

Date	March 15, 2012	Court	Osaka District Court, 26th Civil Division
Case number	2010 (Wa) 805		
<p>– A case wherein the court partially upheld the claims filed by the plaintiff against the defendant based on a design right related to a tile carpet to seek an injunction against the sale or otherwise handling of the defendant's goods and disposal thereof as well as compensation for damages.</p>			

In this case, the plaintiff, who holds a design right (the "Design Right") for a design (the "Design") for a tile carpet, alleged that the defendant's act of selling or otherwise handling the defendant's goods constitutes infringement of the Design Right and claimed against the defendant an injunction against the manufacture and sale or otherwise handling of the defendant's goods and the disposal thereof as well as compensation for damages.

The issues in this case are [i] whether or not the design of the defendant's goods (the "defendant's design") is similar to the Design; [ii] whether or not there are grounds for invalidation of the design registration with respect to the Design (Article 3, paragraph (1), item (iii) and paragraph (2) of the Design Act); and [iii] the damages suffered by the plaintiff.

In this judgment, with respect to Issue [i], the court found that the essential part of the Design lies in the following point: in a substantially vertically striped pattern wherein thin wire shaped longitudinal stria patterns that unevenly and gently meander are densely arranged in an approximately uniform manner on the entire surface of the tile carpet, since the substantially straight short vertical lines intermittently lie in the longitudinal direction and constitute the longitudinal stria patterns while changing their positions to the right and to the left with a modest swinging width, macroscopically, a single continuing thin line appears to be gently meandering and forms a substantially small wave like patterns. Based on this finding, the court determined that the defendant's design and the Design are similar since the defendant's design is substantially identical to the Design magnified by 150% and has commonality with the Design in terms of the essential part.

With respect to the issue of whether or not the Design is similar to prior designs (Article 3, paragraph (1), item (iii) of the Design Act) which is among Issue [ii], three types of prior designs came into question. However, the court held that there were no grounds for invalidation of the registration of the Design on the grounds that none of these prior designs were identical to the Design in terms of the aesthetic impression that the design would create through the eye of their consumers nor are they similar to

the Design. In addition, with respect to the issue of whether or not the Design could have been easily created based on the combination of the patterns of such prior designs (paragraph (2) of said Article), the court held that there are no grounds for invalidation of the registration of the Design on the grounds that it may not be found that the meandering line of the Design (the substantially small wave like patterns) could have been easily created by combining the motifs of the prior designs.

With respect to the damage caused by the sale of the defendant's goods which is among Issue [iii], the court calculated the amount of damages based on the marginal profit pursuant to Article 39, paragraph (1) of the Design Act. The court further decided the contribution rate of the Design Right to be 80% for the defendant's goods assigned to the hotel in question (the "Hotel") with whom the plaintiff had conducted business negotiations with respect to the products in which the Design is worked, and 40% for the defendant's goods which were assigned to another building. In addition, although the defendant's goods were only used inside the guest rooms of the Hotel, the court found causal relationship between the infringement of the Design Right (sale of the defendant's goods) and the loss of orders suffered by the plaintiff with respect to the transaction of the tile carpet (goods different from the defendant's goods) used in the corridors of the Hotel for which the defendant separately received orders. Based on this finding, the court adopted the same calculation method as that used for the defendant's goods in calculating the amount of lost profits and decided the contribution rate of the Design Right to be 20%.

Furthermore, since the defendant was not engaged in the manufacture of the defendant's goods, the court dismissed the part of the plaintiff's claims for an injunction and disposal that is related to manufacture.