

Trademark Right	Date	August 20, 2020	Court	Intellectual Property High Court, First Division
	Case number	2019 (Gyo-Ke) 10167		
<p>A case in which the court held as follows:</p> <ul style="list-style-type: none"> - The effect of division of a trademark right arises at the time of registration of the division into the future; and - Plaintiff's act of seeking rescission of a JPO decision by asserting the effect of division of a trademark right is against the principle of good faith between Plaintiff and Defendant concerning procedures, or constitutes abuse of right, and therefore cannot be allowed under the circumstances as per the findings, including the fact that the division was applied for after the JPO decision to invalidate the trademark was rendered following the IP High Court judgment which rescinded the JPO decision to dismiss the request for a trial, and the fact that even prior to said application for division, Plaintiff had been granted registration for a trademark which is the same as the trademark concerned and which also has the same designated goods, and the fact that Plaintiff divided the designated goods into smaller goods so that it was no longer immediately clear whether or not some of the resultant goods belonged to the originally designated goods. 				

Case type: Rescission of Trial Decision of Invalidation

Result: Dismissed

References: Article 4, paragraph (1), item (xv), Article 24 of the Trademark Act

Related rights, etc.: Trademark Registration No. 5490432; Invalidation Trial No. 2017-890010

Summary of the Judgment

[The Trademark]



1. (1) The present case is a lawsuit filed by Plaintiff against a trial decision by the JPO, seeking rescission of the JPO decision which was rendered on November 6, 2019 in response to Defendant's request for a trial for invalidation, to the effect of invalidating the registration of the Trademark, which had been granted registration with the designated goods of "Mining machines and apparatus; Construction machines and apparatus; Loading-unloading machines and apparatus; Agricultural machines, agricultural implements other than hand-operated; Waste compacting machines and apparatus; Waste crushing machines" in Class 7, on the grounds that the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act

(a trademark that has a risk of causing confusion with goods that pertain to another person's business).

(2) The background to the request for a trial for invalidation is as follows.

A. Defendant requested a trial for invalidation of the Trademark by citing a trademark consisting of the letters, "GODZILLA", and asserting that the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act. In response, the JPO rendered a decision to the effect that the grounds for the request for a trial are unreasonable (JPO's First Decision). Defendant filed an appeal seeking rescission of the JPO's First Decision, and the Intellectual Property High Court rendered a judgment to the effect of rescinding the JPO's First Decision (IP High Court's First Judgment), which became final when a decision not to accept an appeal was issued by the Supreme Court. After further examination in the invalidation trial, the JPO Decision to invalidate the registration of the Trademark was rendered on November 6, 2019.

B. By way of an application which was accepted on December 12, 2019, Plaintiff divided the right for the Trademark into Trademark 2 (whose designated goods are "Attachments for disintegrators, cutting machines, gripping machines, and mine borers for power shovels" in Class 7) and Trademark 1 (whose designated goods are the remaining designated goods for the Trademark after excluding the designated goods for Trademark 2), and was granted registration.

C. On December 12, 2019, Plaintiff filed the lawsuit of the present case seeking rescission of the JPO Decision.

Incidentally, Plaintiff has been granted registration for a different trademark which is the same as Trademark 2 and whose designated goods are the same as those of Trademark 2 (registration established on May 10, 2019).

(3) Plaintiff asserted, as the reasons for rescission of the JPO Decision, that Trademark 2 after the division does not fall under Article 4, paragraph (1), item (xv) of the Trademark Act so that the JPO Decision, according to which Article 4, paragraph (1), item (xv) of the Trademark Act applies to Trademark 2 as well, should be rescinded.

2. In the judgement of the present case, the court held as outlined below and dismissed Plaintiff's request for a trial.

(1) Effect of division of a trademark right

Division of a trademark right does not take effect unless the division is registered. Since there are no provisions stipulating that the effect of division arising from registration is retroactive, it is reasonable to interpret that the

effect of division arises at the time of registration into the future.

(2) Regarding Plaintiff's assertion

- A. Given that the effect of division of a trademark right arises at the time of registration into the future, and that a single decision made for two or more designated goods should be interpreted as having been rendered for the respective designated goods after the division, the fact per se that Plaintiff divided the trademark right shall not have any effect on the JPO Decision, and there should not be any effect on the determination of the JPO Decision which was rendered prior to the registration of the division.
- B. Even if this point is put aside, Plaintiff should not be allowed to assert the effect of division of a trademark right in the lawsuit of the present case and seek rescission of the decision, as described below.

... The purport of the Trademark Act, which approves the division of a trademark right even in the cases where transfer of the trademark right is not involved, is to promote the advantage of separating the trademark right for the goods or services, which are not at issue, and making it easier to exercise the right when an objection or a request for a trial for invalidation is filed. In that case, in the event that invalidation of a trademark is asserted and an objection or a request for a trial for invalidation is filed, it is not interpreted as harsh to expect the holder of trademark right to divide the trademark right without delay. On the other hand, if the holder of trademark right does not file for division of the trademark right and meanwhile, the procedures concerning the objection having been filed and the procedures concerning the invalidation trial move forward, the situation will be such that the other party who asserted invalidation of trademark registration will likely increase its confidence that division of the trademark right will not take place.

Furthermore, in the case where a trademark right is divided after a decision to invalidate trademark registration is rendered, if the grounds for invalidation are to be determined for each of the designated goods after the division and the illegality of the decision is to be determined, it means that the division of the trademark right makes it substantively possible to repeatedly seek for determination by the JPO or the court, causing extension of dispute resolution by increasing the number of times of division of the trademark right.

In addition to such basic relationship of interests between the parties

over division of a trademark as described above, the following should be noted, in particular, concerning the present case ... Division of a trademark right took place only after the fact situation in which the procedures for the invalidation trial progressed and a decision to dismiss the request for an invalidation trial was rendered, and the IP High Court's First Judgment which rescinded the decision was rendered, and the IP High Court's First Judgment became final after Plaintiff appealed the case to the Supreme Court, and after further examination in the invalidation trial, the JPO Decision to invalidate the registration of the Trademark was rendered. In addition, given that Plaintiff filed an application for a different trademark which is the same as Trademark 2 and whose designated goods are the same as those of Trademark 2 after the IP High Court's First Judgment was rendered, and that the registration was already granted for the trademark, it was possible to divide the Trademark at the time of the filing of an application for the different trademark, if not earlier. Furthermore, while the designated goods of Trademark 2 are interpreted to be attachments for the "power shovel", which are said to be among the "Construction machines and apparatus" in Class 7, Item 3, from among the designated goods for the Trademark, which are "Mining machines and apparatus" in Class 7, Item 2, "Construction machines and apparatus" in Class 7, Item 3, "Loading-unloading machines and apparatus" in Class 7, Item 4, "Agricultural machines, agricultural implements other than hand-operated" in Class 7, Item 18, and "Waste compacting machines and apparatus; Waste crushing machines" in Class 7, Item 27, according to the Attached Table of the Regulation for Enforcement of the Trademark Act, examples of goods also include "Disintegrators", which are said to be among "Chemical processing machines and apparatus" in Class 7, Item 5, and "Cutting machines", which are said to be among "Metalworking machines and tools" in Class 7, Item 1. When division involves goods that are thus divided and includes goods with respect to which it is not immediately clear whether they belong to the designated goods of the Trademark, it becomes difficult to make predictions.

Under these circumstances, it can be said that Defendant has had a significant level of confidence in the belief that the Trademark would not be subject to division of a trademark right as described above.

Accordingly, Plaintiff shall not be allowed to assert the effect of

division of a trademark right in the lawsuit of the present case and seek rescission of the JPO Decision, because such assertion is against the principle of good faith between Plaintiff and Defendant pertaining to procedures, or because it constitutes abuse of right.

Judgment rendered on August 20, 2020

2019 (Gyo-Ke) 10167 A case of seeking rescission of the JPO decision

Date of conclusion of oral argument: July 9, 2020

Judgment

Plaintiff: Taguchi Industrial Co., Ltd.

Defendant: Toho Co., Ltd.

Main text

1. Plaintiff's claim shall be dismissed.
2. Plaintiff shall bear the court costs.

Facts and reasons

No. 1 Claim

The decision rendered by the JPO on November 6, 2019 for Invalidation Trial No. 2017-890010 case shall be rescinded.

No. 2 Outline of the case

1. JPO procedures, etc.

- (1) On November 21, 2011, Plaintiff filed an application for registration of the trademark indicated on attached Description of the Trademark (hereinafter referred to as "Trademark") by designating the goods of "Mining machines and apparatus; Construction machines and apparatus; Loading-unloading machines and apparatus; Agricultural machines, agricultural implements other than hand-operated; Waste compacting machines and apparatus; Waste crushing machines" in Class 7. The Trademark was granted registration on April 27, 2012 (Trademark Registration No. 5490432; Exhibit Ko 1).
- (2) Details of the request for a trial for invalidation (in addition to the evidences described later, Exhibit Ko 290)
 - A. On February 22, 2017, Defendant filed a request for a trial for invalidation of the Trademark by citing a trademark consisting of the letters, "GODZILLA" (hereinafter referred to as "Cited Trademark"), and asserted

that the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act, etc. (Exhibit Ko 175)

- B. The JPO examined the claims made by Defendant as Invalidation Trial No. 2017-890010 case, and on October 16, 2017, rendered a decision to the effect that "the request for the trial of the present case is groundless" (hereinafter referred to as "JPO's First Decision").

On November 22 of the same year, Defendant filed a lawsuit seeking rescission of the JPO's First Decision (IP High Court 2017 (Gyo-Ke) 10214).

On June 12, 2018, the IP High Court rendered a judgment to the effect of rescinding the JPO's First Decision (hereinafter referred to "IP High Court's First Judgment"), and the IP High Court's First Judgment became final when a decision not to accept the appeal was issued on June 14, 2019 (Exhibit Ko 293).

- C. When the IP High Court's First Judgment became final, the JPO examined the trial for invalidation further, and on November 6, 2019, rendered a decision to the effect of invalidating the registration of the Trademark (hereinafter referred to as "JPO Decision"), and an official copy thereof was delivered to Plaintiff on the 14th of the same month.

- (3) On December 12 of the same year, Plaintiff filed the lawsuit of the present case seeking rescission of the JPO Decision.

2. Summary of the reasons for JPO Decision

The reasons for the JPO Decision are as per the attached Decision (copy). In short, the court held that if the Trademark is used for its designated goods, there is a risk of traders and consumers being misled into believing that the goods concerned pertain to the business of Defendant or that of a business operator who is closely related to Defendant, so that the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act.

3. Reasons for rescission

Incorrect determination on the applicability of Article 4, paragraph (1), item (xv) of the Trademark Act.

(omitted)

No. 4 Judgment of this court

1. Findings

In addition to the fact situation described above in No. 2-1, the following fact

situation can be acknowledged by comprehensively taking into consideration the evidence (Exhibits Ko 290, 294, 295, Exhibit Otsu 1, 2) and the entire import of the oral argument.

(1) In the IP High Court's First Judgment, the court held as follows and rescinded the JPO's First Decision which held that the request for a trial for invalidation is groundless, and the IP High Court's First Judgment became final when a decision not to accept the appeal was issued.

A. The provision of Article 4, paragraph (1), item (xv) of the Trademark Act, which reads, "if the trademark... is likely to cause confusion in connection with the goods or services pertaining to a business of another person", covers not only the trademark which has a risk of causing confusion, when used on the designated goods, that the goods concerned pertain to a business of another person, but also the trademark which has a risk of causing confusion that the goods concerned pertain to a business of a business operator who is closely related to the aforementioned other person as a parent, subsidiary, or affiliate of the other person, or who belongs to a group that engages in a commercial business under the same labeling as the another person. In addition, whether or not there is a "risk of causing confusion" as described above is determined comprehensively, based on the attention normally paid by traders and consumers for the designated goods of the trademark concerned, by taking into consideration the following factors; namely, the level of similarity between the trademark concerned and the indication used by another person, the level of recognition and popularity and the level of originality of the indication used by another person, the level of relevance in terms of nature, usage, or purpose between the designated goods of the trademark concerned and the goods pertaining to a business of another person, and the commonalities in terms of traders and consumers for the goods, and other circumstances of transaction.

B. The Trademark and the Cited Trademark are confusingly similar in pronunciation, and are also partially similar in appearance. In addition, the Cited Trademark is a well-known and famous trademark, and is highly original. From among the Designated Goods, the machines and apparatuses which are used in professional and occupational fields are not highly related to the goods that pertain to Defendant's business in terms of nature, usage, or purpose, but some of the goods pertaining to Defendant's

diversified business include those that have a certain level of relevance, and traders and consumers for such goods are the same as those of the traders and consumers for the Designated Goods, so that it is acknowledged that the traders and consumers for these goods engage in transactions by taking into consideration not only the nature and quality of the goods but also the goodwill represented in the trademark placed on the goods.

As described above, the Designated Goods include those that have a risk of causing the confusion, when the Trademark is used thereon, that the goods pertain to the business of Defendant or of a business operator or the like who is closely related to Defendant in business, so that the Trademark has a risk of causing confusion about source in relation to the goods pertaining to Defendant's business.

- C. Based on the above, the Trademark falls under a trademark that is "likely to cause confusion in connection with the goods or services pertaining to a business of another person" as stipulated in Article 4, paragraph (1), item (xv) of the Trademark Act.
- (2) On July 25, 2018, which is after the IP High Court's First Judgment was rendered, Plaintiff filed an application for registration of a different trademark, which is the same as Trademark 2 and whose designated goods are the same as those of Trademark 2, and the registration was established on May 10, 2019.
 - (3) Upon receipt of IP High Court's First Judgment, the JPO rendered the JPO Decision to the effect of invalidating the registration of the Trademark, and on December 12, 2019, Plaintiff filed the lawsuit of the present case seeking rescission of the JPO Decision.
 - (4) On December 12, 2019, Plaintiff applied for division of the right of the Trademark, and as a result, the Trademark was registered by being divided into Trademark 1, whose designated goods are "Mining machines and apparatus; Construction machines and apparatus; Loading-unloading machines and apparatus; Agricultural machines, agricultural implements other than hand-operated; Waste compacting machines and apparatus; Waste crushing machines other than attachments for disintegrators, cutting machines, gripping machines, and mine borers for power shovels" in Class 7 and Trademark 2, whose designated goods are "Attachments for disintegrators, cutting machines, gripping machines, and mine borers for power shovels" in Class 7.
 - (5) Plaintiff seeks rescission of the JPO Decision by asserting, on the premise of the division of the trademark right as described above in (4), that Trademark

2 after the division does not fall under Article 4, paragraph (1), item (xv) of the Trademark Act.

2. Effect of division of a trademark right

(1) An application for trademark registration must be filed for each trademark by designating the goods or services in connection with which the trademark is to be used, and one or more goods or services may be designated (Article 6, paragraph (1) of the Trademark Act).

(2) A trademark right is formed upon registration of establishment of the right (Article 18 of the Trademark Act). Where there are two or more designated goods or services for which a trademark right applies, the trademark right may be divided (Article 24, paragraph (1) of the Trademark Act) if an application is filed in this regard by the registered owner (Article 9 of the Trademark Registration Order).

The trademark right may be divided into each of the designated goods or services in transferring this right (Article 24-2 of the Trademark Act). Division of a trademark right that does not involve transfer is a procedure that was established as required under Article 7 (2) of the Trademark Law Treaty, and the procedure has the advantage of making it easier to exercise a trademark right by separating the trademark right for the goods or services, which are not at issue, from the trademark right for the goods or services with respect to which an objection or a request for a trial for invalidation is filed.

Even after the extinction of a trademark right, where a request for a trial for invalidation is filed (Article 46, paragraph (3) of the Trademark Act), an application for dividing the trademark right may be filed, provided that a trial, retrial, or court proceeding in connection with the case is pending (Article 24, paragraph (2) of the Trademark Act), so as to facilitate the exercise of the right to claim compensation for the damage incurred during the life of the trademark right.

(3) Division of a trademark right becomes effective only after the division is registered (Article 35 of the Trademark Act, Article 98, paragraph (1), item (i) of the Patent Act). Since there are no provisions stipulating that the effect of division arising from the registration of division is effective retroactively, it is reasonable to interpret that the division takes effect at the time of registration into the future.

Regarding this point, Plaintiff asserts the following. In order to avoid invalidation of registration of a trademark, the Trademark Act stipulates in

Article 24, paragraph (2) thereof that a trademark right may be divided even after the extinction of the trademark right, and that, in order to fulfill the purport of this provision, it must be interpreted that the division becomes effective retroactively to the time of registration of the trademark, or that the same level of interests as in the case of such retroaction shall be maintained.

However, it is in fact substantively impossible to divide a right which is already extinct and no longer in existence. It should be said that the provision of Article 24, paragraph (2) of the Trademark Act approved such division by merely deeming the existence of the trademark right, which was divided, to the extent necessary to provide a premise for determining whether or not it is possible to exercise the trademark right as of the time of its existence. Such interpretation is not against the purport intended by Article 24, paragraph (2) of the Trademark Act.

3. Concerning the assertion made by Plaintiff

(1) The division of a trademark right becomes effective from the time of registration of the division into the future, as described above in 2. Given that a single decision made for two or more designated goods should be interpreted as relevant to each of the designated goods after the division (refer to Article 69 and Article 46-2 of the Trademark Act), the fact per se that Plaintiff divided the trademark right shall not have any effect on the JPO Decision, and there should not be any effect on the determination of the JPO Decision which was rendered prior to the registration.

(2) Even if this point is put aside, it should be said, as described below, that Plaintiff should not be allowed to assert the effect of division of a trademark right in the lawsuit of the present case and assert that the decision be rescinded because such assertion is against the principle of good faith between Plaintiff and Defendant pertaining to procedures, or because it constitutes abuse of right.

Indeed, according to Article 24 of the Trademark Act, it is interpreted that the division of a trademark right is naturally possible during the life of the trademark right, and there are no provisions restricting the timing. However, the purport of the Trademark Act, which approves the division of a trademark right even in the cases where transfer of the trademark right is not involved, is to promote the advantage of separating the trademark right for the goods or services, which are not at issue, and making it easier to exercise the right when an objection or a request for a trial for invalidation is filed based on the allegation of invalidation of the trademark right, as described above in 2 (2).

In that case, in the event that invalidation of a trademark is asserted and an objection or a request for a trial for invalidation is filed, it is not interpreted as harsh to expect the holder of trademark right to divide the trademark right without delay. On the other hand, if the holder of trademark right does not file for division of the trademark right and meanwhile, the procedures for filing an objection or the procedures for a trial for invalidation progress, the situation will be such that the other party who asserted invalidation of trademark registration will likely increase its confidence that division of the trademark right will not take place.

Furthermore, in the case where a trademark right is divided after a decision to invalidate trademark registration is rendered, if the reason for invalidation is to be determined for each of the designated goods after the division and the illegality of the decision is to be determined, it means that the division of the trademark right makes it substantively possible to repeatedly seek for determination by the JPO or the court, causing extension of dispute resolution by increasing the number of times of division of the trademark right.

In addition to such basic relationship of interests between the parties over division of a trademark as described above, the following should be noted, in particular, concerning the present case. Plaintiff, who is the holder of the Trademark right, did not divide the trademark right throughout the fact situation in which the procedures for the trial for invalidation progressed and a decision to dismiss the request for a trial for invalidation was rendered, and the IP High Court's First Judgment which rescinded the decision was rendered, and the IP High Court's First Judgment became final after Plaintiff appealed the decision by the JPO, and after further examination in the trial for invalidation, the JPO Decision to invalidate the registration of the Trademark was rendered. Division of the trademark right took place after going through all of the foregoing. Given that Plaintiff filed an application for a different trademark which is the same as Trademark 2 and whose designated goods are the same as those of Trademark 2 after the IP High Court's First Judgment was rendered, and that the registration was already granted for the trademark, it was possible to divide the Trademark at the time of the filing of an application for the different trademark, if not earlier. Furthermore, while the designated goods of Trademark 2 are interpreted to be attachments for the "power shovel", which is included in the "Construction machines and apparatus" in Class 7, Item 3, from among the designated goods for the Trademark, which are "Mining

machines and apparatus" in Class 7, Item 2, "Construction machines and apparatus" in Class 7, Item 3, "Loading-unloading machines and apparatus" in Class 7, Item 4, "Agricultural machines, agricultural implements other than hand-operated" in Class 7, Item 18, and "Waste compacting machines and apparatus; Waste crushing machines" in Class 7, Item 27, on the Attached Table of the Regulation for Enforcement of the Trademark Act, the "disintegrators", which are supposedly included in "Chemical processing machines and apparatus" in Class 7, Item 5, and "cutting machines", which are supposedly included in "Metalworking machines and tools" in Class 7, Item 1, and the like are also shown as examples, and it is difficult to make predictions, as described above, as to the division of goods which are thus subdivided and with respect to which it is not immediately clear whether or not they belong to the designated goods of the Trademark. Under these circumstances, it can be said that Defendant has had a significant level of confidence in the belief that the Trademark would not be subject to division of a trademark right as described above.

Accordingly, Plaintiff shall not be allowed to assert the effect of division of a trademark right in the lawsuit of the present case and seek rescission of the JPO Decision, because such assertion is against the principle of good faith between Plaintiff and Defendant pertaining to procedures, or because it constitutes abuse of right.

(3) Summary

Based on what is described above, the assertion made by Plaintiff on the premise of division of a trademark right and on its retroactive effect is not reasonable.

4. Conclusion

Therefore, the Plaintiff's request for trial 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: TAKAHASHI Aya

(Attachment)

Description of the Trademark

The image shows the word "GUZZILLA" in a bold, black, sans-serif font. The letters are thick and blocky. The 'Z' is particularly stylized, with a sharp, downward-pointing tail that extends below the baseline of the other letters. The overall appearance is that of a modern, aggressive typeface.