

Trademark Right, Unfair Competition	Date	August 22, 2024	Court	Osaka District Court, 21st Civil Division
	Case number	2022 (Wa) 7393, 2023 (Wa) 455		
- A case in which the court partially upheld claims for an injunction, destruction, and compensation for damage made by the Plaintiffs, which hold a trademark right pertaining to marks, including "MICHEL JURDAIN," that designates watches as the designated goods or the monopolistic non-exclusive right to use the relevant trademark (principal action) and entirely dismissed the Defendants' counterclaim for an injunction against the Plaintiffs' act of making false allegations, etc.				

Summary of the Judgment

This case is related to a trademark right that designates watches as the designated goods. The trademark right had initially been held by Company A. Company A had granted to Company B the monopolistic non-exclusive right to use the trademark, but around the time when Company B went bankrupt, Company A assigned the same trademark right to Plaintiff 1. Plaintiff 2 was granted the monopolistic non-exclusive right to use from Plaintiff 1 in relation to the same trademark right and had sold the watches affixed with marks pertaining to the same trademark right. On the other hand, the Defendants had purchased the watches affixed with marks pertaining to the trademark, which Company B had a third party manufacture, from Company B, and sold them, and also had manufactured and sold the watches in response to orders from Company B. However, the Defendants had continued to sell such watches without obtaining any license from the Plaintiffs even after Plaintiff 1 became the holder of the trademark right. Therefore, on the grounds of infringement of the trademark right, Plaintiff 1 demanded that the Defendants suspend manufacturing, sale, etc. of the watches and destroy inventory thereof, and the Plaintiffs demanded compensation for damage against the Defendants (principal action), while the Defendants demanded compensation for damage, alleging that the Plaintiffs had notified a relevant site administrator that the Defendants' act of selling the watches on an EC site constitutes infringement of the trademark right and that such act of the Plaintiffs falls under the act of making false allegations under the Unfair Competition Prevention Act (counterclaim). Regarding the claims for an injunction and destruction in the principal action, the court ruled as follows: the act of selling the watches that Company B had a third party manufacture itself falls under just resale of lawful licensed goods and does not

constitute infringement of the trademark right, but sale of such watches with an outer box, etc. affixed with the marks constitutes infringement of the trademark right. Based on this ruling, the court upheld the claims to the extent excluding destruction of the watches manufactured by the third party and sale of the same watches without an outer box, etc. affixed with the marks. Regarding the claim for compensation for damage, the court first presumed the amount of loss or damage under Article 38, paragraph (1) of the Trademark Act and then found 80% of the quantity sold by the Defendants to be the quantity which would have been sold by the Plaintiffs if there had been no act of infringement in light of the price range of the watches and the value of the brand, etc. Based on this finding, the court reversed the presumption at the rate of 40% in relation to those manufactured by the third party for which only the outer box, etc. infringe the trademark right. Incidentally, the court entirely dismissed all the counterclaims made by the Defendants as it found the fact of infringement of the trademark right.