

Date	March 29, 2010	Court	Intellectual Property High Court, Second Division
Case number	2009 (Gyo-Ke) 10227		
<p>A case in which the court found that the trademark "SIDAMO" (in katakana characters) does not fall under Article 3, paragraph (1), item (iii) of the Trademark Act (a trademark which consists solely of a mark indicating, in a common manner, the place of origin or quality of the goods) but that it does fall under Article 4, paragraph (1), item (xvi) of said Act (a trademark which is likely to mislead as to the quality of the goods).</p>			

References:

Article 3, paragraph (1), item (iii), and Article 4, paragraph (1), item (xvi) of the Trademark Act

1. The plaintiff is a sovereign state located in Northeast Africa.

The defendant is a public interest corporation established on August 29, 1980, with permission for establishment given by the Minister of Agriculture, Forestry and Fisheries. It is an incorporated association, which aims to promote the sound development of the domestic coffee industry, and consists of members engaged in import, export and wholesale of coffee as its members.

2. The plaintiff filed with the Japan Patent Office (JPO) the following application for trademark registration as of September 8, 2005, and after receiving the examiner's decision of registration on April 6, 2006, obtained a trademark registration, Registration No. 4955563, on May 26, 2006.

Trademark (in standard characters): SIDAMO (in katakana characters)

Designated goods: Class 30, coffee and coffee beans

3. With regard to the defendant's request for a trial for invalidation of the plaintiff's trademark registration, the JPO issued a decision to invalidate this registration, as of March 30, 2009, on the grounds that the registered trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act (a trademark which consists solely of a mark indicating, in a common manner, the place of origin or quality of the goods) and Article 4, paragraph (1), item (xvi) of said Act (a trademark which is likely to mislead as to the quality of the goods). Dissatisfied with this decision, the plaintiff filed a lawsuit to seek its rescission.

4. In this judgment, the court partially rescinded the JPO decision, with respect to the designated goods, "coffee beans produced in the Sidamo province, Federal Democratic Republic of Ethiopia, and coffee made of coffee beans produced in the Sidamo province, Federal Democratic Republic of Ethiopia." The court's holdings are as

follows.

"In this case, the following facts can be found: (i) In Japan, the term 'SIDAMO' (in alphabetic characters or katakana characters), when it is used for 'coffee or coffee beans,' frequently refers to the brand name or type of coffee or coffee beans. (ii) In Japan, 'SIDAMO' (in katakana characters) is sometimes used to refer to the place of origin of coffee beans in Ethiopia, and in such cases, it is frequently used to refer to the place of origin of the products whose brand name or type is 'SIDAMO' (in alphabetic characters or katakana characters). (iii) the term 'SIDAMO' (in alphabetic characters or katakana characters), as such brand name or type, is used for high quality coffee beans produced in Ethiopia or coffee made from such coffee beans...

On the other hand, it is also found that the name of the place, 'SIDAMO' (in alphabetic characters or katakana characters) in Ethiopia, does not have a high degree of recognition in Japan. Taking into consideration this fact in combination with the facts mentioned in (i) to (iii) above, we can find that when the trademark in question is used for its designated goods, 'coffee and coffee beans,' traders and consumers will recognize it as referring to a brand name or type of coffee or coffee beans, that is, high quality coffee beans produced in Ethiopia (or the Sidamo province, Ethiopia) or coffee made from such coffee beans, rather than the place of origin of coffee beans itself. In this respect, the trademark can be regarded as being capable of distinguishing the goods to which it is affixed from others.

...The term 'SIDAMO' (in alphabetic characters or katakana characters), as said brand name or type, is used by various kinds of traders. As long as it is used for high quality coffee beans produced in Ethiopia (or the Sidamo province, Ethiopia) or coffee made of such coffee beans, it is considered to be used for the coffee beans exported from Ethiopia under the quality control of the plaintiff or coffee made from such coffee beans. Therefore, as long as the trademark right is held by the plaintiff, one cannot say that it is not conducive to the public interest to allow the plaintiff's exclusive use of the trademark.

Consequently, the plaintiff's registered trademark cannot be deemed to constitute a 'trademark which consists solely of a mark indicating, in a common manner, the place of origin or quality of the goods,' as set forth in Article 3, paragraph (1), item (iii) of the Trademark Act..."

"In light of the fact that the taste of coffee differs from place to place in Ethiopia, if the trademark, which is derived from a particular place of origin, is used for coffee or coffee beans produced in places other than the Sidamo province, Ethiopia, it is likely to mislead as to the quality of the goods..."

Consequently, when the trademark is used for its designated goods, 'coffee or coffee beans,' other than 'coffee beans produced in the Sidamo province, Federal Democratic Republic of Ethiopia, and coffee made from coffee beans produced in the Sidamo province, Federal Democratic Republic of Ethiopia,' it is likely to mislead as to the quality of the goods, and in this respect, it constitutes a 'trademark which is likely to mislead as to the quality of the goods,' as set forth in Article 4, paragraph (1), item (xvi) of the Trademark Act."

Judgment rendered on March 29, 2010

2009 (Gyo-Ke) 10227 Case of Seeking Rescission of JPO Decision

Date of conclusion of oral argument: February 24, 2010

Judgment

Plaintiff: Federal Democratic Republic of Ethiopia

Defendant: All Japan Coffee Association

Main text

1. Regarding the JPO decision concerning the designated goods Class 30 "Coffee, Coffee beans" made in Invalidation Trial No. 2007-890008, the part concerning the designated goods "Coffee beans produced in the Sidamo region of Ethiopia, coffee made from coffee beans produced in the Sidamo region of Ethiopia" shall be rescinded.
2. Any other claims of the plaintiff shall be dismissed.
3. The court costs shall be divided into two equal portions, one of which shall be borne by the plaintiff, while the other shall be borne by the defendant.
4. The additional period to be given to the plaintiff for filing a final appeal and a petition for acceptance of final appeal against this judgment shall be 30 days.

Facts and reasons

No. 1 Claims

The JPO decision made on March 30, 2009, concerning Invalidation Trial No. 2007-890008 shall be rescinded.

No. 2 Outline of the case

1. The plaintiff is a sovereign nation located in Northeast Africa.

The defendant is a public interest corporation established on August 29, 1980 after obtaining a license for its foundation from the Minister of Agriculture, Forestry and Fisheries and is an incorporated association established for the purpose of promoting healthy development, etc. of the domestic coffee-related industry and serving its members that mostly consist of importers, exporters, and wholesalers of coffee.

2. The plaintiff filed with the JPO an application dated September 8, 2005, for registration of the following trademark, received an examiner's decision of registration dated April 6, 2006, and obtained a trademark registration (Registration No. 4955563)

on May 26, 2006.

Statement

- Trademark ("Trademark") (Standard characters)

"シダモ"

- Designated goods

Class 30

"Coffee, coffee beans"

3. While the defendant filed a request dated January 29, 2007, for a trial for invalidation of the aforementioned trademark registration, the JPO made a decision dated March 30, 2009, to the effect that the aforementioned trademark registration shall be invalidated on the grounds that said trademark registration falls under Article 3, paragraph (1), item (iii) (trademark that consists solely of a mark indicating, in a common manner, the place of origin or the quality of the goods) and Article 4, paragraph (1), item (xvi) (trademark that is likely to mislead as to the quality of the goods) of the Trademark Act. Dissatisfied with this JPO decision, the plaintiff filed rescission of said decision.

4. The issues in this lawsuit lie in [i] whether the Trademark falls under a "trademark that consists solely of a mark indicating, in a common manner, the place of origin or the quality of the goods" as specified in Article 3, paragraph (1), item (iii) of the Trademark Act, [ii] whether the Trademark falls under a trademark that "as a result of the use of the trademark, allows consumers to recognize the goods or services as those pertaining to a business of a particular person" as specified in Article 3, paragraph (2) of the Trademark Act, [iii] whether the Trademark falls under a "trademark that is likely to mislead as to the quality of the goods" as specified in Article 4, paragraph (1), item (xvi) of the Trademark Act, and [iv] whether the defendant is eligible to file a request for this trial for invalidation.

(omitted)

No. 4 Court decision

1. There are no disputes between the parties concerned with regard to the facts related to Grounds for Claims (1) (Developments in procedures at the JPO) and Grounds for Claims (2) (Content of the JPO decision).

2. Issue of whether the defendant is eligible to file a request for a trial for invalidation (Grounds for Rescission 4)

(1) The plaintiff alleged that the defendant is not eligible to file a request for a trial for invalidation of the trademark registration (the eligibility as a demandant) on the grounds of Grounds for Rescission 4. However, the defendant disputes this allegation. In light of the nature of this case, the following section starts with examining this issue.

Article 46 of the Trademark Act is a provision concerning a request for a trial for invalidation of a trademark registration, but does not clearly specify who is eligible to file such request. However, the following facts, among other things, are found: Article 50, paragraph (1) of said Act specifies that "any person" may file a request for a trial for rescission of a trademark registration; regarding who is eligible to file a request for a trial for invalidation of a patent under a system similar to the system of permitting a request for a trial for invalidation of a trademark registration, Article 123, paragraph (2) of the Patent Act also uses the term "any person"; Article 56 of the Trademark Act concerning the JPO trial proceedings for trademarks, for which Article 148 (Intervention) of the Patent Act is applied mutatis mutandis, specifies that only those "who have an interest in the result of a trial" may participate in the JPO trial proceedings as a supporting intervener; and as a general principle of the Code of Civil Procedure, which is similar to the system of permitting a request for trial for invalidation, it is considered that "if there is no merit, there is no right to sue." In view of these facts, it is reasonable to interpret Article 46 of the Trademark Act as providing that only those who have a legal interest in the result of a trial are eligible to file a request for trial for invalidation of the trademark registration under said Article.

The following section examines whether the defendant (All Japan Coffee Association), which is the demandant in this case, has an interest in the result of a trial in the sense mentioned above.

(2) According to the evidence (Exhibits Ko 39-1 to 39-4, and Otsu 30) and the entire import of the oral argument, the following facts can be found.

A. The defendant started as a voluntary group in 1953 and was established as an incorporated association on August 29, 1980.

B. Articles 1, 3, 4, and 6 of the articles of incorporation of the defendant state as follows.

(A) Article 1 (Name)

"The name of the Association is All Japan Coffee Association."

(B) Article 3 (Purposes)

"The purposes of the Association are to improve and maintain the quality of coffee, promote research and development of processing and manufacturing technologies and facilitate the rationalization of distribution, and ensure the healthy development of the domestic coffee-related industry by boosting domestic coffee consumption while supporting the projects of international coffee organizations, thereby contributing to the improvement and development of people's dietary lives."

(C) Article 4 (Projects)

"The Association conducts the following projects in order to achieve the purposes specified in the preceding Article.

- (1) Project to improve and maintain the quality of coffee
 - (2) Project to promote research and development of coffee processing and manufacturing technologies
 - (3) Project to modernize and rationalize the coffee industry.
 - (4) Project to promote coffee consumption
 - (5) Communication and arrangement with international coffee organizations
 - (6) Establishment of a coffee center
 - (7) Coffee-related R&D activities and gathering and management of related information in and outside Japan
 - (8) Presentation of opinions to relevant administrative agencies
 - (9) Any other project necessary to achieve the purposes of the Association
- (D) Article 6 (Membership requirements)

"The following persons are eligible for becoming members of the Association.

- [i] Any person engaged in importing, exporting, or wholesaling coffee or any organization consisting of such persons
- [ii] Any person engaged in manufacturing or processing coffee or any organization consisting of such persons"

(3) According to the facts found in (2) above, it can be found that the defendant is an incorporated association whose members consist of "persons engaged in importing, exporting, or wholesaling coffee or organization consisting of such persons" and "persons engaged in manufacturing or processing coffee or organizations consisting of such persons" and that the purposes of the Association are "to improve and maintain the quality of coffee, promote research and development of processing and manufacturing technologies and facilitate the rationalization of distribution, and ensure the healthy development of the domestic coffee-related industry by boosting domestic coffee consumption while supporting the projects of international coffee organizations, thereby contributing to the improvement and development of people's dietary lives."

The members of the defendant, i.e., "persons engaged in importing, exporting, or wholesaling coffee or any organization consisting of such persons" and "persons engaged in manufacturing or processing coffee or any organization consisting of such persons," are prohibited from using the Trademark for its designated goods "coffee, coffee beans" as long as the registration of the Trademark is valid. Thus, the members of the defendant, i.e., "persons engaged in importing, exporting, or wholesaling coffee or any organization consisting of such persons" and "persons engaged in manufacturing or

processing coffee or any organization consisting of such persons," can be considered to have an interest in the validity of the registration of the Trademark. As mentioned above, since the purposes of the Association are to "improve and maintain the quality of coffee, ... facilitate the rationalization of distribution..., ensure the healthy development of the domestic coffee-related industry by boosting domestic coffee consumption, thereby contributing to the improvement and development of people's dietary lives," the status of the defendant is the same as that of any of its members when it comes to trademark use as far as projects to promote domestic coffee consumption are concerned. Moreover, whether its members are permitted to use the Trademark or not would affect the prospects for achieving the aforementioned purposes. Thus, the defendant should be considered to be eligible to file a request for a trial for invalidation as a part of "any other project necessary to achieve the purposes of the Association" (Article 4 (9)). Thus, it is reasonable to consider that the defendant has an interest in and eligibility for requesting a trial for invalidation of the trademark registration.

(4) The plaintiff alleged that the defendant is a mere dummy of UCC. However, this allegation cannot be accepted based on the fact alleged by the plaintiff (described in No. 3, 1 (3) D (B)) and there is no other evidence to prove it.

The plaintiff alleged that, as the policy concerning the licensing of the Trademark, the plaintiff grants a royalty-free license anywhere in the world as long as a licensee respects the plaintiff's ownership of the plaintiff's fine coffee brand. However, it does not affect the fact that the defendant is eligible to file a request for a trial for invalidation of the Trademark.

3. Issue of whether the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act (trademark that consists solely of a mark indicating, in a common manner, the place of origin, etc.) (Grounds for Rescission 1)

(1) As a next step, this section examines whether the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act.

According to the evidence (Exhibits Ko 1, 2-1, 2-2-1 to 2-2-3, 2-2-5, 2-2-12, 2-2-13, 4, 5, 12, 17-3, 17-5 to 17-9, 28-1, 28-3 to 28-7, 28-11, 29-1, 30-2 to 30-12, 30-14 to 30-24, 30-27, 30-29, 30-30, 30-32, 30-33 [including the branch numbers], 31, 42-1, and 42-2, and Otsu 8, 10 to 13, and 44 to 46) and the entire import of the oral argument, the following facts can be found.

A. The government of Ethiopia started to become fully involved in its coffee industry by establishing a series of ordinances such as the introduction of a system to grant licenses to coffee processing companies in 1952. In 1972, a coffee auction system started. Each auction is held by the Coffee and Tea Development and Marketing Authority of the

plaintiff.

First, coffee beans are sorted at the shipping site. At each auction, inspectors from the Coffee and Tea Quality Control & Inspection Center, which operates under the supervision of the aforementioned Coffee and Tea Development and Marketing Authority, conduct sample testing of the coffee beans to be auctioned, determine grades, and indicate the inspection results on the grade certificates. Sample coffee beans and their grade certificates will be displayed at an auction site for subsequent auctioning.

The production areas of beans of Ethiopian coffee can be found broadly in different places in the south of the country. The coffee production method and coffee flavor differ from one place to another depending on the local climate and vegetation pattern. Thus, the information about the place of origin is important.

When coffee beans are exported from Ethiopia, brand names are respectively determined in consideration of the aforementioned grade information and the information about the place of origin, production method, and processing method. The prices of coffee beans are different depending on the brand.

"SIDAMO" is one of such brand names and is used only if certain qualification requirements are met.

B. Japanese importers of coffee beans import coffee beans from Ethiopia by submitting order confirmation documents containing the statements shown below.

[i] Order confirmation document submitted by KANEMATSU CORPORATION (Exhibit Ko 2-2-3 [Second sheet])

"Goods: Ethiopian coffee beans SIDAMO Grade 2"

"Quantity: 300 bags 18,000 kg"

"Shipment: March 2005"

[ii] Order confirmation document submitted by MITSUI & CO., LTD. dated February 6, 2004 (Exhibit Ko 2-2-3 [Fifth sheet])

"1,120 bags SIDAMO Grade 4"

[iii] Order confirmation document submitted by MITSUI & CO., LTD. dated September 1, 2004 (Exhibit Ko 2-2-3 [Sixth sheet])

"1,120 bags SIDAMO Grade 4"

C. The plaintiff has concluded license agreements with 31 companies concerning the Trademark (Exhibit Ko 2-2-5). These agreements specify that the licensees shall acknowledge that the plaintiff has all the rights, power, and interests for the Trademark and also specify that royalty-free licenses shall be granted (Exhibit Ko 5).

The plaintiff has also concluded license agreements with Starbucks Corporation and other companies in and outside Japan with regard to the trademark "SIDAMO."

Meanwhile, the Trademark has already been registered as a trademark in the U.S., EU, Australia, and Canada.

D. From November 2004 to March 2008, Ethiopia exported a total of 41,343,614 kg of "SIDAMO" to Japan (Exhibit Ko 2-2-13).

E. The word "シダモ" (Sidamo) was used in books, newspapers, press releases, and websites as follows.

(A) Books

- "Kōhī chūshutsu gijutsu" (Coffee extraction techniques), second edition, authored by Kazuo Karasawa and published by SHIBATASHOTEN Co., Ltd. on June 1, 1976 (Exhibits Ko 17-4 and 28-11, and Otsu 9) states in page 144 that "Quality is prioritized in the case of Ethiopian coffee as well. The major brands are Harari (Harrar), Djimma, and Sidamo. "Sidamo" and "Harrar" are also place names. Kaffa is the top in terms of coffee production. As is the case with Brazil, Ethiopia is strict about bean sizes and grades and has a reliable inspection agency." In the column of "Ethiopia" in the "List of Major Production Countries" in page 148, "Kaffa, Sidamo, and Wollega" is stated as "Production areas" and "Harrar, Djimma, Gimbi, and Sidam" as "Quality."

- "Sekai no kōhī seisankoku" (Coffee production countries in the world) edited by All Japan Coffee Association and published by said Association on October 20, 1985 (Exhibit Otsu 45) states in page 119 that " ... With regular planting and sufficient weeding and trimming practices, the Sidamo and Harrar regions boast a high production volume per unit area." Page 182 contains the statements that "The major production areas are ... Ilubabor,... Sidamo, ... etc." and "Coffee is traded mostly under the names of Djimma, Sidamo, Harrar, and Gimbi (Lekempti). The coffee is characterized by its distinctive Mocha flavor, sour taste, etc. Washed coffee is produced in the Sidamo and Djimma regions and is renowned for its extremely high quality."

- "Kōhī Shoujiten" (Small coffee dictionary), sixth edition, authored by Hiroshi Ito and published by SHIBATASHOTEN Co., Ltd. on April 15, 1994 (Exhibit Otsu 44) states in page 21 that "Ethiopia is the birth place of coffee... and has many production areas such as Sidamo in the south, Djimma in the southwest, and Kaffa in between, and also Lekempti and Gore."

- "Kōhī ga wakaru hon" (A book for understanding coffee) edited by the Book Department of SHIBATASHOTEN and published on July 10, 1994 (Exhibit Ko 28-3) states in page 62 that "There are two types of Ethiopian coffee: natural coffee such as Mocha Harrar and washed coffee such as Sidamo Washed and Yirgacheffe."

- "Tasaki Shinya no teisutingu kōhī bukku" (Tasting by Shinya Tasaki; Coffee book) authored by the UCC kōhī mikaku hyōgen iinkai (UCC Coffee Taste Expression

Committee) and published by SHINSEI Publishing Co., Ltd. on November 15, 1998 (Exhibits Ko 17-5 and Otsu 10) states in page 159 that "The only coffee variety produced in Ethiopia is Arabica coffee. It is traded under such brand names as Harrar, Djimma, Sidamo, and Gimbi (Lekempti)." and "'Mocha Sidamo' is high-quality coffee produced in the Sidamo region. It is also called the 'Lady of coffee.'"

- "Kōhī no teisutingu" (Coffee tasting) authored by Toshihide Horiguchi and published by SHIBATASHOTEN Co., Ltd. on February 10, 2000, contains in page 112 (Exhibit Ko 28-5) the statements "Product name Yirgacheffe" and "Produced in the Yirgacheffe region: Sidamo high grade."

- "Sekai no omona kōhī seisankoku jijō" (Major coffee production countries in the world) published by the Tokyo Grain Exchange in March 2001 (Exhibit Ko 17-6) states that "The major production areas are the Kaffa region in the southeast and the Sidamo region in the south. The Harrar region in the east is famous as a coffee brand as well" (Fifth sheet), "70% to 80% of coffee is produced through unwashed processing. The major unwashed coffee brands are... Harrar, Sidamo, etc. Some of the flavors of unwashed coffee are considered to be special. Especially in Japan, such flavors are categorized as specialty coffee. All brands of the washed coffee produced in Ethiopia are included in the specialty coffee category. The major brands are Sidamo... etc." (Sixth sheet [page 197]), "Table 25-2: Ethiopian coffee brands and grades (and production areas)," and "Sidamo Grade 2" (Seventh sheet).

- "Kōhī no jiten" (Coffee dictionary) edited by the JAPAN COFFEE SOCIETY and published by SHIBATASHOTEN Co., Ltd. on December 15, 2001 (Exhibit Otsu 46) states in page 22 that "Yirg-cheffee: A top-quality washed coffee produced by using water abundant in the high land (altitude of about 2000 m) of Sidamo Province in the south of Ethiopia." Page 33 states that "Washed coffee (Yirg-cheffee, Sidamo, Limu, Bebek) are labeled as Grade 2." Page 107 states "Sidamo: Coffee production area located in the south of Ethiopia. All of the coffee produced in Sidamo Province is traded as Sidamo Coffee... Yirgacheffe is high-quality washed coffee produced in Ethiopia."

- "Oishii kōhī no jiten" (Dictionary of good coffee) edited by the editorial department of SEIBIDO SHUPPAN published on December 20, 2001 (Exhibit Ko 28-4) mentions in page 70 "Ethiopia Sidamo W, G2" as a "coffee production area and a type of coffee beans."

- "Afurika to ajia no nousanbutsu ryūtsū" (Distribution of agricultural products in Africa and Asia) edited by Tsutomu Takane and published by the Institute of Developing Economies, JETRO, on March 25, 2003 (Exhibit Ko 28-1) states in page 182 that "As of February 2002, the following information can be obtained through auction," "Washed

coffee: [i] Production area (Zone, Woreda), [ii] Auction No., [iii] Date of document, [iv] Coffee type (Brand name indicating the production area such as Sidamo Coffee), [v] Quality (screen, moisture, appearance, odour), [vi] Flavor (sourness..., richness ..., Characteristic/taste...), [vii] Overall evaluation..."

- "Taguchi Mamoru no kōhī daizen" (Coffee dictionary of Mamoru Taguchi) authored by Mamoru Taguchi and published by NHK Publishing on November 15, 2003 (Exhibit Ko 28-6) states in page 15 that "In Ethiopia, the washed processing has been introduced in such areas as Sidamo and Djimma and has been adopted by an increasing number of coffee producers."

- "Supesharuti kōhī no hon" (Book on specialty coffee) authored by Toshihide Horiguchi and published by ASAHIYA PUBLISHING on August 9, 2005 (Exhibit Ko 28-7) states on page 137, with regard to "Ethiopia," that "most of the coffee producers are small in scale and usually do not run a plantation. Famous production areas are Kaffa, Sidamo, Harrar, etc." and "Washed G-2 Sidamo and Yirgacheffe have been increasing in recent years, while the amount is still small. The most expensive specialty coffee is a type of Yirgacheffe that has a distinctive flavor."

(B) Newspapers, press releases

- "The JAPAN FOOD JOURNAL" dated April 12, 1993 (Exhibit Ko 30-2) contains an article stating that "Tokuoka," which is a wholesaler specialized in imported liquor, etc., plans to sell regular coffee at a price equivalent to one fourth or one fifth of the market price and that "Major production areas are ... Sidamo (G4, 10%)."

- "Morning edition, Asahi Shimbun" dated August 21, 1993 (Exhibit Ko 30-3) contains an article stating that Asahi Breweries, Ltd. plans to launch four new versions of the canned coffee product line "J.O." and that "'J.O. Super Joe Wild Can 190' contains 'Sidamo G2' of 'Ethiopia Mocha,' which is said to be the best-quality coffee beans, at the level of 25% of the total amount of coffee beans." "Morning edition, Mainichi Shimbun" dated August 21, 1993 (Exhibit Ko 30-4), "The JAPAN FOOD JOURNAL" dated August 25, 1993 (Exhibit Ko 30-5), and "The JAPAN FOOD JOURNAL" dated September 10, 1993 (Exhibit Ko 30-6) contain similar articles.

- "The JAPAN FOOD JOURNAL" dated October 23, 1996 (Exhibit Ko 30-7) contains an article stating that DyDo DRINCO, INC. launched a product named "無糖珈琲(樽)" (Sugar-free coffee (barrel)) nationwide and that "'無糖珈琲(樽)' contains Mocha Sidamo..."

- "Regional edition, Mainichi Shimbun" dated January 26, 1997 (Exhibit 30-8) contains an article concerning a coffee shop in Fujieda City named "コーヒーの苑" (Coffee garden) stating that "selling home-roasted coffee such as 'Blend' and 'Mocha Simoda' at

a price starting from 420 yen per 100 grams."

- "Evening edition, Sankei Shimbun" dated June 18, 1997 contains an article titled "[Midweek Lecture] 'Coffee'; Types of coffee and production areas of coffee beans in the world" (Exhibit Ko 30-9) listing major production areas of coffee beans from [i] to [xv] under the title "(Major production areas and flavor characteristics of coffee beans) [Major brands of beans stated in parentheses]." In "[xiii] Ethiopia," the major brand of coffee beans and taste characteristics are stated as "[xiii] Ethiopia [Mocha Sidamo Washed] Sometimes simply called as 'Mocha.' Highest quality goods for export produced through the washing process. Unique odor and sourness."

- "Morning edition, Sankei Shimbun" dated July 31, 1998 contains an article titled "[Asobi no koramu] Kōhī 'Hyakka jiten' '!' no ippai o hakken" ([Column of Enjoyment] Coffee "encyclopedia"; Discovery of a cup of surprising coffee) (Exhibit Ko 30-10) states that the manager of a coffee bean shop, "Mr. Kataoka chose French-roast 'Mocha Sidamo,' which is made from deep-roasted Ethiopian beans ..."

- "The JAPAN FOOD JOURNAL" dated October 30, 2000 (Exhibit Ko 30-11) contains an article about year-end gifts of Nestlé Japan Ltd. for 2000 stating that "carefully selected brands of coffee beans in the world are included in the package, such as Ethiopian Crown (Highland washed beans produced in the Sidamo region in Ethiopia, which is the birthplace of coffee.)..."

- "Morning edition, Nihon Keizai Shimbun" dated December 24, 2001 contains an article titled "Despite deflation, high quality coffee beans are sold by home-roasted specialized shops at stably high prices --- High value-added products are popular" (Exhibit Ko 30-12) presenting a table titled "Retail prices of major roasted coffee beans" wherein "Mocha Sidamo" is stated as a product name and "Ethiopia" as a country of origin.

- A press release of Key Coffee Inc. dated July 28, 2003 (Exhibit Ko 30-14) concerned "ドリップオン有機栽培珈琲 モカブレンド" (Drip On Organic Coffee Mocha Blend). Another press release issued by the same company on the same date (Exhibit Ko 30-16) was about "VP 有機栽培珈琲 モカブレンド" (VP Organic Coffee Mocha Blend). These press releases state that "'Drip On Organic Coffee Mocha Blend' is a blend coffee made solely of certified organic Arabica green coffee beans consisting mostly of washed Mocha Sidamo, which is especially a rare variation of Mocha beans produced in Ethiopia." Another press release of said company with the same issuance date (Exhibit Ko 30-15-1) states, regarding "LP 有機栽培珈琲 モカシダモ" (LP (Live Pack) Organic Coffee Mocha Sidamo) that "'Organic Coffee Mocha Sidamo' is washed coffee produced in Yirgacheffe in the Sidamo region in Ethiopia and complies

with the export standard of the highest quality, G (Grade) 2." The product package of the aforementioned "LP 有機栽培珈琲 モカシダモ" has the indications "Organic Coffee" and "100% Mocha Sidamo" (Exhibit Ko 30-15-2).

"The JAPAN FOOD JOURNAL" dated September 8, 2003 (Exhibit Ko 30-19) states, regarding "ドリップオン炭火焼珈琲" (Drip On Charcoal Roasted Coffee), that "... blend coffee made from certified organic green coffee beans consisting mostly of washed Mocha Sidamo, which is especially a rare variation of Mocha coffee produced in Ethiopia." "The JAPAN FOOD JOURNAL" dated October 3, 2003 (Exhibit Ko 30-20) states, regarding "LP 有機栽培珈琲 モカ シダモ" (LP Organic Coffee Mocha Sidamo) launched by Key Coffee Inc., that "washed coffee produced in Yirgacheffe in the Sidamo region in Ethiopia." "Nikkei MJ (Marketing Journal)" dated November 4, 2003 (Exhibit Ko 30-23) describes said product as "using coffee beans produced in the Simoda region in Ethiopia." Moreover, "The JAPAN FOOD JOURNAL" dated October 10, 2003 (Exhibit Ko 30-21) states, regarding "VP 有機栽培珈琲 モカブレンド" (VP Organic Coffee Mocha Blend) launched by Key Coffee Inc., that "...blend coffee made from certified organic Arabica green coffee beans mostly consisting of washed Mocha Sidamo, which is an especially rare variation of Mocha coffee produced in Ethiopia."

- "The JAPAN FOOD JOURNAL" dated August 20, 2003 (Exhibit Ko 30-17) contains an article stating that DyDo DRINCO, INC. will launch "ダイドーブレンドコーヒーヘヴン・モカブレンド" (DyDo Blend Coffee Heaven Mocha Blend) and that "This is a luxurious canned coffee product produced by using the highest-quality Mocha Harrar and three types of premium Mocha beans of Sidamo G2 produced in Ethiopia." "Nikkei MJ (Marketing Journal)" dated September 2, 2003 (Exhibit Ko 30-18) contains a similar article.

- The press release dated January 16, 2004 issued by ITO EN, LTD. (Exhibit Ko 30-24) states, regarding its product named "Salon de Café Mocha," that "using about 1.4 times larger amount of French-roasted (deeply-roasted) Mocha beans (Sheba Sidamo).

- "The JAPAN FOOD JOURNAL" dated November 15, 2004 (Exhibit Ko 30-27) contains an article concerning the launch of year-end gifts of Nestlé Japan Ltd. for 2004 stating that "'ネスカフェ 厳選稀豆' (Nescafe Carefully Selected Rare Beans) is a drip coffee product produced by using strictly selected washed coffee beans procured by using its unique global network.... 'Mocha Sidamo Washed Blend' produced in the Sidamo region in Ethiopia was used... They are scarce, high-quality coffee varieties and are rarely drunk even in the local areas."

- The press release dated December 6, 2004 issued by AEON CO., LTD. (Exhibit Ko

30-29-1) states that "fair trade" coffee products were launched under the brand name "TOPVALU " and that one of such products is "Mocha Sidamo 100% (regular) 200g." Regarding said product, the press release also states that "it is grown by... the producers' association in the Yirgacheffe district in the Sidamo region, Ethiopia." The package of the aforementioned product indicates "Mocha Sidamo 100%" and carries a sign of Ethiopia, "ETHIOPIA" (Exhibit Ko 30-29-2).

- "The JAPAN FOOD JOURNAL" dated March 14, 2005 (Exhibit Ko 30-30) contains an article concerning the announcement of Ohayo Dairy Products Co., Ltd. about a product named "CAFÉ RICH 砂糖 0%" (Café rich sugar 0%) stating "produced by using a balanced blend of coffee beans such as Kenya, Tanzania, and Mocha Sidamo through a careful extraction process carried out by our company."

- The press release dated February 7, 2006 issued by HARIO Glass CO., Ltd. (Exhibit Ko 30-32) states, regarding one of its products "V60 オリジナルブレンド" (V60 Original Blend), "carefully selecting five types of coffee, namely, Colombia SUP, Brazil Santos No. 2, Brazil Santos#18, Ethiopian Sidamo, and Indonesia WIB-1."

- The press release dated May 26, 2006 issued by Nestlé Japan Ltd. (Exhibit Ko 30-33-1) states that a 2006 midyear gift "ネスカフェ 厳選稀豆 リキッド珈琲ギフトセット" (Nescafe Carefully Selected Rare Beans Liquid Coffee Gift Set) contains "Mocha Sidamo Washed" and that "the product is produced by using washed coffee beans grown in the Sidamo region, which is an especially rare variation of Ethiopian coffee beans." The package of the aforementioned product indicates "Mocha Sidamo Washed Blend" (Exhibit Ko 30-33-2).

(C) Websites

- The website "UNION COFFEE ROASTERS Sanchi to meigara no kiso-chishiki" (UNION COFFEE ROASTERS Basic knowledge about the production areas and brands) (December 13, 2006, Exhibits Ko 17-7 and Otsu 11) states that "Ethiopia is known as the birthplace of coffee...Ethiopian coffee is popular in Japan as well... Major production areas are the Kaffa region, Harrar region, and Sidamo region."

- The website "Tasuko Coffee shop Seisankokubetsu kōhīmame Kōhī no shurui" (Taxco Coffee Shop; Coffee beans by the country of production, Coffee types) (December 13, 2006, Exhibits Ko 17-8 and Otsu 12) states that "In Ethiopia, which is considered to be the birthplace of coffee, there are still wild coffee trees... In particular, the place called Harrar is famous even in Japan. Other famous places include Sidamo, Lekempti, and Djimma."

- The website "Ethiopian Coffee: Ethiopia, Yirgacheffe, Grade 1 MUC Coffee Studio" (January 23, 2007, Exhibits Ko 17-9 and Otsu 13) states that "Among the four famous

production areas of Ethiopian coffee in the Federal Democratic Republic of Ethiopia...

1. Nekemte, 2. Djimma, 3. Yirgacheffe, 4. Sidamo."

(2) A. Meanwhile, it should be interpreted as follows: any trademark that falls under Article 3, paragraph (1), item (iii) of the Trademark Act shall be considered to be failing to satisfy the requirements for trademark registration because such trademark is a mark that indicates and describes the place of origin, or any other features of the goods and is a mark that any person wants to use as a necessary and appropriate indication in the course of transactions; furthermore, it would be against the public interest if a specific person is permitted to exclusively use such trademark; and additionally, such trademark would be used so widely that it lacks the capability to distinguish one's goods from others and would not perform the trademark function (see Judgment of the Third Petty Bench of the Supreme Court of April 10, 1979, Saibanshu Minji No. 126, at 507 [Hanrei Jiho No. 927, at 233]).

B. According to the facts found in (1) above, the following can be found: [i] In Japan, when the term "SIDAMO" or "シダモ" is used in the context of "coffee, coffee beans," it often refers to a brand or variation of coffee or coffee beans; [ii] In Japan, the term "シダモ" is sometimes used to refer to a coffee production area, but even in such case, the term is used to refer specifically to a production area of the coffee brand or variation, "SIDAMO" or "シダモ"; [iii] The term "SIDAMO" or "シダモ," which is used to refer to the aforementioned coffee brand or variation, is used to refer to high quality coffee beans produced in Ethiopia or coffee produced by using such beans (the facts described in (1) above include some facts found on or after the date of the examiner's decision of registration of the Trademark, but they are the facts found within one year after said date and can be used in the fact-finding process described above together with the facts found prior to the date of the examiner's decision of registration of the Trademark).

On the other hand, according to the evidence (Exhibits Ko 6 to 8, 21-1 and 21-2, 23-1 to 23-8, 24-1 and 24-2, 25 to 27, and 44 to 46, and Otsu 33-2, 34, 38, and 39), and in view of the facts that the name of a place in Ethiopia, "シダモ" ("SIDAMO"), is not indicated in the map used in the school education in Japan (junior high schools and high schools), that no dictionaries, etc. cover the term "シダモ" ("SIDAMO"), and that although some of the books targeting at the general public contain a map with the indication "シダモ" ("SIDAMO") this practice is not necessarily common, it can be found that the name of the place in Ethiopia, "シダモ" ("SIDAMO"), is not known widely among the general public. Based on a comprehensive evaluation of these facts and the facts mentioned in [i] to [iii] above, it can be found that, when the Trademark is used for the designated goods "coffee, coffee beans," traders and consumers would

interpret it as meaning high-quality coffee beans produced in Ethiopia (or coffee beans produced in the Sidamo region in Ethiopia) or coffee produced by using those beans, rather than a production area of coffee beans itself. Thus, it can be said that the Trademark has the capability to distinguish one's goods from others.

Furthermore, according to the facts found in (1) above, it can be found that the term "SIDAMO" or "シダモ" as an indication of the aforementioned coffee brand or variation is used by multiple companies. As far as the term is used to refer to high quality coffee beans produced in Ethiopia (or coffee beans produced in the Sidamo region in Ethiopia) or coffee produced by using those beans, the term can be considered to be used to refer to the coffee beans imported from Ethiopia under the quality management conducted by the plaintiff or to the coffee produced by using those beans. Therefore, as long as the holder of the trademark right is the plaintiff, from the viewpoint of public interest, it cannot be considered to be unreasonable for the plaintiff to have an exclusive right to use the Trademark.

C. Therefore, the registered trademark cannot be considered to be a "trademark that consists solely of a mark indicating, in a common manner, the place of origin or the quality of the goods" as specified in Article 3, paragraph (1), item (iii) of the Trademark Act. Thus, Grounds for Rescission 1 are well grounded.

The JPO decision states that the Trademark falls under "trademark that consists solely of a mark indicating, in a common manner, the place of origin or the quality of the goods" as specified in Article 3, paragraph (1), item (iii) of the Trademark Act because the Trademark can be considered to merely indicate the place of origin or the quality of the goods even when the Trademark is used for some of the designated goods, i.e., "coffee beans produced in the Sidamo region in Ethiopia or the coffee made from coffee beans produced in the Sidamo region in Ethiopia." However, the determination of the JPO decision cannot be upheld without examining Grounds for Rescission 2 alleged by the plaintiff (distinctiveness, an error in the determination concerning Article 3, paragraph (2) of the Trademark Act).

D. Additional determination with regard to the defendant's allegation

(A) The defendant's allegation concerning the JPO Trademark Examination Guidelines and the TRIPs agreement is unacceptable for the following reasons.

a. With regard to Article 3, paragraph (1), item (iii) of the Trademark Act, the JPO Trademark Examination Guidelines [Revised, eighth edition] (Exhibits Ko 17-10 and Otsu 14-1) specifies that "1. Any trademark consisting of two or more marks indicating, in the case of goods, the place of origin, place of sale, quality, raw materials, efficacy, intended purpose, quantity, shape (including shape of packages), price, the method or

time of production or use or any trademark consisting of two or more marks indicating, in the case of services, the location of provision, quality, articles to be used in such provision, efficacy, intended purpose, quantity, modes, price, or method or time of provision shall be considered to fall under said item" and "3. The name of a country, famous geographical name (including the name of an administrative district, the former name of a country, and the geographical name used in a foreign country), busy shopping street (including a famous, busy street in a foreign country), map, etc. shall be considered to indicate, in principle, the place of origin or the place of sale of the goods or the place of provision of the services (including the site of transaction)."

While the JPO Trademark Examination Guidelines are not meant to affect court determinations, it is clear that said Examination Guidelines do not specify that the mere fact that a trademark consists of a geographical name would provide sufficient grounds to immediately conclude that the trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act. Thus, even though "シダモ" (SIDAMO) is a geographical name, the registration thereof would not necessarily violate the aforementioned Examination Guidelines.

b (a) The TRIPs agreement "PART II Standards Concerning the Availability, Scope and Use of Intellectual Property Rights," "Section 3: Geographical Indications," Article 22 "Protection of Geographical Indications" specifies as follows.

"1. Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

2. In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;

(b) any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967).

3. Member shall, ex officio if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin.

4. The protection under paragraphs 1, 2 and 3 shall be applicable against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory."

(b) As described above, regarding a geographical indication, the TRIPs agreement specifies that Members shall refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin. However, in the case of the Trademark, it cannot be said that it would violate the aforementioned provisions of the TRIPs agreement to determine that the Trademark has the capability to distinguish one's goods from others and that the Trademark cannot be regarded as "a trademark that consists solely of a mark indicating, in a common manner, the place of origin or the quality of the goods" as specified in Article 3, paragraph (1), item (iii) of the Trademark Act when the Trademark is used for some of the designated goods, i.e., "coffee beans produced in the Sidamo region in Ethiopia or the coffee made from coffee beans produced in the Sidamo region in Ethiopia."

(B) While the defendant makes allegations about some of the past JPO decisions, examination results, and court judgments, since those allegations are about cases that are different from this case, it would not affect the aforementioned determination.

4. Issue of whether the Trademark falls under Article 4, paragraph (1), item (xvi) of the Trademark Act (trademark that is likely to mislead as to the quality of the goods) (Grounds for Rescission 3)

(1) As found in 3 (1) A above, in consideration of the fact that coffee flavor differs depending on the production area in Ethiopia, it should be said that, if the Trademark, which indicates a coffee production area, is used for any coffee or coffee beans produced in any area other than the Sidamo region in Ethiopia, it could cause confusion about the quality. As stated in the JPO decision, according to the result of the first oral hearing held at the JPO on October 28, 2008, the term "coffee" included in the designated goods means "roasted coffee beans and any powder, granular, or liquid (coffee) product made by further processing those beans." The term "coffee beans" means "unroasted coffee beans."

Therefore, it can be found that, if the Trademark is used for any "coffee beans, coffee" other than some of the designated goods, i.e., "coffee beans produced in the Sidamo region in Ethiopia or the coffee made from coffee beans produced in the Sidamo region in Ethiopia," it could cause confusion about the quality of the goods.

Thus, it cannot be said that there is an error in the JPO decision that the Trademark falls under a "trademark that is likely to mislead as to the quality of the goods" as specified in Article 4, paragraph (1), item (xvi) of the Trademark Act. Such interpretation should be considered to be in line with the provisions of the TRIPs agreement mentioned in 3 (2) D (A) b above.

As found in 3 (2) B above, if the Trademark is used for some of the designated goods, i.e., "coffee, coffee beans," traders and consumers could interpret that the Trademark refers not specifically to the coffee of coffee beans produced in the Sidamo region in Ethiopia, but, simply refers to "high quality coffee beans produced in Ethiopia or coffee produced by using those beans." Even if this is the case, it should be found that, if the Trademark is used for any "coffee and coffee beans produced in any region other than the Sidamo region in Ethiopia," it would cause confusion about the quality. Therefore, the Trademark should not be considered to fall under Article 4, paragraph (1), item (xvi) of the Trademark Act concerning possible confusion about the quality.

(2) Additional determination with regard to the plaintiff's allegation

The plaintiff alleged that the Trademark satisfies the requirement specified in Article 3, paragraph (2) (Distinctiveness) of the Trademark Act that "if, as a result of the use of the trademark, consumers are able to recognize the goods as those pertaining to a business of a particular person." However, Article 3, paragraph (2) of the Trademark Act merely specifies the requirement that must be met by a trademark that falls under any of Article 3, paragraph (1), items (iii) to (v) of the Trademark Act in order to be registered as a trademark. Thus, Article 3, paragraph (2) of said Act cannot be considered to affect the determination as to whether the trademark causes confusion as to the quality.

The plaintiff also alleged that there are some examples of registered trademarks consisting of the name of a place in and outside Japan whose designated goods indicate the name of a country as the place of origin and also that some regional collective trademarks are registered for the designated goods originating in a certain prefecture. However, these registered trademarks are mere examples of registered trademarks that are different from the Trademark and would not affect the aforementioned determination.

Furthermore, the plaintiff alleged that an extremely narrow scope of designated goods would make it impossible to provide protection under Article 37 of the Trademark Act, which specifies about an act that may be deemed to constitute infringement, and also alleged that there are no competitors in this case. However, these points should not be taken into consideration when making a determination as to the aforementioned issue of the applicability of Article 4, paragraph (1), item (xvi) of the

Trademark Act.

(3) Moreover, the proviso to Article 46, paragraph (1) of the Trademark Act concerning the filing of a request for a trial for invalidation of a registered trademark specifies that, "where the trademark has been registered in connection with two or more designated goods or services, a request may be filed for each of the designated goods or services." The term "designated goods or services" in this context should not be interpreted to be limited to the "designated goods or services" that the applicant stated in the application, but should be interpreted in a practical sense. In this case, as mentioned above, the applicability of Article 4, paragraph (1), item (xvi) of the Trademark Act differs depending on whether the Trademark is used for "coffee beans produced in the Sidamo region in Ethiopia or the coffee made from coffee beans produced in the Sidamo region in Ethiopia" or for other "coffee beans, coffee." These goods could also be considered to be different as "designated goods." Therefore, it should be found that there are no grounds for invalidation as far as "coffee beans produced in the Sidamo region in Ethiopia or the coffee made from coffee beans produced in the Sidamo region in Ethiopia" is concerned, while there are grounds for invalidation as far as any other goods are concerned.

5. Summary

On these grounds, it can be found that:

- [i] The defendant is eligible to file a request for trial for invalidation of the registration of the Trademark;
- [ii] The Trademark does not fall under Article 3, paragraph (1), item (iii) of the Trademark Act (trademark that consists solely of a mark indicating, in a common manner, the place of origin or the quality of the goods); and
- [iii] The Trademark does not fall under Article 4, paragraph (1), item (xvi) of the Trademark Act (trademark that is likely to mislead as to the quality of the goods) as far as some of the designated goods, i.e., "coffee beans produced in the Sidamo region in Ethiopia or the coffee made from coffee beans produced in the Sidamo region in Ethiopia," are concerned. However, the Trademark falls under said item as far as coffee production in any region other than the "Sidamo region" is concerned.

6. Conclusion

Thus, such part of the JPO decision that pertains to "coffee beans produced in the Sidamo region in Ethiopia or the coffee made from coffee beans produced in the Sidamo region in Ethiopia" is illegal and should therefore be rescinded. Any other claims of the plaintiff are groundless and shall therefore be dismissed. The judgment shall be rendered in the form of the main text.

Intellectual Property High Court, Second Division

Presiding judge: NAKANO Tetsuhiro

Judge: MORI Yoshiyuki

Judge: SHIBUYA Katsumi