

Date	October 24, 2017	Court	Intellectual Property High Court, Fourth Division
Case number	2017 (Gyo-Ke) 10094		

– A case in which, after examining the disputed trademark consisting of the characters "豊岡柳" written in the upper line and the characters "Toyooka" written in the lower line that is registered for the designated goods including "Bags, etc.," the court held that, based on a comprehensive evaluation of the facts that [i] the trademark can be associated with the concept "the crafted willow products produced in Toyooka City," which is similar to the concept associated with the cited trademark consisting of the characters "豊岡杞柳細工," [ii] the plaintiff's goods bearing the cited trademark, which is registered as a regional collective trademark, are widely known as pertaining to the business of the plaintiff and are designated as traditional craft products, [iii] the designated goods of the Trademark and the plaintiff's goods are identical or closely related to each other and share traders and consumers, and in light of other factors such as the defendant's manner of using the Trademark and the level of attention paid by consumers, the disputed trademark falls under "trademark that is likely to cause confusion" as specified in Article 4, paragraph (1), item (xv) of the Trademark Act since the use of the Trademark for the designated goods could cause any traders and consumers who come across the Trademark to associate the Trademark with the indication "豊岡杞柳細工."

References: Article 4, paragraph (1), item (xv) of the Trademark Act

Numbers of related rights, etc.: Trademark Registration No. 5431098 (the "Trademark"), Invalidation Trial No. 2016-890051, Trademark Registration No. 5030662 (the "cited trademark")

Summary of the Judgment

This is a case to seek rescission of the JPO decision that dismissed the plaintiff's request for a trial for invalidation of the Trademark consisting of the characters "豊岡柳" written in the upper line and the characters "Toyooka" written in the lower line, which has been registered by the defendant for the designated goods, Class 18 "Leather and fur, bags and the like, pouches and the like, vanity cases, handbag frames."

In sum, it is stated that the Trademark [i] is not similar to the cited trademark and does not fall under Article 4, paragraph (1), item (xi) of the Trademark Act, [ii] is not likely to cause confusion with the cited trademark or the goods pertaining to the business of the plaintiff and does not fall under item (xv) of said paragraph, and [iii] does not fall under item (xvi) nor item (vii) of said paragraph and therefore that the

trademark registration should not be invalidated. The grounds for rescission are the errors in the JPO's determinations concerning the applicability of the provisions stated in [i] to [iii] above.

In this judgment, the court rescinded the JPO decision by holding as follows regarding the errors in the JPO's determination concerning the applicability of Article 4, paragraph (1), item (xv) of the Trademark Act.

Based on a comprehensive evaluation of the facts that [i] while the Trademark is different from the cited trademark in terms of appearance and pronunciation, the Trademark could be associated with the concept "the crafted willow products produced in Toyooka City," which is similar to the concept associated with the cited trademark, [ii] while the indication of the cited trademark cannot be considered to be highly creative, the plaintiff's goods bearing the cited trademark, which is registered as a regional collective trademark, are widely known as pertaining to the business of the plaintiff and are designated as [a traditional craft/traditional craft products], [iii] the designated goods of the Trademark and the plaintiff's goods are identical or closely related to each other and share traders and consumers, and in light of other factors such as the defendant's manner of using the Trademark and the level of attention paid by consumers, it could be found that the use of the Trademark for the designated goods causes any traders and consumers who come across the Trademark to associate the Trademark with the indication "豊岡杞柳細工," which pertains to the business of the plaintiff, and to wrongly believe that these goods pertain to the business of a business owner that has a close business relationship with the plaintiff or any member of the plaintiff or a business owner that belongs to a group that engages in the project of developing products by using the same indication of goods and to misunderstand the source of the goods. Moreover, the use of the Trademark for the designated goods could result in free-riding and diluting the power of the indication of the plaintiff's goods to appeal to customers that is generated as a result of the registration of said indication as a regional collective trademark and the designation of the plaintiff's goods by the Minister of Economy, Trade and Industry as traditional craft products.

Therefore, it is reasonable to interpret that the Trademark falls under a "trademark that is likely to cause confusion" as specified in Article 4, paragraph (1), item (xv) of the Trademark Act.

Judgment rendered on October 24, 2017

2017 (Gyo-Ke) 10094 Case of Seeking Rescission of JPO Decision

Date of conclusion of oral argument: September 5, 2017

Judgment

Plaintiff: Hyogoken Kiryu Seihin Kyodo Kumiai (Hyogo Prefecture Kiryu Product Cooperative Association)

Defendant: Y

Main text

1. The JPO decision made on March 29, 2017, concerning Invalidation Trial No. 2016-890051 shall be rescinded.
2. The defendant shall bear the court costs.

Facts and reasons

No. 1 Claims

The same as stated in the main text above.

No. 2 Outline of the case

1. Developments in procedures at the JPO and other matters

(1) The defendant is the holder of trademark right for the trademark presented in the attached Trademark List (the "Trademark") (Exhibit Ko 1).

(2) On August 10, 2016, the plaintiff requested a trial for invalidation of the registration of the Trademark.

(3) The JPO examined the plaintiff's request as the Invalidation Trial No. 2016-890051 and, on March 29, 2017, made the JPO decision (the "JPO Decision") as shown in the attached JPO Decision (copy) to the effect that "The request for a trial is unacceptable." On April 6, 2017, a certified copy thereof was served on the plaintiff.

(4) On April 29, 2017, the plaintiff filed this lawsuit to seek rescission of the JPO Decision.

2. The grounds for the JPO Decision

The grounds for the JPO Decision are as stated in the attached JPO Decision (copy). In sum, it is stated that the Trademark [i] is not similar to the trademark presented in the attached Cited Trademark List (the "cited trademark"), which is the plaintiff's registered trademark (regional collective trademark), and does not fall under Article 4, paragraph (1), item (xi) of the Trademark Act, [ii] is not likely to cause confusion with the cited trademark or the goods pertaining to the business of the plaintiff and does not fall under

item (xv) of said paragraph, and [iii] does not fall under item (xvi) nor item (vii) of said paragraph and therefore that the trademark registration should not be invalidated.

3. Grounds for rescission

(1) Error in the determination as to the applicability of Article 4, paragraph (1), item (xi) of the Trademark Act (Grounds for Rescission 1)

(2) Error in the determination as to the applicability of Article 4, paragraph (1), item (xv) of the Trademark Act (Grounds for Rescission 2)

(3) Error in the determination as to the applicability of Article 4, paragraph (1), item (xvi) of the Trademark Act (Grounds for Rescission 3)

(4) Error in the determination as to the applicability of Article 4, paragraph (1), item (vii) of the Trademark Act (Grounds for Rescission 4)

(omitted)

No. 4 Court decision

1. Grounds for Rescission 2 (Error in the determination as to the applicability of Article 4, paragraph (1), item (xv) of the Trademark Act)

In light of the nature of this case, Grounds for Rescission 2 are examined below.

(1) A trademark that "is likely to cause confusion in connection with the goods or services pertaining to a business of another person" as specified in Article 4, paragraph (1), item (xv) of the Trademark Act includes not only any trademark that could be misunderstood, when it is used for the designated goods or services, as indicating that the trademarked goods or services pertain to another person's business, but also any trademark that could be misunderstood as indicating that the trademarked goods or services pertain to the business of a business owner that has a close business relationship with such another person as mentioned above, e.g., a relationship between a subsidiary and the parent company or between two affiliated companies, or between two companies conducting a product development project by using the same indication of goods. Whether a trademark is "likely to cause confusion" as mentioned above should be determined in a comprehensive manner in consideration of the normal level of attention paid by traders and consumers of the designated goods or services of the trademark in light of the degree of similarity between the trademark and another person's indication, the level of well-knownness and the level of distinctiveness of another person's indication, the nature of the relationship between the designated goods or services of the trademark and the goods and services pertaining to another person's business, the level of relatedness between those goods or services in terms of intended

purposes or objectives, and the extent to which those goods or services share traders and consumers, and any other transaction practices (1998 (Gyo-Hi) 85, judgment of the Third Petty Bench of the Supreme Court, July 11, 2000, Minshu Vol. 54, No. 6, at 1848).

(2) Degree of trademark similarity

A. Trademark

The appearance of the Trademark is as follows. The Chinese characters "豊岡柳" are written in the upper line, while the alphabetic characters "Toyooka" are written in the lower line, with a horizontal line between the upper line and the lower line. A part of the Chinese character "柳," which is included in "豊岡柳," vertically extends downward. The Chinese characters "豊岡柳" are written in the same size and same font in one line at even intervals in a balanced manner. The same can be said about the alphabetic characters "Toyooka." The size of the Chinese characters is larger than that of the alphabetic characters.

The appearance of the Trademark is as stated above. The position of the alphabetic characters "Toyooka" written in the lower line suggests that those characters indicate the pronunciation of "豊岡" written in the upper line. Therefore, the Trademark can be associated with the pronunciation "Toyooka yanagi" (there is a consensus between the parties concerned regarding this point).

While the upper line of the Trademark consists of characters "豊岡柳," the word "豊岡柳" is not something that is found in a dictionary, etc. as an existing word. However, "豊岡" is explained as "A city located in the north part of Hyogo Prefecture; It used to be famous for production of Yanagigōri and Yanagikago (willow containers and baskets) and is currently known for the production of suitcases, etc." "柳" (willow) is explained as "(A) A general name for plants that fall under *Salix*, family *Salicaceae*; About 400 species exist, mostly in the north part of the northern hemisphere; About 90 species exist in Japan; Major willow species are *Salix babylonica*, *Salix koriyanagi*, and *Salix gilgiana* Seemen; Willows are planted as garden trees or roadside trees; (B) In particular, *Salix babylonica*" (The sixth edition of *Kojien*). Thus, the word "豊岡柳" can be associated with the concept "willows (a general name for plants that fall under *Salix*, family *Salicaceae* or *Salix babylonica*) in Toyooka City, Hyogo Prefecture." As mentioned in (3) below, "豊岡" has long been famous for a willow craft (the craft of making baskets, containers, etc. by weaving the branches of *Salix koriyanagi* (Kiryu), which is one of the willow species; it is also called "Kiryu craft"). In 1992, "豊岡杞柳細工" (Toyooka Kiryu craft) was designated by the Minister of International Trade and Industry (currently, the Minister of Economy, Trade and Industry) as a traditional craft.

In 2007, the cited trademark "豊岡杞柳細工" was registered as a regional collective trademark on the grounds that said trademark was widely known among consumers as an indication of the designated goods (Kiryu craft containers, willow/rattan baskets, willow/rattan shopping bags produced in Toyooka City and the neighboring areas in Hyogo Prefecture) pertaining to the business of the plaintiff or its members. Thus, it can be found that the word "豊岡柳" could be associated with the concept "crafted willow products produced in Toyooka City, Hyogo Prefecture."

B. Cited trademark

The appearance of the cited trademark consists of horizontally written Chinese characters "豊岡杞柳細工" written in the same size and same font in one line at even intervals in a balanced manner.

The overall structure of the cited trademark can be associated with the pronunciation "Toyooka Kiryu zaiku."

After "豊岡杞柳細工" (Toyooka Kiryu craft) was designated as a traditional craft, the cited trademark "豊岡杞柳細工," which consists solely of the characters indicating the name of the region "豊岡" and the generic name of the goods pertaining to the plaintiff or its members "杞柳細工" in a common manner, was registered as a regional collective trademark as presented in the attached Cited Trademark List. The overall structure of the cited trademark can be associated with the concept "Kiryu craft products produced in Toyooka City, Hyogo Prefecture" and also the concept "the plaintiff's traditional craft or a regional brand for Kiryu craft products produced in Toyooka City, Hyogo Prefecture."

C. Comparison between the Trademark and the cited trademark

As described above, the Trademark and the cited trademark cannot be considered to be similar in terms of appearance and pronunciation. However, if the Trademark is used for its designated goods, it would be associated not only with the concept "willows in Toyooka City, Hyogo Prefecture," but also with the concept "crafted willow products produced in Toyooka City, Hyogo Prefecture." In this case, the concept associated with the Trademark can be found to be similar to the concept associated with the cited trademark.

(3) Degree of the well-knownness and distinctiveness of the cited trademark

A. According to the evidence presented below and the entire import of the oral argument, the following facts can be found.

(A) Since a long time ago, in Toyooka City and the neighboring areas in Hyogo Prefecture (collectively referred to as the "Toyooka region" in some cases), there has been an industry of producing willow containers, etc. (willow products) by weaving the

branches of *Salix koriyanagi* grown in the local area. This industry grew during the Edo era thanks to the protection and support from the Toyooka Domain. From the Meiji era, in addition to the containers, which had a long history of production in that region, craftspeople started producing willow products for daily use such as baskets and handbaskets. Consequently, the demand for such products expanded. They started to export those products to other countries as well. In 1951, the annual production volume of handbaskets such as shopping bags exceeded 1.2 million units. The basket that the current crown prince used to use when he was a child became popular by the name "Naruchan bag." During the best years, about half of the people in Toyooka City worked in that industry, accounting for about 80% of the total Kiryu production in Japan. From around the time, people started using the term "Kiryu products" not only to refer to the products made from *Salix koriyanagi* but also to products made from rattan. As time passed, due to an increase in the sales of imported cheap baskets, etc. produced in other countries and the changing lifestyle, many craftspeople stopped Kiryu production or changed their jobs. While the production of Kiryu products in the Toyooka region decreased, the Kiryu craft has continued to be a traditional industry in Toyooka region as explained in (B) below. The Kiryu production in that area accounts for almost 100% of the total production of such products in Japan (Exhibits Ko 6-1 to 6-8, 7, 16 to 20, and 29).

(B) The plaintiff is a cooperative association established in 1962 as a result of the dissolution of the Toyooka Kiryu Seihin Shinko Kyogikai (Toyooka Kiryu Product Promotion Association) and Hyogoken Kiryu Seihin Seisan Kyodo Kumiai (Hyogo Prefecture Kiryu Product Production Cooperative Association) to create a new organization (Exhibit Ko 7).

On October 8, 1992, under the Act on the Promotion of Traditional Craft Industries, the then Minister of International Trade and Industry designated the plaintiff's "豊岡杞柳細工(Toyooka Kiryu Zaiku)" (Toyooka Kiryu craft) as a traditional craft for three sections, i.e., "willow containers," "small containers," and "willow/rattan baskets." A craft that satisfies the following traditional craft requirements could be designated by the Minister of Economy, Trade and Industry as a traditional craft after listening to the Industrial Structure Council upon an application filed by a cooperative association, etc. representing companies engaging in such craft production: [i] the craft products must be used in daily life in principle, [ii] the main part of the production process must require craftsmanship, [iii] the craft products must be manufactured by use of a traditional technique or method, [iv] the craft products must be made mostly from traditionally-used raw materials, and [v] not a small number of people in a certain area

must be manufacturing or involved in the craft production.

The plaintiff prepares a promotion plan for the Toyooka Kiryu craft industry in accordance with the Act on the Promotion of Traditional Craft Industries and carries out projects based on said plan with the assistance from the nation, prefecture, and city (projects to nurture successors, projects to educate pupils and students about the traditional craft, local exchange projects to experience craftsmanship, projects to hold forums to promote the traditional craft, projects to provide opportunities to produce traditional craft products, etc.). This craft, "Toyooka Kiryu craft," involves handmade craftsmanship. The craft products have a natural wooden feature and are produced by taking advantage of the characteristics of *Salix koriyanagi* or rattan to get softer when it is soaked into water and to get harder when it is dried. There are many basket weaving techniques. The final product reflects the intention of each craftsperson. In Japan, the Toyooka Kiryu craft is the only willow craft that has been designated by the Minister of International Trade and Industry as a traditional craft (Exhibits Ko 6-8, 6-9, 7, 21, 23-3, and 31-1 to 31-3).

Furthermore, in 1994, the plaintiff participated in the project to certify traditional craftspeople conducted by the Association for the Promotion of Traditional Craft Industries. Ten members of the plaintiff were certified as craftspeople. The plaintiff started the traditional craft labeling project and started affixing a tradition certificate (a certificate showing the "tradition mark" designed to be affixed to products only if those products are produced by using the techniques, methods, and raw materials designated by the Minister of Economy, Trade and Industry and pass the local inspection). From around that time, the plaintiff started using "豊岡杞柳細工" as the plaintiff's trademark. In 2001, five more members of the plaintiff were certified as traditional craftspeople (Exhibits Ko 6-9, 7, 8, and 9-4).

(C) Since the regional collective trademark system was introduced on April 1, 2006, the plaintiff filed an application for the cited trademark consisting of characters "豊岡杞柳細工" as presented in the attached Cited Trademark List. On March 9, 2007, said trademark was registered as a regional collective trademark for the designated goods, i.e., Kiryu craft containers, willow/rattan baskets, and willow/rattan shopping bags produced in Toyooka City and the neighboring areas in Hyogo Prefecture (Exhibit Ko 2).

The regional collective trademark system used to register a trademark consisting of characters indicating the name of the region, the name of the goods (services), etc. only if the trademark satisfies the requirement specified in Article 3, paragraph (2) of the Trademark Act by gaining the capability to distinguish one's goods from others as a

result of use. Therefore, until such trademark has become widely known nationwide to a certain extent, it was impossible to prohibit others from free-riding the trademark. The more often other people use the trademark, the more difficult it has become for the trademark to gain the capability to distinguish one's goods from others. In order to maintain the reputation of companies as producers of local specialty goods and to strengthen Japan's industrial competitiveness etc. and activate regional economies by protecting regional brands, the regional collective trademark system started to register a trademark consisting of characters as mentioned above, which is often used as a so-called "regional brand," as long as the trademark has become widely known, as a result of use, among consumers as an indication of goods or services pertaining to the business of the trademark holder or its members. A regional collective trademark is a trademark registered by an organization consisting of corporate members in order to let its members use the trademark so that the trademark can indicate that the source of the goods or services is the organization or its members.

(D) The plaintiff and its members produce Toyooka Kiryu craft products in the Toyooka region. About 20 companies engage in the production. The number of employees is about 50. The total annual sales are about 50 million yen. The plaintiff and its members produce not only containers, baskets, and shopping bags, which are the designated goods of the cited trademark, but also Kiryu craft handbags, attache cases, and other types of bags and sell those products by affixing the cited trademark (the Kiryu craft products produced by the plaintiff and its members shall be hereinafter collectively referred to as the "plaintiff's goods" in some cases) (Exhibits Ko 7, 9-1 to 9-5, 10-1 to 10-3, 24, and 32).

In the Toyooka region, the plaintiff's goods are sold at the shops managed by the plaintiff's members and other companies handling the plaintiff's goods and are also sold and displayed at the Zaidan Houjin Tajima Chiiki Jiba Sangyō Shinkou Sentā (Tajima region local industry promotion center), Toyooka Kiryu Zaiku Mūjiamu (Toyooka Kiryu Craft Museum), etc., which was opened within the Genbudo Museum in 2006. Toyooka Kiryu Craft Museum displays materials related to the Kiryu craft and tools, etc. used for Kiryu production and allows visitors to try making Kiryu craft baskets. The Genbudo Museum is a museum displaying minerals, gems, fossils, etc. and is a tourist attraction visited by about 120,000 tourists each year. The plaintiff's goods sold there bear a tag indicating "Traditional craft designated by the Minister of Economy, Trade and Industry," "Toyooka Kiryu craft," and "Hyogoken Kiryu Seihin Kyodo Kumiai (Hyogo Prefecture Kiryu Product Cooperative Association) (plaintiff)" (Exhibits Ko 6-10, 9-1, 10-3, 27-1, 27-2, 28, 30, and 31-1 to 31-3).

Outside the Toyooka region, the plaintiff's goods are sold at the Zenkoku Dentōteki Kōgeihin Sentā (National traditional craft center) (Aoyama Square) in Tokyo managed by the Association for the Promotion of Traditional Craft Industries. From 2006 to 2011, Takashimaya department stores in Yokohama, Tamagawa, Tachikawa, Konandai, Shinjuku, Nihonbashi, etc. respectively held exhibitions named "Toyooka Kiryu Zaiku Osharena Bagguten" (Toyooka Kiryu craft: Fashionable bag exhibit) for a period of about one week. In 2011 and 2013, exhibitions were held in Tokyo Big Sight as a part of the traditional craft promotion forum project. In those exhibitions, many traditional craft products as well as the plaintiff's goods were displayed. In this way, the plaintiff's goods have been displayed and sold in various places (Exhibits Ko 6-10, 9-2, 9-3, 11, 30, and 31-1 to 31-3).

Also, the plaintiff's goods have been sold by mail order based on the product catalogs prepared by the plaintiff or through the websites established by members of the plaintiff or Toyooka Kiryu Craft Museum or online shops in "YAHOO! JAPAN Shopping," "Rakuten Ichiba," etc. (Exhibits Ko 9-4, 9-5, and 10-1 to 10-3).

(E) As mentioned in (B) above, since "Toyooka Kiryu craft" is designated as a traditional craft, it is always covered by a booklet, "Dentouteiki kougaihin no hon" (Booklet on traditional crafts), which is published annually. This booklet was supervised by Dentouteiki Kougaihin Sangyōshitsu (Traditional craft industry office) of the Ministry of International Trade and Industry and edited by the Association for the Promotion of Traditional Craft Industries. This booklet describes the history, characteristics, production methods, etc. of the Toyooka Kiryu craft and also presents the photographs of the plaintiff's goods. Furthermore, as mentioned in (C) above, since the cited trademark is registered as a regional collective trademark, the cited trademark is always presented in the booklet titled "Chiiki dantai shōhyō" (Regional collective trademarks) annually published by the JPO and the Ministry of Economy, Trade and Industry. The booklet describes the structure, right holder, and designated goods of the cited trademark, presents some photographs of the plaintiff's goods, and provides the contact point and the addresses of related websites (Exhibits Ko 6-9, 21, and 22).

While the plaintiff prepared a brochure to provide information about the plaintiff's goods, the front cover thereof states "杞柳 (KIRYU)" and "豊岡杞柳細工" (Toyooka Kiryu craft). The brochure provides many photographs of the plaintiff's goods and explains the history of the Toyooka Kiryu craft and the designation thereof as a traditional craft, and the characteristics and production methods, etc. of Kiryu craft products (Exhibits Ko 10-1 and 10-2).

Furthermore, as described in (D) above, the leaflets about the exhibitions of the

plaintiff's goods held in department stores, etc. and the websites showing the plaintiff's goods contain the cited trademark and present some photographs of the plaintiff's goods and also explain the history of the Toyooka Kiryu craft, the designation thereof as a traditional craft, and the characteristics, production methods, etc. of Kiryu products (Exhibits Ko 9-1 to 9-5).

Moreover, many books ("Dentō no Kiryu seihin takumi no waza, Tajima" (Techniques of the traditional Kiryu craft, Tajima) (published by Zaidan Houjin Tajima Chiiki Jiba Sangyō Shinkou Sentā (Tajima region local industry promotion center)), etc.), magazines ("Sarai" (published by Shogakukan), "BE-PAL" (published by Shogakukan), etc.), and a newspaper (Kobe Shimbun) carried articles about the history, characteristics, production methods, producers, etc. of the Kiryu products produced in Toyooka and the Toyooka Kiryu craft, which is designated as a traditional craft. The issue of the magazine "Josei jishin" published in September 2002 (published by Kobunsha) shows a photograph of the crown princess holding a Toyooka Kiryu craft handbasket. Some magazines such as "Josei jishin" published in October 2011 showed the Empress holding a Toyooka Kiryu craft handbasket. The TV program titled "Ippin" aired on October 25, 2015, was about the Kiryu craft of Toyooka and presented the crafted willow products as the local specialty goods in the Toyooka region. The TV program explained the history, characteristics, production methods, producers, etc. of the goods. Moreover, the websites of the Toyooka Chamber of Commerce and the Toyooka City Office present Kiryu products (Kiryu craft) as the local specialty goods in Toyooka City. Kensei Shiryōkan (Prefectural information center) of Hyogoken Kokan (Hyogo prefecture public house) in Kobe City presents the Kiryu craft in the Toyooka region as an industry in Hyogo (Exhibits Ko 6-10, 7, and 10-3 to 10-5).

B. In view of the facts found in A above, it can be said that the Toyooka Kiryu craft products have been produced for a long time in the Toyooka region and were designated by the Minister of Economy, Trade and Industry as traditional craft products. The cited trademark "豊岡杞柳細工" is registered as a regional collective trademark. The plaintiff's goods bearing the cited trademark have been displayed and sold in shops, museums, etc. in the Toyooka region and also sold in areas outside the Toyooka region. For example, those goods were displayed in some exhibitions held in some department stores, etc. in Tokyo and also sold through the Internet. Since the plaintiff's goods are designated as traditional craft products and bear the trademark that is registered as a regional collective trademark, those goods are always presented in various booklets annually published by the Ministry of Economy, Trade and Industry. Moreover, many books, magazines, TV programs, etc. presented those goods as the traditional craft

products in the Toyooka region and explained history, production methods, characteristics, etc. of those goods. In view of these facts, it can be found that, as of the time of the filing of an application for registration of the Trademark and the time of the examiner's decision of registration, the plaintiff's goods bearing the cited trademark were widely known among consumers and were distinctive to a certain extent as an indication of the business of the plaintiff or its members.

Since the cited trademark consists solely of the characters indicating the name of a region, "Toyooka," and the generic product name "Kiryu craft" in a common manner, the structure of the cited trademark itself cannot be considered to be creative.

(4) Similarity in goods and any other transaction practices

A. According to the evidence presented below and the entire import of the oral argument, the following facts can be found.

(A) The defendant is a person living in Kyoto Prefecture who conducts the business of planning, manufacturing, selling, or otherwise handling bags under the business name "拓心" (Takushin). In 2008, the defendant joined the Project, which promotes communication among experts in various fields such as the craftspeople, designers, producers, etc. of traditional craft products so that they can select partners, jointly conduct R&D activities, develop new products, produce prototypes, and eventually participate in exhibitions to disclose new products and seek opinions from others. Consequently, the defendant became a partner of the plaintiff. However, they failed to develop any new product before the Project ended (Exhibits Ko 13-1 to 13-5, and 23-2).

However, the defendant recognized the value of the Kiryu craft and filed an application for the Trademark in 2010 and had it registered in 2011. Then, the defendant started manufacturing crafted willow bags bearing the Trademark (bags, attache cases, etc.; the aforementioned bags sold by the defendant are hereinafter collectively referred to as the "defendant's goods" in some cases) (Exhibits Ko 1, 12, 23-2, and 23-5).

(B) The defendant's goods are sold in the Toyooka region as well as in the defendant's shop in Kyoto Prefecture and department stores, etc. In 2013 and 2014, at the Kyoto International Craft Center, an exhibition titled "Toyooka Yanagi KAGO Exhibition" was held for one week (Exhibits Ko 23-3 and 23-4).

Furthermore, the defendant's goods are sold at websites such as the one established by the defendant (Exhibit Ko 23-1).

(C) The defendant's brochures on the defendant's goods and the website providing information about the exhibitions of the defendant's goods contain the Trademark and some photographs of the defendant's goods. Many of the defendant's goods shown in the photographs presented in the aforementioned brochures, etc. are similar, in terms of

appearance, to the plaintiff's goods, i.e., Kiryu craft bags, baskets, etc. presented in the plaintiff's brochures, etc. (Exhibits Ko 9-1 to 9-5, 10-1 to 10-3, 23-1, and 23-3 to 23-6).

B. The designated goods of the Trademark are Class 18 "Leather and fur, bags and the like, pouches and the like, vanity cases, handbag frames." On the other hand, as mentioned in (3) above, the plaintiff's goods include containers (Class 18) and bags and shopping bags (Class 20), which are included in the designated goods of the cited trademark, and also other types of bags such as handbags and attache cases.

Thus, the designated goods of the Trademark and the plaintiff's goods are the same in terms of the intended purposes, objectives, raw materials, sales locations, etc. and can therefore be considered to be identical or closely related to each other. Those goods also share traders and consumers.

As mentioned in A above, many of the defendant's goods presented in the photographs in the brochures, etc. of the defendant's goods are similar to the plaintiff's goods in terms of appearance. In view of the facts that the designated goods of the Trademark, i.e., "Leather and fur, bags and the like, pouches and the like, vanity cases, handbag frames," are such type of goods that are used in daily life and that the consumers do not have any particular specialized knowledge and experience, it can be said that the level of attention that potential purchasers would pay to these goods is not so high.

In light of the defendant's manner of using the Trademark and the aforementioned level of attention paid by consumers, if the defendant uses the Trademark for the designated goods, the consumers who come across the Trademark could associate the Trademark with the indication "豊岡杞柳細工," which is widely known as mentioned in (2) above.

(5) Summary

As described above, based on a comprehensive evaluation of the facts that [i] while the Trademark is different from the cited trademark in terms of appearance and pronunciation, the Trademark could be associated with the concept "the crafted willow products produced in Toyooka City," which is similar to the concept associated with the cited trademark, [ii] while the indication of the cited trademark cannot be considered to be highly creative, the plaintiff's goods bearing the cited trademark, which is registered as a regional collective trademark, are widely known as pertaining to the business of the plaintiff and are designated as traditional craft products, [iii] the designated goods of the Trademark and the plaintiff's goods are identical or closely related to each other and share traders and consumers, and in light of other factors such as the defendant's manner of using the Trademark and the level of attention paid by consumers, it could be found

that the use of the Trademark for the designated goods causes any traders and consumers who come across the Trademark to associate the Trademark with the indication "豊岡杞柳細工," which pertains to the business of the plaintiff, and to wrongly believe that these goods pertain to the business of a business owner that has a close business relationship with the plaintiff or any member of the plaintiff or a business owner that belongs to a group that engages in the project of developing products by using the same indication of goods and to misunderstand the source of the goods. Moreover, the use of the Trademark for the designated goods could result in free-riding and diluting the power of the indication of the plaintiff's goods to appeal to customers that is generated as a result of the registration of said indication as a regional collective trademark and the designation of the plaintiff's goods by the Minister of Economy, Trade and Industry as traditional craft products.

Therefore, it is reasonable to interpret that the Trademark falls under a "trademark that is likely to cause confusion" as specified in Article 4, paragraph (1), item (xv) of the Trademark Act.

(6) Allegation of the defendant

A. The defendant alleged that the defendant sells goods bearing the Trademark, which is completely different from the cited trademark, in order to prevent confusion about the source of goods and that consumers are fully capable of differentiating the defendant's goods from the plaintiff's goods although they are identical in terms of the product genre and raw materials.

B. However, the brochure of the defendant's goods prepared by the defendant in 2012 carries the Trademark on the front cover and presents some photographs of the defendant's goods on the back cover. The content of the brochure covers the history of the Kiryu craft in Toyooka, the designation of the Toyooka Kiryu craft as a traditional craft, and the production methods, characteristics, etc. of the Kiryu craft. Moreover, the brochure of the defendant's goods prepared by the defendant in 2014 carries the Trademark and some photographs of the defendant's goods on the front cover. The content of the brochure covers the history of the Kiryu craft in Toyooka and describes that the defendant's goods are made solely from willow trees grown in Japan (in Toyooka) and that Kiryu craftspeople are in charge of all the processes from growing willow trees to weaving products (Exhibits Ko 23-5 and 23-6).

Furthermore, as mentioned in (4) A (B) above, on the website about the exhibition of the defendant's goods held in 2013 in Kyoto Prefecture, the Trademark and some photographs of the defendant's goods are posted. The website describes the history of the Kiryu craft in the Toyooka region and states that the Toyooka Kiryu craft is

designated as a traditional craft and that the major products displayed in the exhibition are baskets such as bags and attache cases produced by willow craftspeople. Also, the website about an exhibition of the defendant's goods held in 2014 states that the purpose of said exhibition is to provide information about the willow craft that has a long history in the Toyooka region and to display traditional craft products such as willow containers, etc. The website also explains the production methods of Kiryu craft products and announces that the exhibition displays some modern products currently produced in the Toyooka region, such as handbags and suitcases, that are popular in department stores, etc. (Exhibits Ko 23-3 and 23-4).

As described above, when the defendant sells the defendant's goods, the defendant has been using the Trademark in such a manner that could cause confusion with the cited trademark or the plaintiff's goods. For example, the brochures and websites about the defendant's goods describe the history of the Kiryu craft in Toyooka, the designation of the Toyooka Kiryu craft as a traditional craft, and the production methods, characteristics, etc. of Kiryu craft products. In consideration of the similarity between the Trademark and the cited trademark in terms of concept, the level of well-knownness of the cited trademark, the relatedness between the plaintiff's goods and the defendant's goods, and other business practices, as stated in (5) above, there is the risk of confusion with the business of the plaintiff when the Trademark is used for its designated goods.

Therefore, the aforementioned allegation of the defendant is unacceptable.

2. Conclusion

As described above, since Grounds for Rescission 2 are well grounded, the JPO Decision shall be rescinded without needing to examine any other points.

Intellectual Property High Court, Fourth Division

Presiding judge: TAKABE Makiko

Judge: YAMAKADO Masaru

Judge: KATASE Akira

Attachment

Trademark List

Trademark Registration No.: 5431098

Structure of the Trademark



Application Date: August 12, 2010

Registration Date: August 12, 2011

Designated Goods: Class 18 "Leather and fur, bags and the like, pouches and the like, vanity cases, handbag frames"

Attachment

Cited Trademark List

Trademark Registration No.: 5030662 (Regional collective trademark)

Structure of the Trademark

豊岡杞柳細工

Application Date: April 1, 2006

Registration Date: March 9, 2007

Renewal Registration Date: January 10, 2017

Designated Goods: Class 18 "Kiryu craft containers produced in Toyooka City and the neighboring areas in Hyogo Prefecture"

Class 20 "Kiryu craft willow/rattan baskets produced in Toyooka City and the neighboring areas in Hyogo Prefecture and Kiryu craft willow/rattan shopping bags produced in Toyooka City and the neighboring areas in Hyogo Prefecture"