grounded to the extent stated in the main text. Thus, the judgment shall be rendered in the form of the main text.

Osaka District Court, 26th Civil Division

Presiding judge: YAMADA Tomoji

Judge: NAKAHIRA Ken

Judge: MORIYAMA Masaki