

Trademark Right	Date	February 13, 2025	Court	Intellectual Property High Court, Fourth Division
	Case number	2024 (Gyo-ke) 10071		
<p>- A case in which the court rescinded the JPO decision that dismissed a request for trial for rescission of a trademark registration due to non-use, with respect to the Trademark consisting of characters "大勝軒" (Taishoken) written in horizontal direction, by holding that the use of the Trademark by Company A could be found but that an agreement to grant a non-exclusive license could not be found to exist between the Defendant, which is the trademark right holder, and Company A.</p>				

Case type: Rescission of Trial Decision to Maintain

Result: Granted

References: Article 31, paragraph (1) and Article 50, paragraphs (1) and (2) of the Trademark Act

Decision of JPO: Rescission Trial No. 2023-300154

Summary of the Judgment

1. This is a lawsuit seeking the rescission of a trial decision in which the Japan Patent Office (JPO) dismissed a request for trial for rescission of a trademark registration due to non-use under Article 50, paragraph (1) of the Trademark Act.

The trademark in question (the "Trademark") consists of the characters "大勝軒" (Taishoken) written in horizontal direction. The JPO determined that, as it could be inferred that there was an implied agreement or an explicit oral agreement between the Defendant, the trademark right holder for the Trademark, and Company A, which is affiliated with the same group, with respect to the use of the Trademark for its designated service, Company A is considered to be a non-exclusive licensee to use the Trademark, and is further considered to have used a trademark identical from a common sense perspective with the Trademark in relation to the designated service, "providing Chinese cuisine," by hanging a noren (shop curtain) that indicates a trademark consisting of characters "Taishoken" written horizontally in the doorway of its shop, for the period for which proof is required. Based on the above findings, the JPO concluded that the registration of the Trademark could not be rescinded under the provisions of the same Article (the JPO Decision).

2. In this judgment, the court found as follows and rescinded the JPO Decision by holding that it contains an error in its determination, as Company A cannot be considered to have been granted a non-exclusive license to use the Trademark and there

is no proof of the use of the registered trademark as provided in Article 50, paragraph (2) of the Trademark Act.

(1) The written statement of Company A's representative submitted by the Defendant as well as the results of the witness examination of Company A's representative and the examination of the Defendant's representative conducted by the court are far from being sufficient to find the agreement mentioned above. Even if a trademark right holder indicated an attitude to tolerate a third party's use of a trademark identical to its registered trademark, such fact should not be easily relied upon as the evidence of the conclusion of an agreement (implied agreement) to grant a royalty-free, non-exclusive license. Considering the nature of a non-exclusive license as a right, it should be said that, in order to find the existence of an implied agreement to grant a non-exclusive license, the objective evidence of clear and affirmative intent to "grant a right," not mere "acquiescence," would be necessary.

(2) In this case, although the court finds that the Defendant's representative and the Company A's representative talked about the permission to use the Trademark in or around January 1996, the Defendant's representative did not recognize the need to conclude an agreement to grant a non-exclusive license under the Trademark Act, nor did the Defendant's representative even understand the meaning of a non-exclusive license, and did not even mention the word "non-exclusive license." No royalty arrangement, including whether the royalty is required, came up in their discussion. Although Company A's representative understood and accepted the proposal to the extent of what he heard from the Defendant's representative, he did not specifically recognize its legal meanings. Thus, in this case, no objective fact can be found to support that the Defendant had manifested its clear and affirmative intent to grant a right, namely a non-exclusive license. Therefore, it is impossible to find that an agreement to grant a non-exclusive license to use the Trademark was formed by the oral communication between them as mentioned above.

Judgment rendered on February 13, 2025

2024 (Gyo-Ke) 10071

Case of seeking rescission of the JPO decision

Date of conclusion of oral argument: December 16, 2024

Judgment

Plaintiff: Kabushiki Kaisha Taishoken

(Demandant in trial for rescission of a trademark registration)

Defendant: Yugen Kaisha Taishoken

(Demandee in trial for rescission of a trademark registration)

Main Text

1. The decision made by the Japan Patent Office (JPO) on June 5, 2024, for the case of Rescission Trial No. 2023-300154 shall be rescinded.
2. The court costs shall be borne by the Defendant.

Facts and Reasons

No. 1 Claims

Same as the main text.

No. 2 Outline of the case

No. 2-1 The Trademark

The Defendant is the holder of the trademark right for the following registered trademark (Registration No. 3105120; referred to below as the "Trademark").

- Composition: as indicated below ("大勝軒" (Taishoken) written in horizontal direction)
- Designated service: Class 42, "providing Chinese cuisine"
- Date of application for registration: September 30, 1992
- Date of registration of establishment: December 26, 1995

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No. 2-2 Developments in procedures at the JPO (not disputed by the parties)

With respect to the Trademark, on March 7, 2023, the Plaintiff filed a request for trial for rescission of a trademark registration due to non-use with the Japan Patent

Office (JPO), pursuant to Article 50, paragraph (1) of the Trademark Act, and the request was registered by the JPO on March 20, 2023. Therefore, "the period from three months before the filing of the request for a trial" referred to in paragraph (2) of the same Article is the period from March 20, 2020 to March 19, 2023 (the period for which proof is required).

After examining this request as Rescission Trial No. 2023-300154, on June 5, 2024, the JPO rendered a trial decision holding that "the request for trial is found to be groundless" (the "JPO Decision"). A certified copy of the JPO Decision was served upon the Plaintiff on June 14, 2024.

On July 12, 2024, the Plaintiff filed this action to seek rescission of the JPO Decision.

No. 2-3 The restaurants named "Taishoken" mentioned in this case

This case relates to several shops (Chinese restaurants) operated under the shop name "Taishoken." So, for the purpose of distinction, these restaurants are mentioned by the following names, respectively. The basic information and history of each restaurant are as described below (Exhibits Ko 1 through 3 and Exhibit Ko 9 (including branch numbers; the same applies below), and the entire import of oral arguments).

(1) Yokoyamacho Taishoken

This refers to a Chinese restaurant named "Taishoken" that was opened in Nihonbashi Yokoyamacho, Chuo-ku, Tokyo in around 1924 by the founder of the Defendant who was permitted to run an independent business by way of noren-wake (i.e., a Japanese style franchise business system) from Ningyocho Taishoken stated below. This restaurant, originally started as a sole proprietorship, was later incorporated into a stock company run by the Defendant on July 14, 1950 (the company's initial trade name was "Kabushiki Kaisha Taishoken," which was changed to the present name, "Yugen Kaisha Taishoken" on May 31, 1995). On November 20, 2019, the Defendant dissolved by a resolution at a shareholders' meeting, and the Chinese restaurant also went out of business around then.

(2) Ningyocho Taishoken

This refers to a Chinese restaurant named "Taishoken" that was opened in Ningyocho, Chuo-ku, Tokyo in 1913. This restaurant, originally started as a sole proprietorship, was incorporated into a limited liability company named Yugen Kaisha Taishoken on December 13, 1949 (in the following sections, a reference to "Ningyocho Taishoken" may also include the reference to this limited liability company). The company ceased its Chinese restaurant business in 1986. Although it started a coffee shop named "Kissa Taishoken" in 1988, this coffee shop business also terminated at the

end of February 2020.

(3) Asakusabashi Taishoken

This refers to a Chinese restaurant named "Taishoken" that was opened in Asakusabashi, Taito-ku, Tokyo in 1946. As in the case of Yokoyamacho Taishoken, the owner had received noren-wake from Ningyocho Taishoken. This restaurant, originally started as a sole proprietorship, was later incorporated into a limited liability company named Yugen Kaisha Asakusabashi Taishoken on May 1, 1953 (in the following sections, a reference to "Asakusabashi Taishoken" may also include the reference to this limited liability company). It still operates the Chinese restaurant at the same location even now.

No. 2-4 Summary of reasons for the JPO Decision

(1) A noren (shop curtain) indicating the trademark consisting of characters "大勝軒" written horizontally is hung in the doorway of Asakusabashi Taishoken.

(2) The written statements of related parties and other evidence indicate that the holder of the trademark right for the Trademark (the Defendant) was in a position to manage the Trademark, in place of Ningyocho Taishoken, which is the originator of "Ningyocho-kei Taishoken," a group of restaurants in master-apprentice relationship. From this situation, an implied agreement (or an explicit oral agreement) between Asakusabashi Taishoken, which is affiliated with the group, and the Defendant as to the use of the Trademark for its designated service can be inferred to have existed. Therefore, Asakusabashi Taishoken can be considered as a non-exclusive licensee to use the Trademark.

(3) Based on the above, Asakusabashi Taishoken, which is a non-exclusive licensee of the Trademark, can be considered to have continued using a trademark identical from a common sense perspective with the Trademark in relation to the designated service, "providing Chinese cuisine," at its restaurant for the period for which proof is required. Therefore, the registration of the Trademark in relation to the designated service cannot be rescinded under Article 50 of the Trademark Act.

No. 4 Judgment of this court

No. 4-1 Facts found in this case

Considering the totality of evidence (Exhibits Ko 1 through 3, 9 and 11, Exhibits Otsu 4 through 6, Witness A, Witness B, the Defendant's representative and other evidence indicated below) and the entire import of oral arguments, the following facts (1) through (3) can be found.

No. 4-1(1) History of "Ningyocho-kei Taishoken"

A. As indicated in No. 2-3(2) above, Ningyocho Taishoken is a Chinese restaurant (a so-called "machi chuka," a casual Chinese restaurant offering a variety of Japanized Chinese dishes) that was opened with the shop name "Taishoken" in Ningyocho, Chuo-ku, Tokyo in 1913. As a number of restaurants named "Taishoken," including the Defendant and Asakusabashi Taishoken, came to be opened one after another by way of noren-wake from Ningyocho Taishoken, Ningyocho Taishoken grew to be the originator of a so-called "Ningyocho-kei Taishoken" group. Ningyocho Taishoken ceased its Chinese restaurant business in 1986 and then changed its line of business to a coffee shop, which also went out of business at the end of February 2020.

B. Yokoyamacho Taishoken is a Chinese restaurant that was opened in or around 1924 by receiving noren-wake from Ningyocho Taishoken. Although it was run by the Defendant, the Defendant dissolved by a resolution at a shareholders' meeting on November 20, 2019, and the Chinese restaurant also went out of business around then. However, the registration of completion of liquidation has not been completed.

C. Asakusabashi Taishoken is a Chinese restaurant that was opened in 1946 by receiving noren-wake from Ningyocho Taishoken in the same way as the Defendant. The Chinese restaurant is still being operated using the shop name "Taishoken."

D. At the time when the application for registration of the Trademark was filed, there were a dozen of Chinese restaurants using the shop name "Taishoken" by receiving noren-wake from Ningyocho Taishoken (the originator), in the same way as the Defendant and Asakusabashi Taishoken. In the Showa era at the latest, these shops maintained the relationship as affiliates by such way as occasional meetings and leisure trips of owners.

E. Meanwhile, there are quite a few Chinese restaurants and ramen shops that use the shop name "Taishoken" but due to a completely different background from that of "Ningyocho-kei Taishoken" mentioned above, even only counting those located in Tokyo, including, as representative examples, "Higashi Ikebukuro Taishoken" run by the Plaintiff and its franchisees (see (3) below) and "Eifukucho Taishoken" (founded in 1955).

No. 4-1(2) Circumstances before and after filing the application for registration of the Trademark

A. In around 1992, C, the then representative of the Defendant (mother of the present representative D; simply referred to below as the "Defendant's Representative" in this paragraph [No. 4-1(2)]), learned that the registration of trademarks for services (so-called service marks) became available by the revision of the Trademark Act, and came up with an idea to have the originator Ningyocho Taishoken obtain a registration of the

"Taishoken" trademark and manage the trademark for the entire Ningyocho-kei Taishoken group. With this in mind, on or around June 1992, D visited Ningyocho Taishoken on behalf of the Defendant's Representative (D's mother) and met with B, the representative of Ningyocho Taishoken, to ask B to accept this proposal. However, at that time, as Ningyocho Taishoken already had changed its line of business from Chinese restaurant to coffee shop, B was not willing to have Ningyocho Taishoken obtain a trademark right and told D that the Defendant could file the trademark registration. After this and other discussions, the Defendant's Representative decided that the Defendant would file an application for registration of the "Taishoken" trademark in place of Ningyocho Taishoken. However, the Defendant's Representative had anticipated that other affiliated restaurants that received noren-wake from Ningyocho Taishoken could continue using the shop name "Taishoken" by right even after the registration of the trademark by the Defendant.

B. On or around January 1996, after the Defendant obtained a registration of establishment of the Trademark, D called A, the representative of Asakusabashi Taishoken, informing that it had acquired the trademark right concerning the "Taishoken" trademark but Asakusabashi Taishoken could continue using "Taishoken" as its shop name. When speaking with A, D did not recognize the need to conclude an agreement to grant a non-exclusive license under the Trademark Act, nor did D understand the meaning of a non-exclusive license in the first place. Therefore, no written agreement to grant a non-exclusive license was made between them, and besides that, they did not talk about any royalty arrangement, including whether royalty is needed at all, or even mention the word "non-exclusive license." Although A understood and agreed to the proposal to the extent of what A heard from D in the conversation as mentioned above, A did not specifically recognize its legal meanings.

D told the same thing as D had told to Asakusabashi Taishoken to the shop in especially close relationship (Honcho-ten, not in business now), among affiliates of Ningyocho-kei Taishoken other than Asakusabashi Taishoken. However, D rarely had kept contact with those other affiliates, and neither the Defendant's Representative nor D had talks as above with the other affiliates.

No. 4-1(3) Operation of the Plaintiff (Higashi Ikebukuro Taishoken) (Exhibit Ko 17)

A. The founder of the Plaintiff, E' (referred to below as "E") opened a ramen shop named "Taishoken" in Higashi Ikebukuro (Higashi Ikebukuro Taishoken) in 1961, which was later incorporated as a stock company run by the Plaintiff on May 15, 2007. Higashi Ikebukuro Taishoken gained popularity for its specialty dish, "morisoba (tsukemen) (ramen noodles served with a warm dipping broth)," and E came to be

known as the originator of tsukemen or the god of ramen and be introduced in books, television programs and a theater movie. The ramen shop in Higashi Ikebukuro, which was once closed owing to E's health problem and redevelopment of surrounding areas, was resumed at a place near the original location by the current representative of the Plaintiff who took over the business, and is offering "tsukemen" (tokusei morisoba [specially made morisoba]) as its main specialty dish. In addition, there are a number of ramen shops franchised by Higashi Ikebukuro Taishoken by way of noren-wake ("Taishoken Norenkai" franchisees) in Tokyo and neighboring prefectures.

B. The Plaintiff has filed an application for registration of the trademark related to "Taishoken" for goods or services that had not been registered by third parties. The Plaintiff also filed requests for trial for rescission of trademark registrations regarding trademarks not in use with respect to goods and services that had already been registered by third parties since around 2017.

Meanwhile, in 2023, the Plaintiff filed an application for registration of the trademark consisting of standard characters "大勝軒", designating services in Class 43, "providing foods and beverages; providing Chinese or other Oriental cuisine" (Trademark Application No. 2023-019806). In response to this application, a notice of reasons for refusal was issued on September 12, 2023, based on the reason that the applied trademark falls under Article 3, paragraph (1), item (vi) and Article 4, paragraph (1), item (xi) of the Trademark Act (the cited trademark is a trademark for which the Defendant holds the trademark right) (Exhibit Ko 18).

No. 4-2 Ground for rescission (an error in finding of a "non-exclusive licensee")

No. 4-2(1) The Defendant alleges that it and Asakusabashi Taishoken reached an agreement to grant a non-exclusive license to use the Trademark in or around January 1996, and that Asakusabashi Taishoken had used the Trademark during the period for which proof is required. A, the representative of Asakusabashi Taishoken, has submitted a written statement in line with these allegations (Exhibits Ko 9-2 and 9, and Exhibits Otsu 4 and 6).

No. 4-2(2) However, the results of the witness examination of A as a witness and the examination of Defendant's Representative conducted by the court were far from being sufficient to support the allegations mentioned above.

A. As the premises for discussing this issue, even if a trademark right holder indicated an attitude to tolerate a third party's use of a trademark identical to its registered trademark, such fact should not be easily relied upon as the evidence of the conclusion of an implied agreement to grant a royalty-free, non-exclusive license.

A non-exclusive license is a right to use a registered trademark for its designated

goods or services (Article 31, paragraph (2) of the Trademark Act), that is transferrable with the consent of the trademark right holder, or by way of due inheritance or other general succession (paragraph (3) of the same Article). Once registered, a non-exclusive license is effective against the trademark right holder or its exclusive licensee, or a subsequent exclusive licensee for the trademark right (paragraph (4) of the same Article). Considering the nature of a non-exclusive license as a right, it should be said that, in order to find the existence of an implied agreement to grant a non-exclusive license, the objective evidence of clear and affirmative intent to "grant a right," not mere "acquiescence," would be necessary.

B. In light of the above, although the court finds that D and A had a conversation as mentioned in No. 4-1(2)A. above in or around January 1996, D did not recognize the need to conclude an agreement to grant a non-exclusive license under the Trademark Act, nor did D even understand the meaning of a non-exclusive license, and did not even mention the word "non-exclusive license." No royalty arrangement, including whether the royalty is required, came up in their discussion. Although A understood and accepted the proposal to the extent of what A heard from D, A did not specifically recognize its legal meanings.

In the JPO Decision, the JPO raises the fact that the Defendant was in the position to manage the Trademark in place of the originator of the group (Ningyocho Taishoken) as the ground for finding the existence of an agreement to grant an exclusive license between the Defendant and Asakusabashi Taishoken. However, among a dozen of affiliates called "Ningyocho-kei Taishoken," the Defendant (which means D, who was a messenger of the then representative) only talked with Asakusabashi Taishoken and Honcho-ten, which were in especially close relationship, to report the acquisition of the registration of the Trademark and to discuss the continued use of the shop name "Taishoken" after the acquisition. Therefore, it is difficult to find that the Defendant was "in the position to manage the Trademark in place of the originator of the group (Ningyocho Taishoken)."

As discussed thus far, in this case, no objective fact can be found to support that the Defendant had manifested its clear and affirmative intent to grant a right, namely a non-exclusive license. Therefore, it is impossible to find that an agreement to grant a non-exclusive license to use the Trademark was formed by the oral communication between D and A as mentioned above.

C. Meanwhile, even when an ordinary person not specialized in law has no knowledge of the legal term "non-exclusive license," it is still possible to find that an agreement to grant a non-exclusive license (an oral agreement) was concluded as long as that person

is found to have reached an agreement with the counterparty with the intent to give legal effect to a specific act according to the agreement. However, this is not the case for this lawsuit, because D has stated in the examination of the Defendant's representative that in D's view, Asakusabashi Taishoken was allowed to continue using the shop name "Taishoken" even after the registration of the Trademark by the Defendant (Pages 12 through 13 of the party's written statement), so it is obvious that the purpose of D's talk with A about the Trademark in or around 1996 was not to "affirmatively grant a right to use the Trademark" and therefore that D had no such intention to give legal effect to a specific act.

In fact, it can be found that Asakusabashi Taishoken had a right to continue using the "Taishoken" trademark as before, based on a right of continual use as prescribed in Article 3, paragraph (1) of the Supplementary Provisions to Act No. 65 of 1991; therefore, it did not need to secure a non-exclusive license, even from an objective viewpoint.

No. 4-2(3) As discussed above, it cannot be found that Asakusabashi Taishoken was granted a non-exclusive license to use the Trademark. Consequently, there is no proof of use of the registered trademark as provided in Article 50, paragraph (2) of the Trademark Act.

No. 5 Conclusion

As the findings and determination in the JPO Decision which are contrary to the above are found to be incorrect, the grounds for rescission of the JPO Decision as argued by the Plaintiff are well-grounded. Therefore, the court has decided to rescind the JPO Decision and renders its judgment as stated in the main text.

Intellectual Property High Court, Fourth Division

Presiding judge: MIYASAKA Masatoshi

Judge: MOTOYOSHI Hiroyuki

Judge: IWAI Naoyuki