Judgments of Intellectual Property High Court, Fourth Division
Date of the Judgment: 2005.6.9
Case Number: 2005（Gyo-Ke）No.10342

Title（Case）:
The case in which the judgment affirmed the decision of the Patent Office that "FLAVAN" expresses the quality and the raw material of the goods as well as tends to be misleading as to the quality of the goods

Related Provisions:
Article 3, para.1, sub-para.3, Article 4, para.1, sub-para.16 of the Trademark Law

Summary of the Judgment:

The Trademark of this case is the horizontal writing of "FLAVAN" in the alphabetic characters and the Katakana characters in two lines. FLAVAN is a group of materials that can be classified into the flavonoid series that are water-soluble vegetable dyes belonging to polyphenol, a material found in the plant world. It has an antioxidative property, and an anticancerous, depressant effect to avoid increases in blood pressure and so on, similar to catechin and isoflavon, which are also classified into the flavonoid series.

The adjudication of the Patent Office held that the Trademark could not be registered according to Article 3（1）（iii） and 4（1）（xvi） of the Trademark Law because, in the designated goods, when it was used for the goods whose main material was a plant extract containing polyphenol, it expressed only the quality and the raw material of the goods, and when it was used for other goods, it tended to be misleading as to the quality of the goods.

With respect to the significance of Article 3（1）（iii） of the Trademark Law, the judgment held:It is understood that the reason why the trademark lacks the requirements to be registered as a trademark is listed in Article 3（1）（iii） of the Trademark Law: that this type of trademark must be suitable to the needs of business as an expression that makes people desire to use the good, as well as where its exclusive use by a privileged party is deemed inappropriate in terms of the public interest, it is an emblem that can be used broadly, and it is not of the kind that is lacking in the capacity of being able to distinguish it from other trademarks.（126 Minshu 507, 927 Hanrei jiho 233（Third Petty Bench of Sup. Ct., Apr. 10, 1979））. In light of the above, in the case that the concerned trademark that expresses the basic material and quality of the designated good and that is openly discerned by business dealers and consumers does, more than ever, have the ability of being recognized to express the good's basic material and quality by present and future business dealers and consumers, and is judged

inappropriate with respect to the public interest in being used exclusively by a privileged party, it is reasonable to construe that the trademark corresponds to the sub-paragraph of the Trademark Law.

In addition, the judgment affirmed the adjudication of the Patent Office because the Trademark corresponded to Article 3(1)(iii) and 4(1)(xvi) of the Trademark Law for the following reasons:Because FLAVAN can be a kind of polyphenol, the Trademark expresses the raw material and the quality of the goods when, in the designated goods of the Trademark, the Trademark are used for "powdered, granular, capsular, and liquid processed foods whose main material is a plant extract containing polyphenol" and "soft drinks whose main material is a plant extract containing polyphenol." The following facts are found: recently in Japan, against the background of an aging population and an increase in lifestyle-related diseases, the consumer public has increased interests in so-called healthy foods; their constituents and materials that have antioxidative properties, and anticancerous, depressant effects that avoid increases in blood pressure etc. receive attention; and new products using these constituents have been developed one after another and have been introduced and advertised to the consumer public through the media etc.

With respect to FLAVAN, which is a kind of polyphenol having antioxidative property like catechin or isoflavon, although the number of places where it is used to express the raw material of foods etc. are still few, it is actually introduced as the name of the raw material of healthy foods by "a kind of antioxidative polyphenol" on Internet web pages… It is found that business dealers or consumers can understand the Trademark in the near future as an expression of the raw material or the quality of the designated good belonging to the Trademark.

Therefore, the judgment held that the Trademark that expresses the raw material or the quality of "powdered, granular, capsular, and liquid processed foods whose main material is a plant extract containing polyphenol" and "soft drinks whose main material is a plant extract containing polyphenol" is suitable to the needs of business as an expression that makes it desirable to be used by people and its exclusive use by a privileged party is deemed inappropriate in consideration of the public interest.

As mentioned above, when the Trademark is used for the goods whose main material is the plant extract containing polyphenol in the designated good, it corresponds to the "quality" or the "raw material" according to Article 3(1)(iii) of the Trademark Law, and so it lacks the requirements to be registered as a trademark.

The judgment held that because the Trademark expresses the name of the material FLAVAN, which is the chemical compound of the flavonoid series belonging to polyphenol, and because it can be understood by business dealers or consumers as the expression of the raw material or the quality of the goods, it tends to be misleading as to the quality of the goods when it is used for goods other than the goods whose main

material is the plant extract containing polyphenol in the designated goods. Thus, because the Trademark corresponds to a "trademark that tend to be misleading as to the quality of the goods or the quality of the services" provided in Article 4(1)(xvi) of the Trademark Law, it could not be registered.

2005 (Gyo-Ke) 10342, Case of seeking rescission of a JPO decision
Rendering of the judgment: June 9, 2005
Date of conclusion of oral argument: April 26, 2005

Judgment

Plaintiff: Toyo Shinyaku Co., Ltd.

Defendant: JPO Commissioner OGAWA Hiroshi

Main text

1. The plaintiff's claim shall be dismissed.
2. The court costs shall be borne by the plaintiff.

Facts and reasons

(Some alterations have been made to this judgment including the citations from JPO decisions and evidential documents in accordance with the Official Glossary for Public Documents)

No. 1 Judicial decision sought by the plaintiff

A judgment that "the JPO decision on September 7, 2004 with regard to Trial against Examiner’s Decision of Refusal No. 2003- 6365 shall be rescinded."

No. 2 Background

The plaintiff filed an application for registration of the trademark described below and received an examiner's decision of refusal stating that the trademark claimed in the application (the "Trademark") falls under Article 3, paragraph (1), item (iii) and Article 4, paragraph (1), item (xvi) of the Trademark Act. Dissatisfied with this decision, the plaintiff requested a trial, but received a JPO decision that "the request for a trial is groundless." This is a case where the plaintiff sought rescission of this JPO decision.

1. Developments in procedures at the JPO

(1) Trademark

Applicant: Plaintiff

Trademark: a trademark consisting of two sets of words, the alphabetic characters "FLAVAN" and the katakana characters "フラバン" written in two horizontal lines

Application date: April 11, 2002 (Trademark Application No. 2002-29492)

Designated goods: Class 29 "Processed foods in a powered, granulated, capsuled, or liquid form made mostly from plant extracts containing polyphenols, meat for human consumption [fresh, chilled or frozen], fresh, chilled or frozen edible aquatic animals (not
live), processed meat products, processed seafood, raw pulses, processed vegetables and fruits, frozen vegetables, frozen fruits, eggs, processed eggs, curry, stew and soup

mixes, side-dish made of fermented soybean (Name-mono), dried flakes of laver for sprinkling on rice in hot water [Ochazuke-nori], seasoned powder for sprinkling on rice [Furi-kake], fried tofu pieces [Abura-age], freeze-dried tofu pieces [Kohri-dofu], jelly made from devils' tongue root [Konnyaku], soya milk [milk substitute], tofu, fermented soybeans [Natto], protein for human consumption," Class 32 "Carbonated drinks [refreshing beverages] made mostly from plant extracts containing polyphenols, beer, non-alcoholic fruit juice beverages, vegetable juices [beverages], whey beverages, extracts of hops for making beer" (Subsequently, by the written amendment of proceedings dated December 25, 2002, the designated goods were amended as follows: Class 29 "Processed foods in a powered, granulated, capsuled, or liquid form made mostly from plant extracts containing polyphenols, meat for human consumption [fresh, chilled or frozen], fresh, chilled or frozen edible aquatic animals (not live), processed meat products, processed seafood, raw pulses, processed vegetables and fruits, frozen vegetables, frozen fruits, eggs, processed eggs, curry, stew and soup mixes, side-dish made of fermented soybean (Name-mono), dried flakes of laver for sprinkling on rice in hot water [Ochazuke-nori], seasoned powder for sprinkling on rice [Furi-kake], fried tofu pieces [Abura-age], freeze-dried tofu pieces [Kohri-dofu], jelly made from devils' tongue root [Konnyaku], soya milk [milk substitute], tofu, fermented soybeans [Natto], protein for human consumption," Class 32 "Carbonated drinks [refreshing beverages] made mostly from plant extracts containing polyphenols, non-alcoholic fruit juice beverages, vegetable juices [beverages]").

(2) Procedure

Date of the examiner's decision of refusal: March 10, 2003 (the date of drafting)

Date on which a trial was requested: April 16, 2003 (Trial against Examiner’s Decision of Refusal No. 2003-6365)

Date of the JPO decision: September 7, 2004

Conclusion of the JPO decision: "The request for a trial is groundless."

Service date of a certified copy of the JPO decision: September 29, 2004 (against the plaintiff)

2. Summary of the reasons for the JPO decision

"The Trademark consists of characters 'FLAVAN' and 'フラバン' (omitted), and these words mean, as explained in the judgement of prior instance, a 'group of substances categorized as flavonoids, a water-soluble plant pigment that belongs to the category of polyphenols, which are substances widely distributed in the plant kingdom.'"

" (Omitted) 'FLAVAN' and 'フラバン' can be recognized as words that merely refer to a chemical substance categorized as a flavonoid: a type of polyphenol, which has various effects such as an antioxidant effect, anticancer effect, effect of inhibiting blood pressure elevation, antibacterial and antivirus effect, and anti-allergic effect.

Other types of polyphenol that have come to be widely known in recent years include catechin and isoflavone.

Therefore, if the Trademark consisting of the words 'FLAVAN' and 'フラバン' is used for some of the designated goods, i.e., 'Processed foods in a powered, granulated, capsuled, or liquid form made mostly from plant extracts containing polyphenols' and 'Carbonated drinks [refreshing beverages] made mostly from plant extracts containing polyphenols,' any traders and consumers who come across the Trademark would interpret that the goods contain flavan, which is categorized as a flavonoid, a type of polyphenol. In other words, it is reasonable to find that they would interpret the Trademark merely as an indication of the quality (constituent) and ingredient of the goods, and not as an identifier of the source of goods.

For this reason, it should be found that, if the Trademark is used for certain designated goods, i.e., goods made mostly from plant extracts containing polyphenols, the trademark would be interpreted merely as an indication of the quality and ingredient of the goods, while that if the Trademark is used for any good other than those mentioned above, the Trademark is likely to cause confusion about the quality of the goods.

Therefore, the examiner's decision to refuse the application for registration of the Trademark on the grounds that the Trademark falls under Article 3, paragraph (1), item (iii) and Article 4, paragraph (1), item (xvi) of the Trademark Act is reasonable and should not be rescinded.

(Omitted) The demandant alleged that, while whether the trademark has the function of distinguishing goods of the trademark owner from those of other parties should be determined in relation to other goods in the same industry, the Trademark is used for goods in a field where emphasis is placed not on manufacturers but on end-users. The demandant also alleged that, since the packages of the goods, unlike those of medicines, do not have to explain the functions and effects of the goods by using specialized academic terms, the Trademark should be registered as a coined word that functions as an identifier of the source of goods. However, it is reasonable to find that, if the Trademark, which can be found as described above, is used for certain designated goods, i.e., goods made mostly from plant extracts containing polyphenols, any traders and consumers who come across the Trademark are highly likely to interpret that the Trademark indicates an ingredient of the goods. Furthermore, in view of the fact that every person needs and wants to use a trademark that consists solely of the name of an ingredient, like the Trademark, it should be found to be unreasonable to permit a single private person to exclusively use such trademark. Therefore, it is reasonable to find the Trademark unregistrable and dismiss the demandant's claim."

(omitted)

No. 5 Court decision

1. Applicability of Article 3, paragraph (1), item (iii) of the Trademark Act

(1) Any trademark specified in Article 3, paragraph (1), item (iii) of the Trademark Act is interpreted to fail to fulfill the trademark registration requirements in view of the facts that, since every person wants to use such trademark as an indication necessary and appropriate for his/her business transactions, it would not be conducive to the public interest to permit a certain person to exclusively use such trademark and that such trademark is usually a widely used mark that lacks the capability to distinguish trademark holder's goods from others (Judgment of the Third Petty Bench of the Supreme Court of April 10, 1979, Saibanshu Minji No. 126, at 507 and Hanrei Jiho No. 927, at 233). In light of this interpretation, a trademark should be interpreted to fall under said item not only in the case where the trademark had been widely recognized by traders and consumers as an indication of an ingredient or the quality of the designated goods as of the time of the issuance of the JPO decision but also in the case where, since the trademark is likely to be recognized by traders and consumers as an indication of an ingredient or the quality of the goods at the current moment or in the future, it would not be conducive to the public interest to permit a certain person to exclusively use the trademark.

(2) According to the statements presented in the website, etc. cited in the JPO decision (line 28, page 2 to line 9, page 5 of the JPO decision; the parties concerned agree on the existence of statements) and the evidence (Exhibit Otsu No. 9 to No. 15), flavan (FLAVAN) is a type of substance categorized as a flavonoid, a water-soluble plant pigment that belongs to the category of polyphenols, which are substances widely distributed in the plant kingdom. Flavan has various effects such as an antioxidant effect, anticancer effect, and effect of inhibiting blood pressure elevation in the same manner as catechin and isoflavone, which are other types of polyphenols. Since flavan is a type of polyphenol, if the Trademark is used for certain designated goods, i.e., "Processed foods in a powered, granulated, capsuled, or liquid form made mostly from plant extracts containing polyphenols" and "Carbonated drinks [refreshing beverages] made mostly from plant extracts containing polyphenols," the Trademark would be considered to be an indication of an ingredient or the quality of the designated goods.

(3) According to the evidence (Exhibits Otsu No. 16 to No. 52), in Japan, a country in which the population is rapidly aging and increasingly suffering from lifestyle-related diseases, it can be found that general consumers are increasingly interested in so-called health foods, and that ingredients and substances contained in health foods that have various effects such as an antioxidant effect, anticancer effect, and effect of inhibiting blood pressure elevation have come to attract people's attention. New products containing these ingredients, etc. have been developed one after another and introduced and advertised to general consumers through the media, etc. In particular, polyphenols are considered to have a strong antioxidant effect as well as an antibacterial effect,

effect of inhibiting blood pressure elevation, anticancer effect, etc. The media repeatedly introduced anthocyanin in red wine, isoflavone in soybeans, and catechin in tea. These substances are considered to have become widely known among general consumers as ingredients of foods (Exhibits Otsu No. 8, No. 16, No. 22 to No. 24, No. 30, No. 41, No. 47, and No. 52).

(4) In the case of flavan, a type of polyphenol which has an antioxidant effect, like catechin and isoflavone, it is still rare for it to be used as an indication of an ingredient of foods, etc. However, some websites explain flavan as a "type of antioxidant polyphenol" and as the name of an ingredient of health foods (Exhibits Otsu No. 68 to No. 74). Moreover, as described above, in consideration of the facts that general consumers are greatly interested in health foods, that polyphenols are widely known, and that laws such as the "Act for Standardization and Proper Labeling of Agricultural and Forestry Products (JAS Act)" as mentioned in the JPO decision require indication of ingredients, the Trademark could be recognized by traders and consumers of the designated goods of the Trademark as an indication of an ingredient of the designated goods in the near future. (In reality, since November 2003, the plaintiff and Suntory Co. Ltd., which obtained a license for the Trademark, etc. from the plaintiff, have been actively advertising to general consumers through the media, etc. that flavan is a type of polyphenol extracted from pine bark grown in the southwest coast of France and that flavan has various health-promoting effects.) Consequently, general consumers are considered to be increasingly aware that flavan is an ingredient of the designated goods of the Trademark (Exhibits Ko No. 223 to No. 297)).

On these grounds, it would not be conducive to the public interest to allow a certain person to exclusively use the Trademark since every person wants to use the Trademark as a necessary and appropriate indication in the course of their business transactions since it is an indication of an ingredient or the quality of some of the designated goods, i.e. "Processed foods in a powered, granulated, capsuled, or liquid form made mostly from plant extracts containing polyphenols" and "Carbonated drinks [refreshing beverages] made mostly from plant extracts containing polyphenols."

(5) On the other hand, the plaintiff alleged that, in view of the facts that the information on the website indicated in the JPO decision is mostly from specialized literature and that other dictionaries, books, websites, etc. do not contain any information to the effect that the term "FLAVAN" or "フラバン" comprising the Trademark means a substance that could be used as an ingredient of the designated goods, any consumers or traders would not be able to recognize that "FLAVAN" or "フラバン" is an indication of the quality or an ingredient of the designated goods of the Trademark. However, as stated above, even if the trademark in the trademark application is not widely recognized by traders and consumers as an indication of the quality or an ingredient of the designated goods, Article 3, paragraph (1), item (iii) of the Trademark Act should be considered to be applicable to said trademark as long as there is the

possibility that consumers and traders might recognize it as an indication of the quality or an ingredient of the goods in the future. The evidence submitted by the plaintiff merely indicates that "FLAVAN" or "フラバン" was not widely recognized by the traders and consumers of the designated goods as an indication of an ingredient of the designated goods of the Trademark as of the time of the issuance of the JPO decision and is not sufficient to deny the possibility that the Trademark might be recognized as an indication of an ingredient or the quality of the designated goods in the future. As stated above, the Trademark could be recognized by the traders and consumers of the designated goods as an indication of an ingredient or the quality of the designated goods of the Trademark in the future.

The plaintiff also alleged that the term "FLAVAN" or "フラバン" stated in Exhibits Otsu No. 68 to No. 74 is not used as an indication of an ingredient of health foods, but merely as an indication of another person's trademark. However, in the case of the product named "Alive," which is presented in Exhibits Otsu No. 68 to No. 70, "flavan and similar phenol compounds" is stated as "constituent." In the case of "Processed food containing extract powder (OPC) made from grape seeds produced in Bordeaux, France," which is mentioned in Exhibits Otsu No. 71, "Molecular configuration of OPC: dimeric and trimeric FLAVAN (フラバン)-3-OL" is stated. These statements are nothing but indications of ingredients or constituents of health foods.

Furthermore, the plaintiff cited other judgments, JPO decisions, and registrations and alleged that the JPO decision contains an error. However, the decision as to whether the trademark claimed in an application is registrable or not should be made on a case-by-case basis. Since the facts related to the judgments, etc. mentioned by the plaintiff are different from the facts of this case, they should not affect the court decision as to whether the Trademark is registrable or not. The special circumstances mentioned by the plaintiff have nothing to do with the issue of registrability of the Trademark.

(6) On these grounds, the court can uphold the JPO decision stating that, when the Trademark is used for certain designated goods, i.e. goods made mostly from plant extracts containing polyphenols, the Trademark should be found to be an indication of the "quality" or an "ingredient" as specified in Article 3, paragraph (1), item (iii) of the Trademark Act and fails to fulfill the trademark registrability requirements.

2. Applicability of Article 4, paragraph (1), item (xvi) of the Trademark Act

As described above, the Trademark indicates the name of a substance called flavan categorized as a flavonoid, a type of polyphenol. As long as there is the possibility that the traders and consumers of the designated goods might recognize the Trademark as an indication of an ingredient or the quality of the goods, the Trademark should be found to be likely to cause confusion about the quality of the goods if the Trademark is used for any goods other than the goods made mostly from plant extracts containing

polyphenols. Therefore, the Trademark should be considered to be "likely to mislead as to the quality of the goods or services" as specified in Article 4, paragraph (1), item (xvi) of the Trademark Act. This also provides grounds for upholding the JPO decision that found the Trademark unregistrable.

3. Conclusion

As described above, since the plaintiff's allegation is groundless, the plaintiff's claim shall be dismissed.

Intellectual Property High Court, Fourth Division

Presiding judge: TSUKAHARA Tomokatsu

Judge: TANAKA Masato

Judge: SATO Tatsubumi