

Judgments of Osaka District Court, 21th Civil Division

Date of the Judgment: 2005.12.15

Case Number: 2004(Wa)No.6262

Title (Case):

A design infringement case wherein, the court, applying Article 224, para.3 of the Code of Civil Procedure, partially upheld claims for an injunction and for damages filed by the plaintiff who holds a registered design for a face puff

Summary of the Judgment:

In this case, the plaintiff who holds a design registration for a face puff, asserting that the design of the body of the “germanium-silicon brush” manufactured and sold by the defendant is infringingly similar to the plaintiff’ registered design, and the manufacture and sales thereof constitute infringement of the plaintiff’ s design right, requested an injunction against the manufacture and sales of the said brush by the defendant under Article 37, para.1 of the Design Act, and claimed for damages on the ground of the tort of the design right infringement.

In this case, the points at issue were (1) whether or not the defendant’ s product was sufficiently similar to the article for which the plaintiff’ s design was registered, (2) whether or not the design of the defendant’ s product was infringingly similar to the registered design, (3) whether or not registration of the plaintiff’ s design should be invalidated through the JPO’ s invalidation proceedings, and (4) the amount of damages incurred by the plaintiff.

With respect to similarity of the articles (point at issue (1)), the court held that, when taking into account the fact that the similarity of designs should be determined from the viewpoint of the general consumer by examining whether or not the defendant’ s design would causes consumers to have an aesthetic impression similar to as they would feel when seeing the registered design, and therefore, would give rise to confusion with the registered design, it should be understood that similarity of the articles to which the designs were applied also should be determined from the viewpoint of the general consumer by asking whether or not confusion among consumers could arise between the article to which the defendant’ s design was applied and the article to which the plaintiff’ s design was applied due to identity or similarity of their uses and/or functions. Then, the court found as follows: (1) The article for which the registered trademark is registered is a “face puff” and falls into the category of “B7-11” (cosmetic tools/puffs) in the classification list. The defendant’ s brush product has cleansing use and massage use. (2) Traditionally, people have washed their faces by hand in the past. Recently, however, the effectiveness of sponges and cloths in whipping and washing away has come to be recognized, and a “puff” which had

been used in applying face powder and foundation has become considered to have the most appropriate shape for these uses. As result, some puff products are now advertised and sold as a face-washing tool. Thus, it is possible to say that the consumers of such puff products (mainly, females who have interest in face washing if only a little) recognize a “puff” as having uses and functions as a face-washing tool in addition to its original uses and functions, that is, applying face powder and foundation to the facial skin. Consequently, a “puff” should be regarded as being similar to the defendant’s product in terms of the use and function. Therefore, the court determined that the defendant’s product is similar to the “face puff,” which is an article for which the plaintiff’s design is registered, in terms of the use and function.

With respect to similarity of the designs (point at issue (2)), it is not disputed between the parties concerned that the design of the defendant’s product contains features of the plaintiff’s registered design. Therefore, the court determined that the design of the defendant’s product is similar to that of the plaintiff’s registered design.

With respect to validity of the plaintiff’s design registration (point at issue (3)), the court determined that it was not possible to say that the design registration has a ground for invalidation under Article 48, para.1, item 1 of the Design Act, on the ground that the cited prior design asserted by the defendant is not similar to the registered design in terms of the article and features.

With respect to the amount of damages (point at issue (4)), the plaintiff argued that the amount of damages was ¥9.6 million, which was calculated by multiplying the number of the defendant’s products sold by the defendant (5,000 cases per month; 60,000 products in total) by the unit price of ¥400 and the profit ratio of 40%. On the other hand, the defendant argued that the number of products sold was 4,167 and the sales amount was ¥1,664,740 while the amount of the gross margin was ¥589,654 (the gross margin rate was about 35.4%).

The court could not cast aside the doubt that the quantity and the amount of the gross margin asserted by the defendant were too small. According to evidence submitted by the plaintiff, a person in charge at a mass retailer answered that, “we purchased 100 boards (1,200 cases) at once and received a bulk discount.” In addition, it is assumable that other mass retailers have purchased the defendant’s products in amounts comparable to the amount purchased by the said mass retailer. In consideration of these, as well as the quantity of the plaintiff’s cleansing pads sold, the court could not cast aside the doubt that the quantity of the defendant’s products sold was underreported in the sales performance table submitted by the defendant. In order to verify the accuracy of the quantity sold, it is considered necessary to review the consistency of numeric values described in the sales performance table by checking through books and documents, including sales ledgers, relating to the defendant’s product, which served as a basis for the above description, as well as books and

documents relating to all of the defendant's products other than the one in question. Consequently, the court ordered the defendant to produce these documents upon the plaintiff's motion. However, the defendant did not respond to this order, without any justifiable ground. Therefore, the court decided, in accordance with Article 224, para.3 of the Code of Civil Procedure, that the plaintiff's argument should be recognized as true.

On that basis, the court concluded, based on the evidence and the entire tenor of oral arguments, that it was reasonable to recognize the average sales price per defendant's product as ¥400, as asserted by the plaintiff, and the ratio of profit from the sales of the defendant's product as 30%.

In addition, the court determined that it is reasonable to regard the ratio of contribution of the registered design as 50% since the registered design is a design of a part of an article. Consequently, the court ordered the defendant to pay ¥3.6 million as damages for the infringement of the plaintiff's design right, based on the following formula:

$$¥400 \times 60,000 \text{ products} \times 0.3 \times 0.5 = ¥3,600,000$$

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