

Date	September 13, 2012	Court	Intellectual Property High Court, Third Division
Case number	2012 (Gyo-Ke) 10002		
<p>– A case in which, with regard to the trademark in the plaintiff’s application, consisting of the alphabetical characters, “Kawasaki,” written in bold type that is similar to Arial Black (designated goods: Class 25, “clothing, belts, caps, gloves, ties, aprons”), the court rescinded the decision of the Japan Patent Office, on the grounds that this trademark does not fall under Article 3, paragraph (1), item (iii) or (iv) of the Trademark Act, and that even if it falls under either of these items, it still satisfies the requirement prescribed in paragraph (2) of said Article.</p>			

References:

Article 3, paragraph (1), items (iii) and (iv) and paragraph (2) of the Trademark Act

Summary of Judgment

1. The plaintiff filed an application for registration of a trademark shown below with respect to the designated goods in Class 25, “clothing, belts, caps, gloves, ties, aprons,” and was given a decision by an examiner of the Japan Patent Office (JPO) to refuse the application. In response to the plaintiff’s request for a trial against the examiner’s decision of refusal, the JPO rendered a decision to dismiss the request on November 15, 2011. Dissatisfied with this, the plaintiff filed a suit to seek rescission of the JPO decision.

## **Kawasaki**

The JPO determined that [i] the trademark in the application falls under Article 3, paragraph (1), item (iii) of the Trademark Act, [ii] the trademark in the application falls under item (iv) of said paragraph, and [iii] it cannot be found only from the evidence submitted by the plaintiff that this trademark has been well known among traders and consumers in Japan as a trademark indicating apparel goods pertaining to the plaintiff’s business and has acquired the capability of distinguishing the plaintiff’s goods from others.

2. Court’s decision

The court rescinded the JPO decision, holding as follows.

(1) JPO’s error in determining that the trademark in the application falls under Article 3, paragraph (1), item (iii) of the Trademark Act

Even where the trademark in the application is used for the designated goods, it will not remind dealers or consumers of Kawasaki City of Kanagawa Prefecture,

which is an ordinary geographical name, nor will it make them generally think that the designated goods are manufactured or sold within Kawasaki City.

Consequently, the trademark in the application cannot be regarded as a mark which, when used for the designated goods, indicates or describes the place of origin, place of sale or other characteristics of the goods and which any person wishes to use as a necessary or proper indication in trading, nor can it be regarded as being incapable of distinguishing the plaintiff's goods from others. Consequently, the allegation of the defendant (the JPO Commissioner) that the trademark in the application falls under Article 3, paragraph (1), item (iii) of the Trademark Act cannot be accepted.

(2) The JPO's error in determining that the trademark in the application falls under Article 3, paragraph (1), item (iv) of the Trademark Act

The trademark in the application should not be regarded as a mark "indicating, in a common manner," a common surname.

Consequently, the allegation of the defendant that the trademark in the application falls under Article 3, paragraph (1), item (iv) of the Trademark Act cannot be accepted.

(3) The JPO's error in determining that the trademark in the application falls under Article 3, paragraph (2) of the Trademark Act

For the sake of caution, the court examines whether or not the trademark in the application still satisfies the requirement prescribed in Article 3, paragraph (2) of the Trademark Act and therefore is eligible for registration, even if it falls under paragraph (1), item (iii) or (iv) of said Article.

Where a trademark for which registration is sought in an application has acquired the function to indicate the source of goods or services pertaining to a person's business as a result of having been used for a long time with respect to the goods or services pertaining to the person's business, such trademark is deemed to fall under Article 3, paragraph (2) of the Trademark Act. In light of the purpose of this clause, where the goods or services with respect to which such trademark has been used for a long time are different from the goods or services designated for the trademark in the application, if the trademark can still be regarded as having the function to indicate the source of goods even if it is used with respect to the designated goods or services, it should be construed that this trademark still falls under said paragraph.

In this case, the defendant raises no objection to the facts that: the trademark in the application seems to be identical to the trademark that the plaintiff actually uses; the goods designated for the trademark in the application are identical to those for which the trademark is actually used (apparel goods); and the trademark in the application is famous as a "motorcycle-related" brand.

Putting together the facts found from the evidence and the entire import of oral argument, it can be said that as a result of the plaintiff having used the trademark in the application for a long time with respect to its motorcycle-related business and other various business activities, this trademark, by the time that the JPO decision was rendered, had become famous and acquired the capability of distinguishing the plaintiff's goods from others when it is used not only in relation to motorcycles but also in a wide range of other fields. Also considering that apparel goods carrying the trademark in the application have been sold via the plaintiff's subsidiary company for a long time, it is reasonable to find that this trademark also has the capability of distinguishing the plaintiff's goods from others when it is used for apparel goods.

In short, it is found that at the time when the JPO decision was rendered, if the plaintiff used the trademark in the application with respect to the designated goods, it enabled traders and consumers to recognize whose business those goods carrying this trademark pertain to, and therefore this trademark can be considered to have the function to indicate the source of goods.

Consequently, the trademark in the application falls under Article 3, paragraph (2) of the Trademark Act.

Judgment rendered on September 13, 2012

2012 (Gyo-Ke) 10002, Case of Seeking Rescission of a JPO Decision

Date of conclusion of oral argument: July 17, 2012

## Judgment

Plaintiff: Kawasaki Heavy Industries, Ltd.

Defendant: Commissioner of the Japan Patent Office

### Main text

1. The trial decision rendered by the Japan Patent Office (JPO) on November 15, 2011 with respect to Trial against Examiner's Decision of Refusal No. 2010-21611 shall be rescinded.
2. The court costs shall be borne by the defendant.

### Facts and reasons

#### No. 1 Claims

The same effect as those mentioned in the main text.

#### No. 2 Undisputed facts

1. On July 13, 2009, the plaintiff filed an application for registration of a trademark shown in the attachment "Trademark" with respect to the designated goods in Class 25 "clothing, belts, caps, gloves, ties, aprons, wristbands" (hereinafter referred to as the "Trademark") and further amended the designated goods to those in Class 25 "clothing, belts, caps, gloves, ties, aprons" by the written amendment of procedures dated January 27, 2010. However, on June 25 of the same year, the plaintiff received a decision of refusal; and thus, on September 27 of the same year, the plaintiff filed a request for a trial against the examiner's decision of refusal (Trial against Examiner's Decision of Refusal No. 2010-21611). However, the JPO rendered a decision ("JPO Decision") to dismiss the request on November 15, 2011, and the transcript of such decision was served to the plaintiff on December 2 of the same year.

#### 2. Reasons for the JPO Decision

The reasons for the JPO Decision are as mentioned in the copy of the attached JPO Decision. In summary, the JPO determined as follows: [i] The Trademark is a trademark solely consisting of a mark that indicates the place of origin or place of sale of the goods, which are manufactured and sold in Kawasaki city, Kanagawa prefecture, and falls under Article 3, paragraph (1), item (iii) of the Trademark Act; [ii] The letters "Kawasaki," which constitute the Trademark, are the same as the common surname "Kawasaki" written in alphabetic characters, and thus the Trademark consists solely of

a mark indicating, in a common manner, a common surname and it falls under Article 3, paragraph (1), item (iv) of the Trademark Act; [iii] The evidence submitted by the applicant (plaintiff) is not enough to find that the Trademark has been well-known among traders and consumers in Japan as a trademark indicating apparel goods pertaining to the plaintiff's business and has acquired the capability of distinguishing the plaintiff's goods from another party's goods.

No. 3 Allegations made by the parties

1. Grounds for rescission alleged by the plaintiff

The JPO Decision is illegal for containing the following errors and should be rescinded: [i] errors in determining that the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act (Grounds for Rescission No. 1); [ii] errors in determining that the Trademark falls under item (iv) of said paragraph (Grounds for Rescission No. 2); and [iii] errors in making determination as to whether or not the Trademark falls under paragraph (2) of said Article (Grounds for Rescission No. 3).

(Omitted)

No. 4 Court decision

This court finds that the grounds for rescission alleged by the plaintiff have a legal basis and that the JPO Decision is illegal and should be rescinded as summarized below.

1. Facts found

According to the evidence submitted and the entire import of oral argument, the following facts are found.

(1) The Trademark is as shown in the attachment "Trademark," wherein the alphabetic characters "Kawasaki" are written with an emphasis in bold type, which is similar to Arial Black, and in an extremely unified manner, with narrow character spacing. Thus, the Trademark may be found to have a characteristic appearance that gives the impression of dynamism, dignity, and consistency to persons who see it.

(2) In its decision, the JPO cited statements from dictionaries listing the term "川崎 (Kawasaki in kanji characters)" to mean Kawasaki City of Kanagawa Prefecture, as well as articles printed in Tokyo Shimbun, Asahi Shimbun, Mainichi Shimbun, and Nikkan Kogyo Shimbun, and articles posted on websites of associations and companies (including URLs) wherein "Kawasaki City" is written by using the alphabetic characters "KAWSAKI," "Kawasaki," or "kawasaki" as the grounds for finding that the Trademark falls under Article 3, paragraph (1), item (iii) of the

Trademark Act. However, these citations do not include examples where the alphabetic characters "Kawasaki" are used for apparel goods or are written in a manner identical or similar to the Trademark (Section "(1) Reason No. 1" in Exhibit Otsu No. 3 and the entire import of oral argument). Among the abovementioned examples, the sign used on the website for Kawasaki Kyujo (Kawasaki Ballpark) looks similar to the Trademark. However, this sign was later changed to one that is not similar to the Trademark (Exhibit Ko No. 464).

(3) The results of the questionnaire survey on the brand image (a quantitative survey using the Internet and targeted at 4,266 men and women between the ages of 18 and 69 years old; the survey was conducted from the 10th to 12th of May 2011) that was conducted by INTAGE Inc., a research firm, based on entrustment from the plaintiff are as follows (Exhibit Ko No. 217). The survey was targeted at persons who satisfy the requirement that they are not engaged in any business related to advertisement, market research, or media.

A. On the computer screen, the Trademark was displayed alone and then the following question was asked: "Q1. What comes to mind when you see this logo? Please write freely about the impressions you get from this logo."

Among the 1,407 answers obtained in total for this question, most respondents (925) answered that they were reminded of things related to motorcycles; 67 respondents were reminded of sporting goods (including tennis rackets, etc.); 66 respondents were reminded of corporate-related things; 65 respondents were reminded of ships and the ocean, vehicles, aviation and space, machinery business, motors, engines or precision equipment; 39 respondents were reminded of a geographical name (Kawasaki City of Kanagawa Prefecture); 12 respondents only stated "川崎" or "カワサキ (Kawasaki in Chinese characters or katakana characters)"; and 75 respondents answered that they had no idea or were reminded of nothing.

By age bracket, the percentage of those reminded of a geographical name (Kawasaki City of Kanagawa Prefecture) was slightly higher for women in their 20s, but it was only about 10% of the women in the same age bracket.

B. On the computer screen, the Trademark was displayed and then the following question was asked: "Q2. When you saw see this logo, what kind of logo did you think this is? Please choose the most appropriate answer from among the following: logo for a goods or service brand, logo for a municipality, local authority, or government office, logo for a corporate brand, logo for a sole proprietorship or independently owned business, logo for a business brand or other specific entity or thing."

This question was answered by 1,187 respondents. Most chose "logo for a

corporate brand" (71.0%); 13.6% chose "logo for a goods or service brand"; 7.8% chose "logo for a business brand"; 3.1% chose "logo for a municipality, local authority, or government office"; and 1.5% chose "logo for a sole proprietorship or independently owned business."

By age bracket, the percentage of those who thought the Trademark was a "logo for a municipality, local authority, or government office" was slightly higher among teenagers (18 to 19 years old), but it was only about 10 to 11% of all the teenagers surveyed, most of whom chose "logo for a corporate brand."

(4) The results of the second questionnaire survey on the brand image (a quantitative survey using the Internet targeted at 3,968 men and women between the ages of 18 and 69 years old; the survey was conducted from the 21st to 26th of December 2011) conducted by INTAGE, Inc. based on entrustment by the plaintiff are as follows (Exhibit Ko No. 315). This survey was targeted at persons other than the targets of the survey mentioned in (3) above and who satisfy the requirement that they are not engaged in any business relating to advertisement, market research, or media. Although this survey was conducted after about a month had passed from the rendition of the JPO Decision, there seemed to have been no specific changes in the circumstances, and thus the results of this survey may be found to have reflected the actual circumstances at the time of rendition of the JPO Decision.

A. On the computer screen, apparel goods (caps, T-shirts, jackets, hooded sweatshirts, earmuffs) affixed with the Trademark were shown and the following question was asked: "Q1. What comes to mind when you see this logo? Please write freely about the impression you get from this logo."

The question was answered by 1,288 respondents; and while most of them were reminded of motorcycle-related things (670 respondents), 73 respondents were reminded of sporting goods (including tennis rackets, etc.), 78 respondents were reminded of football-related things, 40 respondents were reminded of corporate-related things, 4 respondents were reminded of ships and the ocean, aviation and space, machinery business, motors, or engines, 64 respondents were reminded of a geographical name (Kawasaki City of Kanagawa Prefecture), 15 respondents were reminded of personal names, 33 respondents stated just "川崎" or "カワサキ," and 34 respondents answered that they had no idea.

B. Next, on the computer screen, apparel goods (caps, T-shirts, jackets, hooded sweatshirts and earmuffs) affixed with the Trademark were shown and the following question was asked "Q2. When you saw this logo, what kind of logo did you think this is? Please choose the most appropriate answer from among the following: logo for a

goods or service brand, logo for a municipality, local authority, or government office, logo for a corporate brand, logo for a sole proprietorship or independently owned business, logo for a business brand or other specific entity or thing."

This question was answered by 1,146 respondents; and while most of the respondents (60.8%) chose "logo for a corporate brand," 13.0% chose "logo for a goods or service brand," 9.4% chose "logo for a business brand," 10.4% chose "logo for a municipality, local authority, or government office," and 2.2% chose "logo for a sole proprietorship or independently owned business."

By age bracket, while the percentage of those who chose "logo for a municipality, local authority, or government office" was higher among teenagers (18 to 19 years old), the percentage was only 21.7% for male teenagers and 38.5% for female teenagers.

(5) Based on these facts, this court will determine the issues as follows.

2. Regarding Grounds for Rescission No. 1 (errors in determining that the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act)

In its decision, the JPO determined that the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act for the following reasons: "The Trademark only indicates the alphabetic characters 'Kawasaki' in a common manner and enables consumers to easily recognize that it indicates Kawasaki City of Kanagawa Prefecture. Thus, when the Trademark is used for its designated goods, traders and consumers who see it would only recognize that the goods have been manufactured and sold in Kawasaki City of Kanagawa Prefecture, in other words, that the Trademark indicates the place of origin or place of sale of the goods. As such, the Trademark is a trademark that consists solely of a mark indicating, in a common manner, the place of origin or place of sale of the goods manufactured and sold in Kawasaki City of Kanagawa Prefecture." However, the abovementioned determination made in the JPO Decision is questionable for the following reasons.

It should be construed that it is prescribed that the trademarks listed in Article 3, paragraph (1), item (iii) of the Trademark Act do not satisfy the requirement for registration as a trademark for the following reasons: [i] They are marks that indicate or describe the place or origin, place of sale, or any other characteristics of the goods and that any person wishes to use as a necessary or proper indication in trading. Thus it is inappropriate, in terms of public interest, to allow a specific person to exclusively use such marks; [ii] Moreover, they are generally used marks which, in many cases, lack the capability of distinguishing their own goods/services from another party's goods/services and are incapable of performing the function required of a trademark (see judgment of the Third Petty Bench of the Supreme Court of April 10, 1979,

Saibanshu, Minji No. 126 at 507 [Hanrei Jiho No. 927 at 233]). In addition, in order to find that the trademark in the application for trademark registration is "a trademark which consists of a mark indicating solely, in a common manner, the place of origin or place of sale of goods," it is not necessarily required that the relevant designated goods actually be produced or sold at the place indicated by the relevant trademark, and it would be sufficient for the consumer or trader to generally recognize that the designated goods are produced or sold at the place indicated by the trademark (see the judgment of the First Petty Bench of the Supreme Court of January 23, 1986, Saibanshu Minji No. 147 at 7 [Hanrei Jiho No. 1186 at 131]).

Based on the abovementioned standpoint, this court will examine whether or not the Trademark falls under "trademark which consists of a mark indicating solely, in a common manner, the place of origin or place of sale of goods" as prescribed in said item.

According to the facts found in 1.(1) above, the Trademark consists of the alphabetic characters "Kawasaki," which are written with an emphasis in bold type, similar to Arial Black, and in an extremely unified manner with narrow character spacing. Thus, it cannot be found to be a mere indication in Gothic font and has a characteristic appearance which gives an impression of strength, dignity and consistency to persons who look at it. Based on this appearance, the Trademark is different from the mere indication of the alphabetic characters "Kawasaki" in terms of impression and thus cannot be found to be an indication that unambiguously reminds the average person of Kawasaki City of Kanagawa Prefecture.

In addition, according to the facts found in 1.(2) above, although Kawasaki City of Kanagawa Prefecture is often written in alphabetic characters, such as "Kawasaki" or "KAWASAKI," it may not be found that the average person who sees the alphabetic characters "Kawasaki" or "KAWASAKI" would normally be reminded of the city from such characters as the place of origin or place of sale of goods, unlike in the case where the characters "Kawasaki" are written in Chinese characters.

Moreover, according to the facts found in 1.(3) above, the survey conducted against at least 1,000 Japanese men and women between the ages of 18 and 69 years old by having them look at the Trademark alone has shown that at least half of the respondents were reminded of motorcycle-related things while only 3.1% of all respondents were reminded of Kawasaki City of Kanagawa Prefecture. Furthermore, according to the facts found in 1.(4) above, the survey conducted against at least 1,000 Japanese men and women between the ages of 18 and 69 years old by having them look at the Trademark affixed to apparel goods has shown that only 10.4% of the

respondents were reminded of Kawasaki City of Kanagawa Prefecture.

Taking into consideration the abovementioned findings in a comprehensive manner, it should be said that even if the Trademark is used for its designated goods, it will not remind consumers or traders of Kawasaki City of Kanagawa Prefecture, which is an ordinary geographical name, nor will it lead them to generally understand that the relevant designated goods are produced or sold within Kawasaki City.

In this regard, the defendant alleges that the results of the survey shown in Exhibit Ko No. 217 do not show what ideas the Trademark genuinely evoked for respondents because the first question (Q1) uses the term "logo," which makes the respondents think about the fact that what they were looking at fell under the category of trademarks. However, the term "logo" is "an abbreviation of 'logotypes' and means a symbol of the word" (Exhibit Ko No. 312) and means "[a] To combine two or more words and print them as a piece of type; [b] A fixed abbreviated form. A fixed typeface or symbol mark, such as trademarks. Logotype" (Exhibit Ko No. 311). Thus, it may be presumed that the term is generally understood and used to refer to stylized letters, etc. and it cannot be said that the term is promptly recognized as a trademark.

The defendant alleges that in the results of the survey mentioned in 1.(3) above, 51 respondents answered that they were reminded of "a geographical name (Kawasaki City of Kanagawa Prefecture)" and/or "only 川崎・カワサキ." However, in light of the fact that a total of 1,407 answers were obtained for the question in the abovementioned survey, the number of first-mentioned answers only accounts for about 3.6% of all answers. Moreover, it cannot necessarily be said that the relevant respondents chose the answer "only 川崎・カワサキ" because they were simply being reminded of a geographical name, and thus it is not appropriate to deem that the respondents including those who chose the answer "only 川崎・カワサキ" were reminded of a geographical name from the Trademark.

As described above, the Trademark cannot be regarded as a mark which, when used for its designated goods, indicates or describes the place of origin, place of sale, or other characteristics of the goods and which any person wishes to use as a necessary or proper indication in trading, nor can it be regarded as being incapable of distinguishing the plaintiff's goods from another party's goods.

Accordingly, the defendant's allegation that the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act cannot be accepted.

3. Regarding Grounds for Rescission No. 2 (errors in determining that the Trademark falls under Article 3, paragraph (1), item (iv) of the Trademark Act)

In its decision, the JPO determined that the Trademark falls under Article 3,

paragraph (1), item (iv) of the Trademark Act by holding as follows: "It is appropriate to find that the characters 'Kawasaki' would be easily recognized as indicating the surname 'Kawasaki' in alphabetic characters. In addition, [...] the surname 'Kawasaki' may be found to be common in Japan. As such, it should be said that the Trademark, which consists of the characters 'Kawasaki,' is a trademark that indicates the common surname 'Kawasaki' in alphabetic characters, and thus the Trademark consists solely of a mark that indicates a common surname in a common manner." However, the determination made in the JPO Decision is questionable for the following reasons.

The plaintiff has raised no objections to the facts that "Kawasaki" is a common surname and that the alphabetic characters "Kawasaki" are an indication of the surname in English.

However, as found in 1.(1) above, the Trademark is one wherein the alphabetic characters "Kawasaki" are written with an emphasis in bold type which is similar to Arial Black and in an extremely unified manner, with narrow character spacing. Thus, it cannot be found to be a mere indication in Gothic font, but rather, it has a characteristic appearance that gives the impression of strength, dignity, and consistency to persons who see it. In light of its appearance, the Trademark is different from the mere indication of the alphabetic characters "Kawasaki" in terms of impression, and thus, it cannot be found to be an indication that unambiguously reminds the average person of a surname.

In addition, in its decision, the JPO cited examples wherein the surname "Kawasaki" is written in alphabetic characters such as "KAWASAKI," "Kawasaki," or "kawasaki" ("(2) Reason No. 2" in Exhibit Otsu No. 3). However, none of these examples are indicated in a manner identical or similar to that of the Trademark.

According to the results of the survey found in 1.(3) above, while more than half of the respondents were reminded of things related to motorcycles when the Trademark was presented alone, none of the respondents clearly answered that the Trademark reminded them of "a personal name," and only 1.5% of all respondents answered that they thought the Trademark was "a logo for a sole proprietorship or individually owned business." Moreover, according to the results of the survey found in 1.(4) above, when the Trademark was presented by being affixed to apparel goods, only about 1% of all respondents said that the Trademark reminded them of "a personal name" while only 2.2% of all respondents answered that they thought the Trademark was a "logo for a sole proprietorship or individually owned business." In other words, it can be said that there were hardly any respondents who were reminded of the surname "Kawasaki" from the Trademark and it should be construed from such results of the survey that the

Trademark is not a mark that "indicates, in a common manner" a common surname.

Accordingly, the defendant's allegation that the Trademark falls under Article 3, paragraph (1), item (iv) of the Trademark Act cannot be accepted.

4. Regarding Grounds for Rescission No. 3 (errors in making determination as to whether or not the Trademark falls under Article 3, paragraph (2) of the Trademark Act)

As mentioned in 2. and 3. above, the defendant's allegations that the Trademark falls under Article 3, paragraph (1), items (iii) and (iv) of the Trademark Act cannot be accepted, and the grounds for rescission alleged by the plaintiff can be found to have legal basis in this regard alone.

Yet, as mentioned above, it may be said that the capability of distinguishing the plaintiff's goods from another party's goods held by the Trademark, which is a characteristic indication unlike the mere indication of the alphabetic characters "Kawasaki," affects the determination on whether or not the Trademark falls under paragraph (1), items (iii) and (iv) of said Article. Thus, for the sake of caution, the court will examine whether or not the Trademark still satisfies the requirements under paragraph (2) of said Article and is eligible for registration, even if it falls under item (iii) or (iv) of said paragraph.

(1) In its decision, the JPO determined as follows: "The sales of goods affixed with the Trademark amounted to approximately 500 million yen over the past three years. It is almost the same as if no evidence has been submitted to specifically support the famousness of the Trademark with respect to its designated goods in relation to the sales volume, market share, and advertisement status of such goods. The evidence submitted by the applicant is not enough to find that the Trademark has been well known among traders and consumers in Japan as a trademark that indicates apparel goods pertaining to the business of the applicant and has acquired the capability of distinguishing its own goods from another party's goods."

The abovementioned determination is based on the premise that the Trademark must have acquired the capability of distinguishing its own goods from another party's goods as a famous mark as a result of having been used for its designated goods, i.e., apparel goods, in order to satisfy the requirement under Article 3, paragraph (2) of the Trademark Act. However, this premise is erroneous.

More specifically, said paragraph prescribes that "a trademark [...] may be registered if, as a result of the use of the trademark, consumers are able to recognize the goods or services as those pertaining to a business of a particular person"; it does not prescribe that the relevant trademark must have acquired the capability of

distinguishing its own goods from another party's goods as a result of having been used for its designated goods or services. Moreover, the purpose of said paragraph is to allow the registration of trademarks that fall under any of items (iii) to (v) of said paragraph based on the idea that such trademarks are empirically found to acquire the function of indicating the source in close connection with its goods or services as a result of having been used by a specific person for a long period of time for goods or services pertaining to his/her business, and that a special distinctiveness arises in such case. Thus, it may be construed that a trademark in an application for trademark registration falls under paragraph (2) of said Article if the trademark has acquired the function of indicating the source in relation to the goods or services pertaining to the business of a specific person as a result of having been used for a long period of time for said goods or services pertaining to the business of such person. Moreover, in light of the abovementioned purpose, it should be construed that the relevant trademark still falls under said paragraph in the case where the goods or services for which the trademark has been used for a long period of time are different from the designated goods or services of said trademark but the trademark is found to have the function of indicating the source even if it is used for its designated goods or services.

(2) This court will examine this point in relation to this case.

A. The defendant has raised no objections to the following facts: [i] the Trademark seems to be identical to the trademark that the plaintiff actually uses; [ii] the designated goods of the Trademark are identical to the goods for which the trademark is actually used (apparel goods); and [iii] the Trademark is famous as a mark representing a "motorcycle-related" brand.

B. According to the evidence and entire import of oral argument, the following facts are found.

(A) The plaintiff started to use the Trademark in the 1970s and, at first, used it for motorcycles, which are its key products. In the 1980s, the company-wide use of the Trademark started as a mark referring to the plaintiff and the Kawasaki Heavy Industries Group as a whole, and until now, the Trademark has been continuously and consistently used for more than 20 years for items such as products and catalogues related to the plaintiff's business (ship and marine business, vehicle business, aviation and space business, gas turbine and machinery business, plant construction and environment business, motorcycle and engine business, precision machinery business and other business) (Exhibits Ko No. 8 through No. 12), advertisements shown in brochures, national papers, regional papers and trade papers, or magazines, and in public spaces such as airports and train stations (Exhibits Ko No. 21 through No. 208),

transaction documents, business cards, business envelopes (Exhibit Ko No. 242), letterheads (Exhibit Ko No. 243), Internet and websites (Exhibits Ko No. 1, No. 23 and No. 241), company brochures (Exhibits Ko No. 3 and No. 234), materials for shareholders and investors (Exhibits Ko No. 236 through No. 240 and No. 244), a job information website for students (Exhibit Ko No. 246), and "カワサキバイクマガジン (Kawasaki Baiku Magazine (Kawasaki Motorcycle Magazine))" (Exhibits Ko No. 248) (entire import of oral argument).

At the storefront of more than 700 Kawasaki authorized dealers that exist throughout the nation, the Trademark is prominently displayed as a storefront sign (Exhibits Ko No. 13 and No. 335).

The Trademark is also displayed in the book *Famous Trademarks in Japan*, published by the International Association for the Protection of Intellectual Property in Japan (AIPPI JAPAN) in 2004 (Exhibit Ko No. 250).

The plaintiff's advertisement expenses (consolidated basis) fell within the range of 12.5 to 14.6 billion yen for the period from FY2005 until FY2008 and continued to fall within the range of 7.7 to 7.9 billion yen in FY2009 and FY2010, when the plaintiff was affected by the economic recession. The Trademark is used for every advertisement activity of the plaintiff and the Kawasaki Heavy Industries Group (Exhibits Ko No. 320 through No. 324 and the entire import of oral argument).

(B) Since 1989, apparel goods affixed with the Trademark (T-shirts, polo shirts, sweat shirts, hooded sweatshirts, windcheaters, blousons, jackets, ponchos, coats, aprons, caps, gloves, ties and belts, etc.) have been sold through Kawasaki Motors Corporation Japan, a wholly owned subsidiary of the plaintiff, and 10 or 20 thousand copies of the catalogue of products have been issued twice a year (Exhibits Ko No. 8, No. 11, No. 15, No. 316-1 through No. 316-7 and No. 364 through No. 404, entire import of oral argument). This catalogue is mainly distributed to users who purchased Kawasaki motorcycles and to Kawasaki authorized dealers throughout the nation. It is also distributed as electronic information through the Internet or website,; and since 2008, goods printed on the catalogues have also become available for purchase online (Exhibit Ko No. 12). Moreover, advertisements for the abovementioned apparel goods are published on multiple motorcycle magazines on a regular basis (Exhibits Ko No. 405 through No. 450).

The plaintiff collaborated with UNIQLO Co., Ltd., an apparel company, and sold T-shirts affixed with the Trademark at UNIQLO stores throughout the nation (about 700 stores as of March 2007) in 2006, late March 2007, April 2008, and January 2009. Furthermore, the plaintiff sold T-shirts affixed with the Trademark only at Kawasaki

authorized dealers throughout the nation in November 2006; in every case, the T-shirts were sold out (Exhibits Ko No. 451 through No. 456).

Over the past 10 years, the plaintiff has been sponsoring "VISSEL KOBE," a professional football team playing in the Japanese J1 league, and the Trademark has been indicated on the upper part of the back of the team uniform, which can be purchased by supporters at sporting-goods store across the country (Exhibits Ko No. 15-5 and No. 15-6, No. 19 and No. 20, entire import of oral argument).

The sales of apparel goods affixed with the Trademark over the past three years have exceeded 500 million yen (entire import of oral argument). Since the total sales turnover for retail sales of clothing in Japan amounted to approximately 15 trillion yen in 2010 (Exhibit Otsu No. 7), the plaintiff cannot be found to have a large market share in the entire apparel business, but nor can it be said that the plaintiff's sales volume itself is very little.

(C) The results of the survey on the brand image conducted twice by a research company based on entrustment by the plaintiff are as found in 1. above. The percentage of respondents who were reminded of motorcycle-related things was the largest in both cases where the Trademark was presented alone and where apparel goods affixed with the Trademark were presented, followed by the percentages of those reminded of sporting goods (including football-related things) and those reminded of corporate-related things. These three answers make up the majority of all the answers. When apparel goods affixed with the Trademark were presented, more than 80% of all respondents answered that they thought that the Trademark was either a "logo for a corporate brand," "logo for a goods or service brand" or "logo for a business brand."

C. Putting together the abovementioned facts, it can be said that as a result of the plaintiff having used the Trademark for a long period of time with respect to its motorcycle-related business and other various business activities, the Trademark, by the time the JPO Decision was rendered, had become famous, and it acquired the capability of distinguishing the plaintiff's goods from another party's goods when it is used not only in relation to motorcycles but also in a wide range of other fields. Also considering that apparel goods carrying the Trademark have been sold via the plaintiff's subsidiary for a long period of time, it is reasonable to find that the Trademark also has the capability of distinguishing the plaintiff's goods from another party's goods when it is used for apparel goods.

In short, it is found that at the time when the JPO Decision was rendered, even if the plaintiff used the Trademark with respect to its designated goods, it enabled traders

and consumers to recognize whose business those goods carrying the Trademark pertain to, and therefore, the Trademark can be considered to have had the function of indicating the source of goods.

(3) Consequently, it should be said that the Trademark falls under Article 3, paragraph (2) of the Trademark Act, and thus, the determination made in the JPO Decision in this regard is also erroneous.

#### No. 5 Conclusion

As described above, all of the grounds for rescission alleged by the plaintiff have legal basis and thus the JPO Decision is illegal and should be rescinded. The defendant makes other counterarguments in detail but none of them is acceptable. Therefore, the JPO Decision shall be rescinded and the judgment shall be rendered in the form of the main text.

Intellectual Property High Court, Third Division

Presiding Judge: SHIBATA Toshifumi

Judge: OKAMOTO Gaku

Judge: TAKEMIYA Hideko

Attachment

Trademark

**Kawasaki**