

Date	March 26, 2015	Court	Osaka District Court, 21st Civil Division
Case number	2014 (Wa) 5064		

– A case in which the defendant notified the plaintiff's customers, etc. of its recognition that the plaintiff's goods infringe the defendant's utility model right for a device of a stable reclining floor chair with legs, without presenting a report of utility model technical opinion; therefore, the plaintiff sought a declaratory judgment of non-existence of the defendant's right to seek an injunction against the manufacturing or sale of the plaintiff's goods and right to claim damages, etc., alleging the invalidation of the aforementioned utility model right; in addition, the plaintiff sought an injunction under Article 3, paragraph (1) of the Unfair Competition Prevention Act and compensation for damages under Article 4 of said Act, alleging that the aforementioned defendant's act falls under the act of unfair competition set forth in Article 2, paragraph (1), item (xiv) of said Act; and the court upheld the plaintiff's claims for a declaratory judgment of non-existence and an injunction and also partially upheld its claim for damages.

Summary of the Judgment

1. The defendant notified the plaintiff's customers, etc. of its recognition that the plaintiff's goods infringe the defendant's utility model right (hereinafter referred to as the "Utility Model Right") for a device of a stable reclining floor chair with legs (the "Device"), without attaching a report of utility model technical opinion for the Utility Model Right. At the same time, the defendant demanded that the plaintiff cease all of the acts of advertising, manufacturing, and selling the plaintiff's goods. In response to this, the plaintiff alleged the invalidation of the Utility Model Right, and thereby sought a declaratory judgment of non-existence of the defendant's right to seek an injunction against the manufacturing, sale, etc. of the plaintiff's goods and right to claim damages, etc. In addition, the plaintiff alleged that said notice, which was given to the plaintiff's customers, etc. by the defendant that is in a competitive relationship with the plaintiff, falls under the act of making a false allegation that is injurious to the business reputation of the plaintiff (Article 2, paragraph (1), item (xiv) of the Unfair Competition Prevention Act). Based on this allegation, the plaintiff sought an injunction against said act of the defendant and compensation for damages (Article 3, paragraph (1) and Article 4 of said Act).
2. In this judgment, the court ruled as follows: A structure wherein the back board is tilted by a ratchet mechanism and a structure wherein the floor chair is stabilized by stretching the rear parts of the right and left leg boards had already been adopted in

another product of the plaintiff's that had been sold prior to the filing of the application for the utility model registration in question, and the numerical value for the extension, which differed between said plaintiff's other product and the defendant's device, could have been very easily conceived of by a person ordinarily skilled in the art. Based on this ruling, the court determined that the defendant's device lacks an inventive step and that the defendant is unable to exercise rights against the plaintiff based on the Utility Model Right (Article 3, paragraph (2), Article 37, paragraph (1), item (ii), and Article 30 of the Utility Model Act and Article 104-3 of the Patent Act). Based on this determination, the court upheld the aforementioned plaintiff's claim for a declaratory judgment of non-existence of the defendant's rights.

Moreover, the court ruled as follows: The defendant gave the aforementioned notice to the plaintiff's customers, etc. without presenting a report of utility model technical opinion despite the fact that it received a report of utility model technical opinion determining that the Device does not involve any inventive step (Article 3, paragraph (2) of the Utility Model Act) in consideration of the statements of cited documents, and such act of the defendant falls under an act of unfair competition; in addition, it is also an illegal act that is against the purpose of the Utility Model Act, which grants registration without substantive examination but sets the utility model technical opinion system (Article 12, paragraph (1) of said Act) and provides that a holder of a utility model right may not exercise his/her right unless he/she has given warning by presenting a report of utility model technical opinion (Article 29-2 of said Act). Based on the fact that some business operators ceased to deal with the plaintiff's goods due to the defendant's notice, the court upheld the plaintiff's claims for an injunction set forth in Article 3 of the Unfair Competition Prevention Act and payment of 880,000 yen as damages as set forth in Article 4 of said Act.