

Trademark Right	Date	June 23, 2020	Court	Intellectual Property High Court, First Division
	Case number	2019(Gyo-Ke) 10147		

- Whether or not a trademark has acquired distinctiveness pursuant to Article 3, paragraph (2) of the Trademark Act should be determined by comprehensively taking into consideration the following factors; namely, the period and area of use of the trademark, the sales volume and business scale of goods, the period and scale of advertisement and other circumstances surrounding use, the existence of another business operator's goods that adopted the same trademark or a similar trademark, and the significance of the role played by the trademark when goods are identified and selected. Upon determining whether or not a single color without an outline has acquired distinctiveness by itself through use, it is also necessary to consider the public interest of avoiding the case where business operators, who provide designated goods, are unjustly restricted from freely using colors.

- Even if a color trademark for orange without an outline has been used for a long time on the designated goods of hydraulic excavators, it cannot be said that the use consequently led to the acquisition of distinctiveness and that the color should be granted registration as a trademark pursuant to Article 3, paragraph (2) of the Trademark Act given the following circumstances as per the findings of the present case; namely, [i] orange being a color that is generally adopted in construction sites and the like, [ii] there being a considerable number of business operators using a color that is similar to that of the above trademark in the fields of hydraulic excavators and of construction machinery which share the same consumers as hydraulic excavators, and of agricultural machines and forest machinery in which hydraulic excavators are used, [iii] in transactions involving construction machinery such as hydraulic excavators, a product's functions and reliability being factors for consideration and the role played by the vehicle body color being considered insignificant in product selection and purchase, and [iv] there also being a requirement, in terms of public interest, for avoiding the case of unjustly restricting business operators from freely using colors.

References: Article 3, paragraph (2) of the Trademark Act

Related rights, etc.: Trademark Application No. 2015-29999; Appeal against Examiner's Decision of Refusal No. 2017-2498

Summary of the Judgment

1. Plaintiff filed an application for trademark registration of a color consisting of taxi yellow only (Munsell value: 0.5 YR 5.6 / 11.2) with designated goods that include "Hydraulic excavators; Coal loaders; Loaders that run on wheels; Wheel loaders; Road rollers" in class 7 (Trademark). Plaintiff received a rejection decision and appealed the case, and on the same date, also filed a procedural amendment to change the applied trademark to consist of orange only (Munsell value: 0.5 YR 5.6 / 11.2) and to change the designated goods to "Hydraulic

excavators" in class 7.

The JPO rendered a decision as follows. The Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act and not under Article 3, paragraph (2) of the same Act, so that the Trademark cannot be granted registration, and thus "the request for a trial of the present case is groundless" (JPO Decision).

The lawsuit of the present case is one in which Plaintiff seeks rescission of the JPO Decision, and the reasons for rescission concern incorrect determination as to the applicability of Article 3, paragraph (2) of the Trademark Act.

2. The court of the present case dismissed Plaintiff's request for trial by holding as follows (Judgment).

(1) The parties are not in dispute over the fact that the Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act. Paragraph (2) of the same Article provides, as a case of exception to paragraph (1), items (iii) to (v) of the same Article, that registration is granted for a trademark "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". The purport of this provision is interpreted as follows. If a specific person can show that he/she has actually used the trademark continuously, as a source indicator for the goods pertaining to the person's business, exclusively over many years without the trademark being used by any other person, it can be said that the trademark has acquired distinctiveness as a case of exception, and furthermore, if such exclusive use by said specific person is approved in the industry for the goods concerned, as a matter of practice, it can be said that there is little need, in terms of public interest, to make the opportunity to use the trademark available to other business operators, so that the trademark should be granted registration.

In addition, whether or not a trademark has acquired distinctiveness through use should be determined by comprehensively taking into consideration the following factors; namely, the period and area of use of the trademark, the sales volume and business scale of goods, the period and scale of advertisement and other circumstances surrounding use, the existence of another business operator's goods that adopted the same trademark or a similar trademark, and the significance of the role played by the trademark when goods are identified and selected. Furthermore, upon determining whether or not a single color without an outline has acquired distinctiveness by itself through use, it is also necessary to consider the public interest of avoiding the

case where business operators, who provide designated goods, are unjustly restricted from freely using colors.

- (2) Plaintiff has engaged in the sales, for a long time and to a considerable extent, of hydraulic excavators which use the color of the Trademark on at least part of the vehicle body color. Plaintiff has also engaged continuously in advertising said hydraulic excavators, and while it can be said that the color of the Trademark has acquired a certain degree of recognition, it cannot be said, given the manners of use and advertising, that the color of the Trademark is recognizable among consumers as an independent source indicator. Furthermore, upon comprehensively taking into consideration the following circumstances; namely, that the Trademark consists of a single color without an outline and that the color is one which is generally adopted at construction sites and the like, and that there are a considerable number of business operators, other than Plaintiff, using a color that is similar to that of the Trademark in the fields of hydraulic excavators and of construction machinery which share the same consumers as hydraulic excavators, and of agricultural machines and forest machinery in which hydraulic excavators are used, and that, in transactions involving construction machinery such as hydraulic excavators, a product's functions and reliability are factors for consideration and the role played by the vehicle body color is considered insignificant in product selection and purchase, and that there is also the need, in terms of public interest, to avoid the case where business operators are unjustly restricted from freely using colors, it cannot be said that the Trademark has acquired distinctiveness as a result of use, and it cannot therefore be said that registration should be granted pursuant to Article 3, paragraph (2) of the Trademark Act.

Judgment rendered on June 23, 2020

2019 (Gyo-Ke) 10147 A case of seeking rescission of the JPO decision

Date of conclusion of oral argument: March 12, 2020

Judgment

Plaintiff: Hitachi Construction Machinery Co., Ltd.

Defendant: Commissioner of JPO

Main text

1. Plaintiff's claim shall be dismissed.
2. Court costs shall be borne by Plaintiff.

Facts and reasons

No. 1 Claim

The decision made by the JPO on September 19, 2019 for the case of Appeal against Examiner's Decision of Refusal No. 2017-2498 shall be rescinded.

No. 2 Outline of the case

1. Histories and the like of the procedures at JPO

- (1) On April 1, 2015, Plaintiff filed an application for registration of the trademark, which is specified by the descriptions of "Trademark for which registration is sought", as indicated in Attachment 1, as well as "Detailed descriptions of the trademark", as indicated in Attachment 2, and which consists of a color only (hereinafter referred to as "Applied Trademark"), with the designated goods of "Hydraulic excavators; Coal loaders; Loaders that run on wheels; Wheel loaders; Road rollers" in Class 7, and "Dump trucks for use in mines" in Class 12 (Trademark Application No. 2015-29999; Exhibit Ko 31).
- (2) Plaintiff received a decision of refusal on November 17, 2016 (Exhibit Ko 34). Then on February 21, 2017, Plaintiff filed an appeal against the

examiner's decision of refusal (Exhibit Ko 35), and on the same day, made procedural amendments to "Detailed descriptions of the trademark", as indicated in Attachment 2, by changing the content of Attachment 2 (1) to the content of Attachment 2 (2), and changing the designated goods to "Hydraulic excavators" in Class 7 (Exhibit Ko 79).

(3) The JPO tried the case of appeal as Appeal against Examiner's Decision of Refusal No. 2017-2498, and on September 19, 2019, ruled that the "request for an appeal of the present case is dismissed" (hereinafter referred to as "JPO Decision"), as indicated on the attached Decision by JPO (copy), and a certified copy of the decision was delivered to Plaintiff on October 1 of the same year.

(4) On October 30, 2019, Plaintiff filed the lawsuit of the present case seeking rescission of the JPO Decision.

2. Outline of the reasons for JPO Decision

The reasons for the JPO Decision are as per the attached Decision by JPO (copy). In sum, the JPO ruled that the Applied Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act, and does not fall under Article 3, paragraph (2) of the same Act, so that registration cannot be granted.

3. Reason for rescission

Incorrect determination as to the applicability of Article 3, paragraph (2) of the Trademark Act.

(omitted)

No. 4 Judgment of this court

1. Reason for rescission (incorrect determination as to the applicability of Article 3, paragraph (2) of the Trademark Act)

(1) The parties are not in dispute over the point that the Applied Trademark falls under Article 3, paragraph (1), item (iii) of the Trademark Act. Article 3, paragraph (2) of the same Act provides, as a case of exception to the same Article, paragraph (1), items (iii) to (v), 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". The purport of this provision is interpreted as follows. If a specific person has the record of having used the trademark exclusively and continuously for

long years for goods pertaining to its business, as an indicator for distinguishing the goods from other goods, without any other person using the same, it can be said that the trademark has acquired distinctiveness as a case of exception, and furthermore, as long as the exclusive use by the specific person is actually permitted in the world where said goods are traded, it can be said that there is not much need, in light of public interest, to make such opportunity to use available to other business operators, so that registration should be granted for the trademark concerned.

Next, whether or not a trademark has acquired distinctiveness through use should be determined by comprehensively taking into consideration the following factors; namely, the period and area of use of the trademark, the sales volume and business scale of goods, the period and scale of advertisement and other circumstances surrounding the use, the existence of another business operator's goods which adopted an identical or similar trademark, and the significance of the role played by the trademark in the identification and selection of goods. Furthermore, upon determining whether or not a single color without an outline has acquired distinctiveness on its own through use, it is also necessary to take the public interest into account by avoiding a case where business operators, who provide designated goods, would be unjustly restricted from freely using colors.

(2) Findings

A. Manner of use of the Applied Trademark

(A) In 1965, Hitachi, Ltd., which is the predecessor of Plaintiff, adopted the color of the Applied Trademark for use as the color to paint the outer surfaces of hydraulic excavators called "UH03" (Exhibit Ko 46).

Plaintiff is a corporation which was founded in October 1970 as a result of a merger between the production division of construction machinery which spun off from Hitachi, Ltd., and the former company of Hitachi Construction Machinery Co., Ltd. Since 1974, if not earlier, Plaintiff has continuously used the color of the Applied Trademark to paint the outer surfaces of various construction machineries, including hydraulic excavators, through today (Exhibits Ko 1-1 to Ko 1-44, Ko 8-1 to Ko 8-15, the entire import of the oral argument).

(B) The hydraulic excavators sold by Plaintiff include some whose entire body is colored in orange (Exhibits Ko 1-13, Ko 1-14, Ko 1-17, Ko 1-18, Ko 1-20, Ko 1-21, Ko 1-36, Ko 1-37, Ko 7-1, Ko 7-4 to Ko 7-

Hydraulic excavators, excluding miniature excavators, are mostly manufactured and sold by the five companies of Plaintiff, Komatsu Ltd., Kobelco Construction Machinery Co., Ltd., Caterpillar Japan LLC, and Sumitomo Construction Machinery Company, Limited. Between 1974 and 2018, Plaintiff held the share of roughly 20% of all hydraulic excavators (Exhibits Ko 44-1 to Ko 44-8, Ko 52-1). As for miniature excavators, Plaintiff held the share of roughly 10% or so of all miniature excavators between 1991 and 2018 (Exhibit Ko 52-2).

C. The method, period, and scale of advertisement

(A) Content of ads in magazines, newspapers, and on websites

Since 1993, if not earlier, Plaintiff has created at least 72 types of ads (Exhibit Ko 57) using color images of hydraulic excavators which use the color of the Applied Trademark at least on part of the body, and has continuously posted them in at least 29 types of media, including newspapers such as Nihon Keizai Shimbun, The Asahi Shimbun, The Sankei Shimbun, Nikkan Kogyo Shimbun, Kentsu Shimbun, and The Hokkaido Shimbun, as well as magazines such as Nikkei Business, Toshi Keizai, Toyo Keizai, Shukan Diamond, Shukan Economist, Nikkei Construction, Kensetsu Kikai, and Gekkan Haikibutsu (Exhibits Ko 5-1 to Ko 5-18, Ko 58-1, Ko 59-1, Ko 59-2, Ko 59-4 to Ko 59-6, Ko 59-8 to Ko 59-153).

Also, since 2008, if not earlier, Plaintiff has continuously posted ads using color images of hydraulic excavators, which use the color of the Applied Trademark at least on part of the body, in catalogues of major rental companies of construction machinery as well as in books and booklets (Exhibits Ko 59-154 to Ko 59-162). Furthermore, since June 2018, Plaintiff has created three types of online ads using color images of hydraulic excavators, which use the color of the Applied Trademark (Exhibits Ko 56, Ko 57, Ko 59-164, Ko 59-165), and has posted them on eight types of services (Exhibit Ko 61), and these online ads were shown at least 40,000,000 times in all (Exhibits Ko 56, Ko 61).

In addition, since 1979, from among Plaintiff's hydraulic excavators which use the color of the Applied Trademark at least on part of the body, the images of the ones which were actually sold on the market were featured on the covers of professional journals specializing in the field of construction machinery (Exhibits Ko 7-1 to Ko 7-13).

All of these ads indicate Plaintiff's company name, or letters of "HITACHI" or "日立".

(B) TV commercials

From September 1990 until January 2016, if not longer (except for the second half of the year 2001 until the first half of the year 2007), Plaintiff has repeatedly broadcasted TV commercials, in which Plaintiff's hydraulic excavators, coal loaders, wheel loaders, and dump trucks for use in mines, and the like, which use the color of the Applied Trademark at least on part of the body, appear in some of the scenes. Naturally, these TV commercials include those that are about construction machineries other than hydraulic excavators, and the screen images, as a whole, are also not clear.

D. Questionnaire result

According to the result of a questionnaire which was conducted in January 2017, at the request of Plaintiff, by a company called "Rakuten Research, Inc." which specializes in marketing research (currently called "Rakuten Insight, Inc."), targeting business operators of the construction industry in 502 locations nationwide (hereinafter referred to as "Questionnaire"), the number of valid responses was 193 (collection rate of 38.6%), and the result showed that 185 responses pointed to Plaintiff (recognition rate of 95.9%) when respondents were asked the question, "Who is the manufacturer of this hydraulic excavator?", after being shown a color image of the Applied Trademark (Exhibit Ko 19).

The Questionnaire targeted the customers who own at least ten cars of hydraulic excavators, and who are selected from the data of approximately ●●● cases of customers nationwide, who had been listed based on a survey conducted independently for the purpose of cultivating customers by distributors of the construction machineries manufactured by Plaintiff, and by excluding from these cases the following number of approximately ●●● cases, which consist of customers of wheel loaders, dump trucks, road construction machineries, and environmental machineries, and the like, as well as persons who belong to industries other than civil engineering and construction industries, such as agriculture and dairy. The target industries are said to be mostly the civil engineering and construction industries, the demolition industry, the industrial waste disposal industry, and the construction machinery rental industry (Exhibit Ko 54).

E. Use of marks that are similar to the Applied Trademark by companies other than Plaintiff

As described below, it is found that business operators other than Plaintiff were using marks that are similar to the Applied Trademark. Evidence shown below includes pages of websites and the like which were printed out around January 2020, and when such evidence and the entire import of the oral argument are comprehensively taken into consideration, it can be presumed that, even at the time of the JPO Decision (September 19, 2019), business operators other than Plaintiff were similarly using marks that are similar to the Applied Trademark.

- (A) The website of "Sumitomo Construction Machinery Co., Ltd." (printed on January 23, 2020) shows, on the page for introducing "Hydraulic Excavators", photographs of hydraulic excavators whose arms part is colored in orange (Exhibit Ko 77, Exhibit Otsu 13).
- (B) A leaflet titled "DOOSAN" and issued by "Bobcat Corporation" (printed on January 27, 2020) shows photographs of hydraulic excavators whose arm part, and the back part of the car chassis are colored in orange, as well as photographs of hydraulic excavators whose arm part, and the upper part of the body are colored in orange (Exhibit Otsu 14).
- (C) The website of "Iwafuji Industrial Co., Ltd." (printed on January 29, 2020) and its catalogue (issued in June 2018) show, on the pages for "Forestry Base Machines" under "Product Information", photographs of "CT-500C / CS Forestry Base Machine" whose arm part, and lower part of the body are colored in orange (Exhibits Otsu 15, Otsu 16).
- (D) The website of "Jinno Noki" (printed on January 23, 2020) shows, on the page for "Product List", photographs of "Furukawa Mini Back Hoe FX-007" whose arm part, and lower part of the body are colored in orange (Exhibit Otsu 17).
- (E) "Noki Shimbun" (issued on March 7, 2017) shows, in an article under the heading, "Ibero Japan Co., Ltd. released three types of back hoes for tractors", photographs of back hoe parts whose bucket part, arm part, and main body are colored in orange (Exhibit Otsu 18).
- (F) The website of "Diesel Trading Co., Ltd." (printed on January 23, 2020) shows, on the page for "List of Construction Machineries in Stock", a photograph of "IHI Construction Machinery Limited

Miniature Shovel" whose arm part and body are colored in orange (Exhibit Otsu 20).

- (G) The website of "Kubota Corporation" (printed on January 27, 2020) shows, under the heading, "Release of electric tractors and small-sized construction machineries in development - Business opportunities considered in Europe where less and less diesel engines are being used, aimed at commercialization -", photographs of a hydraulic excavator whose arm part, body, and a middle portion of the drive part of the leg part are colored in orange, as photographs of a test model of a "miniature construction machinery (miniature back hoe)" (Exhibit Otsu 21).

In addition, under "Construction Machineries" of "Product Information", on the page for "Miniature Back Hoe" (printed on January 23, 2020), a photograph of a back hoe called "Forestry Model" whose arm part, and lower part of the body are colored in orange is shown (Exhibit Otsu 22), and the page for "Wheel Loaders" (printed on February 3, 2020) shows a photograph of a wheel loader whose arm part, body, and wheels are colored in orange (Exhibit Otsu 23), and the page for "Carrier" (printed on January 23, 2020) shows a photograph of a carrier whose loading platform part and the like are colored in orange (Exhibit Otsu 24), and the page for "Agricultural Solution Products" (printed on January 23, 2020) shows a photograph of a tractor whose front part of the body, mud guard part, and ceiling part are colored in orange (Exhibit Otsu 33).

- (H) The website of "Winbull Yamaguchi Corporation" (printed on January 23, 2020) shows, in the column for introducing the product of "YX-21X", a photograph of a carrier whose loading platform part is colored in orange (Exhibit Otsu 25), and in the column for introducing the product of "YXS-121HX", a photograph of a snowplow whose arm part and body part are colored in orange (Exhibit Otsu 26).
- (I) The website of "Toyota L& F" (printed on January 23, 2020) shows, on the page for "Product Information", a photograph of a shovel loader whose shovel part, and lower part of the body are colored in orange (Exhibit Otsu 27), and a photograph of a forklift whose fork part, and lower part of the body are colored in orange (Exhibit Otsu 28).
- (J) The website of "Saori Exports Corporation" (printed on January 23,

2020) shows, in the column for introducing the product of "1995 Kobelco Rough Terrain Crane RK160-2", a photograph of a crane whose arm part and body are colored in orange (Exhibit Otsu 29), and in the column for introducing the product of "2005 Isuzu Juston", a photograph of a vehicle for work at height, whose arm part and body are colored in orange (Exhibit Otsu 32).

(K) The website of "Aucfree" (printed on January 23, 2020) shows, in the column for introduction of the product of "1995 TADANO 4.9 t Rough Terrain Crane", a photograph of a crane whose upper part of the body is colored in orange (Exhibit Otsu 30).

(L) The website of "Ahern Japan" (printed on January 23, 2020) shows, on a page for "Product Information about Vehicles for Work at Height", a photograph of a mast-type vehicle for work at height whose ride part, and lower part of the body are colored in orange (Exhibit Otsu 31).

F. Conditions of transactions involving hydraulic excavators

(A) A hydraulic excavator is a type of an excavation machine and is also called by various names such as "Yumbo", "power shovel", "back hoe", "drag shovel", and "shovel car". It is widely used in the construction industry in Japan, and because of its versatility in usage, it is also used in agriculture and forestry (Exhibits Ko 38 to Ko 40, Exhibits Otsu 15 to Otsu 18, Otsu 22).

(B) Companies which manufacture and sell hydraulic excavators, such as Plaintiff, Komatsu Ltd., Kobelco Construction Machinery Co., Ltd., Caterpillar Japan LLC, and Sumitomo Construction Machinery Company, Limited, also manufacture and sell bulldozers, cranes, and wheel loaders and the like in addition to hydraulic excavators, and companies which manufacture and sell miniature shovels, such as Kubota Corporation, Yanmar Holdings Co., Ltd., and Takeuchi MFG. Co., Ltd., also manufacture and sell agricultural machineries. As such, the same business operators who manufacture and sell hydraulic excavators also manufacture and sell other construction machineries and agricultural machineries (Exhibits Ko 42, Ko 44-1 to Ko 44-8, Ko 45).

Even in market analysis, hydraulic excavators are handled, along with bulldozers, cranes, and road rollers and the like, as belonging to the industries pertaining to construction machineries (Exhibit Ko 42).

(C) In transactions involving construction machineries and the like, transactions are carried out, based on the review of products in terms of functionality and reliability, by way of order forms and goods receipts which indicate the name of the manufacturer and the product name and the like (Exhibits Ko 21-1 to Ko 21-6).

(3) Distinctiveness acquired through use

A. Sale of hydraulic excavators bearing the color of the Applied Trademark

As described above in (2) A, B, Plaintiff has sold hydraulic excavators, which use the color of the Applied Trademark at least on part of the body, for approximately 50 years. With regard to hydraulic excavators excluding miniature shovels, the number of cars sold is a total of approximately ●●●, and the share constitutes roughly 20%. As for miniature shovels, the number of cars sold is a total of approximately ●●●, and its share constitutes roughly 10%. It is found that Plaintiff achieves sales of several thousands of cars per year.

However, the orange color of the Applied Trademark is "reddish yellow" (Exhibit Otsu 1), and is a common color as can be seen from the fact that the color standards set by JIS list "orange color" as a conventional color (Exhibit Otsu 2), and list a hue that is the same as the color of the Applied Trademark on a hue circle, and list a color sample that is closely similar (Exhibit Otsu 3). Next, it is found that an orange color which is similar to the color of the Applied Trademark (Munsell value: 5 YR 6.5 / 14) is also one of the JIS Safety Colors, which are publicly disclosed for the purpose of prevention of accidents that are harmful to persons and cause damage to properties (Exhibits Otsu 10, Otsu 11), and that it is used for helmets (Exhibit Otsu 4), rain suits (Exhibit Otsu 5), guard fences (Exhibit Otsu 6), special vehicles (Exhibit Otsu 7), tower cranes (Exhibit Otsu 8), site wear (Exhibit Otsu 9), and the like, and that it is a color that is commonly used at construction sites.

In addition, as described above in (2) A, many of the hydraulic excavators sold by Plaintiff bear the letters of "HITACHI" or "日立", which are well-known trademarks, written on the arm part or on the car chassis or the like in letters that are outlined in white, or in black letters, along with the color of the Applied Trademark, and catalogues also indicate Plaintiff's company name and the letters of "HITACHI" or "日立", and more than a few products use the Applied Trademark on part of the body,

not in a single color but in combination with other colors. In light of these circumstances, it should be said that the color of the Applied Trademark represents, when combined with these letters and other colors, hydraulic excavators which are Plaintiff's goods.

Based on what is described above, it cannot be acknowledged that, as a result of Plaintiff's sale of hydraulic excavators, in which the color of the Applied Trademark is used at least on part of the body, the color of the Applied Trademark came to stand on its own and be well known among customers in Japan as an indicator of source for hydraulic excavators, which are Plaintiff's goods.

B. Advertisement

As described above in (2) C, it is found that Plaintiff has carried out advertisement, through newspapers, magazines, and various other advertising media, by using images of construction machineries such as hydraulic excavators which use the color of the Applied Trademark at least on part of the body, for more than 20 years, if not longer.

However, these ads all indicate Plaintiff's company name, and many of them also indicate the letters of "HITACHI" or "日立", so that it cannot be said that the color of the Applied Trademark came to stand on its own as an indicator of source for the hydraulic excavators which are Plaintiff's goods.

In addition, these ads include those in which the motif of a hydraulic excavator is used as part of design, for example by being shown as a musical note on five-line staff notation, or as a shogi [Japanese chess] piece, which is colored in orange, or as a silhouette of a giraffe against an orange background. As such, the content of some of these ads is not related to a hydraulic excavator (Exhibits Ko 59-2, Ko 59-8, Ko 59-9, etc.). While it can be said that these ads give viewers the impression that orange color is Plaintiff's corporate color and cause the color of the Applied Trademark to be recognized to a certain degree, the connection between the color and the goods is weak, and it is difficult to acknowledge immediately that the color of the Applied Trademark came to be well known as an indicator of source for Plaintiff's hydraulic excavators as a result.

Based on the above, it cannot be said that the ads using the images of hydraulic excavators, which use the color of the Applied Trademark at least on part of the body, caused the color of the Applied Trademark to be well known among customers as an indicator of source for Plaintiff's hydraulic

excavators.

C. Result of the Questionnaire

The survey of the Questionnaire is said to be targeted to traders and customers of hydraulic excavators throughout Japan, but it excludes the customers of wheel loaders, dump trucks, road construction machineries, and environmental machineries, and the like, as well as persons who belong to industries other than civil engineering and construction industries, such as agriculture and dairy, and furthermore, narrows down to the persons who own at least ten cars of hydraulic excavators, so that the target is limited to part of the customers of hydraulic excavators. Furthermore, the number of the target persons amounts to 502 cases from among the customers of approximately ●●● cases, and the number of valid responses totals 193 cases, which constitute 38.6% of the aforementioned 502 cases. Next, the high recognition rate of 95.9% is the number obtained in relation to the number of valid responses of 193 cases, so that when the recognition rate is considered in relation to the number of target persons of 502 cases, the rate remains at 36.8%.

The method of asking questions in the Questionnaire consists of asking the question, "Who is the manufacturer of this hydraulic excavator?", after showing a color image of the Applied Trademark. Such question is premised on the idea that the Applied Trademark will be recognized as an indicator of source, so that it is impossible to distinguish, based on the response given, whether the response shows that the Applied Trademark is recognized as an indicator of source pointing to Plaintiff alone, or whether the response shows that the Applied Trademark is simply recognized as the body color of Plaintiff's hydraulic excavators.

Based on the above, it cannot be acknowledged immediately, based on the result of the Questionnaire alone, that the color of the Applied Trademark is recognized as an indicator of source, and that it is widely recognized that Plaintiff is the only source of the hydraulic excavators bearing the Applied Trademark.

D. Use of colors that are similar to the Applied Trademark by persons other than Plaintiff

As described above in (2) E, by the time of the JPO Decision (September 19, 2019), it is found that companies such as Sumitomo Construction Machinery Company, Limited and Doosan Corporation were

selling hydraulic excavators whose body color is orange, and that companies such as Kubota Corporation and Iwafuji Industrial Co., Ltd. were selling agricultural machineries and forestry machines whose body color is orange, and that companies such as Kubota Corporation was selling construction machineries, including wheel loaders, shovel loaders, carriers, fork lifts, cranes, and vehicles for use at height, whose body color is orange. As such, orange color was widely adopted by multiple business operators for use as the body color of hydraulic excavators and various other construction machineries, including agricultural machineries.

In that case, even if Plaintiff has been selling hydraulic excavators, which use the color of the Applied Trademark at least on part of the body, for a long time in a considerable quantity, given the fact that there were a considerable number of business operators, other than Plaintiff, who adopted the orange color for use as the body color of construction machineries and whose customers are the same as those of hydraulic excavators, in the fields of agricultural machineries and forestry machines where hydraulic excavators are used, it cannot be acknowledged that Plaintiff was using the color of the Applied Trademark for hydraulic excavators exclusively by excluding others from using the same.

E. Conditions of transactions involving hydraulic excavators

As described above in (2) F, a hydraulic excavator is a type of construction machinery, and is used in agriculture and forestry in addition to the construction industry, and the same business operators who manufacture and sell hydraulic excavators also manufacture and sell other construction machineries and agricultural machineries. Furthermore, considering that construction machineries, including hydraulic excavators, are selected by customers who weigh heavily the functionality and reliability of the product and who confirm the manufacturer, and considering that these products are not inexpensive, it cannot be said that the body color of the product plays a significant role when a customer identifies and purchases the same.

F. As described above, although it can be said that Plaintiff has sold a considerable number of hydraulic excavators, in which the color of the Applied Trademark is used at least on part of the body, for a long time, and has continuously advertised them so that the color of the Applied Trademark has acquired a certain degree of recognition, it cannot be said,

given the manner of use and the manner of advertisement, that the color of the Applied Trademark is well known among customers as an independent indicator of source. Next, there are the following factors; namely, that the Applied Trademark consists of a single color without an outline, and is a color that is commonly adopted for use at construction sites and the like, and that, in the fields of hydraulic excavators, and of construction machineries whose customers are the same as those of hydraulic excavators, and of agricultural machineries and forestry machines where hydraulic excavators are used, there are a considerable number of business operators, other than Plaintiff, who use colors that are similar to the Applied Trademark, and that, in transactions involving hydraulic excavators and other construction machineries, the functionality and reliability of a product is considered, so that when a customer selects a product and purchases the same, it cannot be said that the body color plays a significant role, and that there is the need, in terms of public interest, to avoid any unwarranted restriction of the free use of colors. By comprehensively taking these factors into consideration, it cannot be said that the Applied Trademark has acquired distinctiveness as a result of its use, and that registration should be granted pursuant to Article 3, paragraph (2) of the Trademark Act.

(4) Plaintiff's assertions

A. Conditions of transaction

- (A) Plaintiff asserts that there are a wide variety of products in the field of construction machinery, and that a customer makes a selection based on each machine's functions, usage, and required license and the like, so that each machine is clearly distinguished from the rest, and that the customers of hydraulic excavators are not those of construction machinery in general, including other machines, so that even if orange color is used by many business operators for machines other than hydraulic excavators, it does not affect the distinctiveness pertaining to the Applied Trademark.

However, as described above in (2) F, hydraulic excavators are construction machineries whose usage is versatile, so that customers include those involved in construction works in various fields, and these machineries

are widely used for agriculture and forestry as well. As such, it should be said that customers include those who engage in agriculture and forestry as well.

Next, as described above in (2) F, companies that manufacture and sell hydraulic excavators, including Plaintiff, manufacture and sell, in addition to hydraulic excavators, construction machineries such as bulldozers, cranes, and road rollers, and companies that manufacture and sell miniature shovels also manufacture and sell agricultural machineries, so that same business operators who manufacture and sell hydraulic excavators also manufacture and sell other construction machineries and agricultural machineries. Accordingly, it must be said that, in the event that identical or similar marks are used for these products, it is likely that the products would be mistaken as having been manufactured or sold by the same business operator.

Furthermore, since it is believed that construction machineries, including hydraulic excavators, are usually purchased by business operators, such as companies engaged in construction works, for professional use, it cannot be said that the market for transaction of these products is divided by the types of construction machineries according to the classes of licenses required for operation, and as described above in (2) F, even in market analysis, hydraulic excavators are considered to belong to the industry of construction machinery.

In that case, since it should be said that hydraulic excavators share the same market and industry with hydraulic excavators which are used as agricultural machineries and forestry machines, and with construction machineries which are not hydraulic excavators, it should be said that the fact that orange color is adopted for use as the body color of these machines affects the determination of whether or not the use of the Applied Trademark has distinctiveness.

(B) Plaintiff asserts that the color that is used for the hydraulic excavator that is shown on the website of Sumitomo Construction Machinery Company, Limited (Exhibit Otsu 13), and for the forestry base machine that is shown on the website and pamphlet of Iwafuji Industrial Co.,

Ltd. (Exhibits Otsu 15, Otsu 16) is red instead of orange.

However, while the body color of the hydraulic excavator of Sumitomo Construction Machinery Company, Limited and the forestry base machine of Iwafuji Industrial Co., Ltd. is more reddish in tone than the color of the Applied Trademark, there are limits to the colors which can be distinguished by the human eye. Considering that, with regard to the orange color that is more reddish in tone than the color of the Applied Trademark, it is difficult to distinguish the same when encountered at a time and place different from those of the Applied Trademark (Exhibit Otsu 43), it should be said that the body color of these products affects the distinctiveness of the Applied Trademark resulting from its use. Incidentally, the evidence submitted by Plaintiff as the basis for acquisition of distinctiveness through use includes some whose orange color is more reddish in tone than the color of the Applied Trademark (Exhibits Ko 1-28, Ko 1-29, Ko 1-37, etc.)

In addition, although Plaintiff asserts that the miniature back hoe of Furukawa according to Exhibit Otsu 17 and the miniature shovel of IHI Construction Machinery Limited according to Exhibit Otsu 20 are both secondhand and thus the color at the time of sale is unclear, as long as these products are circulated in the market as secondhand goods, they are among the choices available to customers, so that the body color that is currently on the product should also be taken into consideration as the conditions of transaction in the market for construction machineries.

Furthermore, although Plaintiff also asserts that only a small number of hydraulic excavators, which are agricultural machineries or forestry machines, are in circulation in Japan, the fiscal 2017 Construction Machinery Trend Survey shows that approximately 5% of the business operators involved in agriculture and forestry have purchased hydraulic excavators (Exhibit Ko 83-1), and it cannot be said that this is a figure that can be ignored.

B. Fitness for exclusive use

Plaintiff asserts that, in the field of hydraulic excavators, five

companies have continued to make up an oligopoly by constituting the share of 90% of hydraulic excavators in Japan, and that only Plaintiff from among the five companies uses orange color for its hydraulic excavators, so that there is no longer the need, in terms of public interest, to leave room for other business operators and the like to use the color of the Applied Trademark.

However, as described above in (2) F, business operators that manufacture and sell hydraulic excavators include, other than the five companies of Plaintiff, Komatsu Ltd., Kobelco Construction Machinery Co., Ltd., Caterpillar Japan LLC, and Sumitomo Construction Machinery Company, Limited, companies that manufacture and sell miniature shovels such as Kubota Corporation, Yanmar Holdings Co., Ltd., and Takeuchi MFG. Co., Ltd., and it is acknowledged that there are also foreign companies (Exhibit Ko 42).

In addition, as described above in (3) D, in the fields of construction machineries and agricultural machineries, orange color is widely adopted for use as the body color of hydraulic excavators and other products of other companies, so that it cannot be said that the idea that the use of the Applied Trademark may be permitted only to Plaintiff has not developed into a common perception.

C. Letters of "HITACHI" or "日立"

Plaintiff asserts that the color of the Applied Trademark has acquired very strong distinctiveness, so that even if the hydraulic excavators which use the color of the Applied Trademark bear the letters of "HITACHI" or "日立", it does not affect the distinctiveness acquired by the Applied Trademark.

However, the trademarks of "HITACHI" and "日立" are well-known trademarks, so that it should be said that it is natural for customers coming in contact with Plaintiff's hydraulic excavators to pay attention to these letter parts. Furthermore, as described above in A, orange color is widely adopted for use in the fields of construction machineries as well as of agricultural machineries and forestry machines, and as described above in (2) F, it is considered normal in transactions of construction machineries and the like to purchase a product by considering the functionality and reliability of the product, followed by careful confirmation of the manufacturer of the product. In light of these circumstances, it cannot be

said that customers would identify the source of a product by focusing only on the orange color of the body color without taking into consideration the letters of "HTIACHI" or "日立".

D. Based on what is described above, the assertions made by Plaintiff cannot be accepted.

(5) Summary

As described above, it cannot be acknowledged that the Applied Trademark fulfills the requirement stipulated in Article 3, paragraph (2) of the Trademark Act, so that the reason for rescission is deemed groundless.

2. Conclusion

Therefore, Plaintiff's claim shall be dismissed because it is groundless, and the judgment shall be rendered in the form of the main text.

Intellectual Property High Court, First Division

Presiding judge: TAKABE Makiko

Judge: KOBAYASHI Yasuhiko

Judge, SEKINE Sumiko, is unable to place her name and seal due to a hinderance.

Presiding Judge TAKABE Makiko

Attachment

1. The trademark for which registration is sought



2. Detailed description of the trademark

(1) At the time of filing of the application

The trademark for which registration is sought consists of the color of taxi yellow (Munsell value: 0.5 YR 5.6 / 11.2) only.

(2) After amendment

The trademark for which registration is sought consists of the color of orange (Munsell value: 0.5 YR 5.6 / 11.2) only.