Date	June 16, 1983	Court	Tokyo High Court
Case number	1982 (Gyo-Ke) 110		
– A case in which the court instructed the conditions for finding the state of being well-known with respect to coffee, which is a general product that is distributed nationwide and is used on a daily basis.			

References: Article 4, paragraph (1), item (x) of the Trademark Act
Number of related rights, etc.: Trademark No. 1094915

Summary of the Judgment

The trademark in question ("Trademark") consists of the horizontally written alphabetic characters "DCC," designating "tea, coffee, cocoa, soft drinks, fruit drinks, and ice" in Class 29 as the designated goods, and the defendant filed an application for trademark registration thereof on March 18, 1971. The establishment of the trademark right was registered on November 1, 1974. The plaintiff filed a request for a trial for invalidation of the registration of the Trademark by alleging that the Trademark had been well-known among consumers prior to the date of filing the application for trademark registration of the Trademark by the defendant because the plaintiff had continued to use the Trademark in connection with coffee, cocoa, and tea in the course of its business for many years and therefore, the Trademark was registered in violation of the provisions of Article 4, paragraph (1), items (x) and (xv) of the Trademark Act.

The JPO rendered a trial decision to dismiss the request for a trial for invalidation on the grounds that although it is possible to find that the plaintiff had used a mark consisting of the characters "DCC" as a trademark in connection with coffee, etc., it is difficult to find that the Trademark had been well-known among consumers prior to the date on which the application for trademark registration of the Trademark was filed.

In this judgment, after making the following instructions regarding the conditions for finding the state of being well-known, the court found and determined that the Trademark could not be found to have been well-known as a trademark indicating the goods pertaining to the plaintiff's business, as found by the JPO in its decision. Based on such determination, the court dismissed the plaintiff's claims on the grounds that no errors could be found in the determination made in the JPO Decision based on the determination with the same effect mentioned above.

i. Although there are circumstances such as that Japan is entirely dependent on imports for the raw materials of coffee, coffee is commercially provided not only at specialized coffee shops but also at eateries, etc. in general, and it is a taste that is also easily

consumed in general households on a daily basis, being distributed nationwide, for which a special regional preference characteristic is hardly recognized.

ii. In order to say that a trademark falls under the "trademark which is well-known among consumers," as provided for in Article 4, paragraph (1), item (x) of the Trademark Act in connection with such a general product that is distributed nationwide and is used on a daily basis, the trademark must have been recognized to a considerable degree by traders handling the same type of products in the major trade areas nationwide or has been recognized by at least half of traders handling the same type of products, not in one prefecture but at least across the area corresponding to a few neighboring prefectures, at the time of filing of the application for trademark registration.

Judgment rendered on June 16, 1983
1982 (Gyo-Ke) 110

(Indication of the parties is omitted)

Main Text

The plaintiff's claim shall be dismissed.

The plaintiff shall bear the court costs.

Facts

No. 1 Judicial decision sought by the parties

The plaintiff sought a judgment to the effect that "The JPO decision rendered regarding Trial No. 1976-1441 on March 24, 1982 shall be rescinded. The defendant shall bear the court costs." On the other hand, the defendant sought a judgment that is the same as the main text of this judgment.

No. 2 Statement of claim

I. JPO proceedings

On February 21, 1976, the plaintiff filed a request for a trial for invalidation of trademark registration in relation to Trademark Registration No. 1094915 (hereinafter referred to as "Trademark"), for which the defendant holds the trademark right, designating the defendant as the demandee. The case was examined as Trial No. 1976-1441. The JPO rendered a decision to the effect that "The request filed by the demandant shall be dismissed" on March 24, 1982, and a certified copy of the JPO decision was served to the plaintiff on April 26 of the same year.

II. Main points of the reasons for the JPO decision

The Trademark consists of the horizontally written alphabetic characters "DCC," and an application for trademark registration thereof was filed on March 18, 1971, designating "tea, coffee, cocoa, soft drinks, fruit drinks, and ice" in Class 29 as the designated goods. The examined application was published on August 2, 1973, and the establishment of the trademark right was registered on November 1, 1974.

Incidentally, the demandant (plaintiff) alleges as follows: The Trademark had been well known among consumers prior to the date of filing the application for trademark registration of the Trademark because the demandant succeeded the private business, which its representative P had conducted, in 1959, and had continued to use the Trademark in connection with coffee, cocoa, and tea in the course of its business for many years; therefore, the Trademark was registered in violation of the provisions of Article 4, paragraph (1), item (x) of the Trademark Act; as mentioned above, a trademark consisting of the characters "DCC" has become famous as a result of the demandant using it in connection with coffee, cocoa, and tea; consequently, if

the Trademark is used in connection with designated goods other than "coffee, cocoa, and tea," it is likely to cause confusion as to the source of such goods, as if the goods pertained to the business of the demandant; therefore, the Trademark was also registered in violation of the provisions of Article 4, paragraph (1), item (xv) of the Trademark Act. In either case, the Trademark is one whose registration should be invalidated pursuant to the provisions of Article 46, paragraph (1), item (i) of the Trademark Act.

Examining this allegation, although it is possible to find that the demandant had used a mark consisting of the characters "DCC" as a trademark in connection with coffee, etc., it is hardly found that the Trademark had been well known among consumers prior to the date on which the application for trademark registration of the Trademark was filed.

In that case, the request for a trial in question is groundless, as it alleges that the Trademark was registered in violation of the provisions of Article 4, paragraph (1), items (x) and (xv) of the Trademark Act, which is based on the premise that the Trademark had been well known among consumers prior to the date of filing its application for trademark registration. Therefore, the registration of the Trademark should not be invalidated.

(omitted)

Reasons

I. There is no dispute between the parties over the facts mentioned in I. and II. in the statement of claim.

II. Therefore, existence of the grounds for rescission of the JPO decision as alleged by the plaintiff is examined.

(omitted)

1. Development and form of the plaintiff's use of a trademark using an indication of "DCC"

P, who is a representative of the plaintiff, had learned the business of processing and selling coffee in Kobe-shi since around 1947. After that, he/she independently started a private business under the name of "ダイワ珈琲商会" (daiwa kōhīshōkai) in Fukuyama-shi in 1952. He/she set a mark made by surrounding the characters "DCC" with a rhombic frame as a business trademark for his/her business. "DCC" consists of a horizontal combination of the initial Roman character for "ダイワ" (daiwa), which serves as the major part of the trade name, "D," and an abbreviation indicating "coffee company," "CC." His/her business had been small until around 1958, and the sphere thereof was limited to the area around Fukuyama-shi. The plaintiff company engaging in the business of processing and selling coffee and running coffee shops, etc.

was established at its present location on March 31, 1959 with a capital of 2,000,000 yen. The plaintiff company was established by incorporating the aforementioned P's private business, and it took over said trademark and has continued to use it up to the present.

Incidentally, looking at the content of the plaintiff's business, it principally involves processing imported raw coffee beans into coffee nibs and selling them to coffee shops, restaurants, spas, etc. In addition, the plaintiff sold tea, cocoa, concentrated juice, materials for coffee shops, etc. to coffee shops, etc. by wholesale. As coffee nibs deteriorate easily, the plaintiff delivered to its customers around 1 to 2 kg of coffee nibs about twice a week. In October 1970, the plaintiff opened its own coffee shop in Fukuyama-shi. Moreover, the plaintiff opened a stand to sell roasted beans by retail and serve brewed coffee to customers within a supermarket store in Fukuyama-shi, and thereby expanded its business to the public. The plaintiff's capital increased twice within fiscal 1967 and reached 6,000,000 yen. Moreover, it increased to 9,000,000 yen in 1969. In addition to a branch located in Kurashiki-shi that had existed since the beginning of the plaintiff’s establishment, the plaintiff amalgamated 広島珈琲株式会社(hiroshima kōhī kabushiki kaisha) located in Hiroshima-shi, with which the plaintiff had continued transactions as its de facto branch since around 1959, and thereby made it into its Hiroshima Branch in 1967. The plaintiff changed its trade name to the present trade name, "ダイワコーヒー株式会社"(daiwa kōhī kabushiki kaisha), on October 31, 1970. At the time, the plaintiff had 12 employees at the Fukuyama Main Shop and 8 at the Hiroshima Branch. The annual volume of sales was more than 144,000,000 yen in fiscal 1969 (accounting at the end of August 1970) and was more than 208,000,000 yen in fiscal 1970 (accounting at the end of August 1971). In this manner, coffee shops to which the plaintiff delivered its products existed mainly around the Setouchi area as of 1970, and the number thereof was as follows: around 470 shops in Hiroshima Prefecture, specifically, about 160 shops around Fukuyama-shi, about 100 shops around Onomichi-shi, about 100 shops around Hiroshima-shi, about 80 shops around Kure-shi, and about 30 shops around Fuchu-shi; additionally, about 40 shops around Kasaoka-shi and Ihara-shi, as well as around Soja-shi and Kurashiki-shi in Okayama Prefecture; and about 15 shops in Iwakuni-shi, Tokuyama-shi, Hofu-shi, Hikari-shi, and Hagi-shi (one shop) in Yamaguchi Prefecture. In addition to those, the plaintiff had one continuous credit customer who was a wholesale merchant in Masuda-shi in Shimane Prefecture on the Sea of Japan side. Other than these, the plaintiff had about 50 customers dealing in cash in Hiroshima Prefecture and Okayama Prefecture. Therefore, the plaintiff had a business relationship with at least about 30% of about 1,600 shops that were presumed to be specialized coffee shops in Hiroshima Prefecture. Following the defendant who occupied more than 50% of the market share of coffee processing and wholesale business in Hiroshima Prefecture, the plaintiff held a competitive position against other companies for the second or third place out of 10 companies

in said region.

The form of the plaintiff's use of the trademark including an indication of “DCC” during this period was largely as follows.

(1) Since around 1961 at the latest, the plaintiff had printed the characters "D.C.C," or a mark made by surrounding said characters with a rhombus, on its delivery slips, receipts for articles, and envelops as well as its bills and receipts issued to its customers alongside its company name. The plaintiff had given them to its customers, had ordinarily delivered its coffee products in a bag with said mark printed thereon, had had its employees who were in charge of delivering its products or collecting money wear uniforms with the characters "DCC" affixed as chest or arm badges, had them possess and exchange business cards with the same mark printed thereon, and had affixed the same indication of "DCC" to vehicles used for delivery and collection of money.

(2) Furthermore, around1964, the plaintiff displayed a long and large sign on which its company name and the aforementioned rhombic mark were indicated on the outdoor wall of its shop in Fukuyama-shi. In 1968, the plaintiff started asking its valued-customer coffee shops to place signs that indicated "DCC" outside their shops at the plaintiff's cost.

(3) In 1966, the plaintiff started to affix the aforementioned mark to newspaper advertisements (eastern Hiroshima Prefecture edition of Asahi Shimbun, Mainichi Shimbun, and Sankei Shimbun, Nishinihon Journal, and Bingo Sports) for coffee shops to be newly opened around Fukuyama-shi and entered its name as sponsors of such shops. There were at least 20 such occasions in total during the period until around 1968. In addition, in relation to advertisement fliers inserted in newspapers or delivered by hand for new shop openings, the plaintiff indicated the aforementioned mark on no less than 10,000 fliers to sponsor them on as many occasions as those for the aforementioned newspaper advertisements. Moreover, there were no fewer than six cases in which, upon the opening of a new coffee shop, the plaintiff had the "DCC" mark indicated on the complementary tickets that such shop distributed (100 copies or 3,000 copies in some cases) at its own costs to sponsor such shop. In some cases, the plaintiff also had the same mark affixed to the menu of its customer coffee shops.

Incidentally, the plaintiff placed the advertisement of its own products on which the mark of the alphabetic characters "DCC" was indicated on an industry journal issued by the Trade Association for Environment Sanitation of Coffee Shops in Hiroshima Prefecture and a monthly industry journal issued in the Kansai region in 1970. Since fiscal 1968, the plaintiff had placed an advertisement using the mark made by surrounding the characters "D.C.C" with a rhombus in the coffee and tea section of the telephone books for areas around Hiroshima-shi and the eastern Hiroshima Prefecture edition, alongside the defendant and other companies in the same business. In January 1970, the plaintiff placed a job advertisement on which the mark DCC was indicated on the jobs section of Chugoku Shimbun.

The plaintiff often added catch phrases, such as "intellectuals' drink" and a "general trading company for coffee-related food that connects all of Hiroshima Prefecture," when indicating "D.C.C" or "DCC" or the mark made by surrounding such characters with a rhombus in an advertisement mentioned above. However, this was not a constant practice.

(4) The advertisement expenses involving use of the mark as mentioned above was no less than 300,000 yen per month as of 1970. The plaintiff made extraordinary corporate efforts to expand its business.

2. Whether the trademark with an indication of "DCC" used by the plaintiff had become well known

According to Exhibits Ko No. 3-34 and No. 3-35, the authenticity of which is undisputed, and the entire import of argument, Japan is entirely dependent on imports for coffee because coffee beans, the raw material of coffee, cannot be produced in Japan. The aroma and taste of coffee are characterized depending on the variety of beans. The coffee aroma, which is its attraction, also differs depending on the method of roasting in coarse grinding. Coffee is commercially provided not only at specialized coffee shops but also at eateries, restaurants, and grillrooms in general, and it is a taste that is also easily consumed in general households on a daily basis, being distributed nationwide, for which a special regional preference characteristic is hardly recognized. In addition, there is no evidence indicating that the plaintiff's products are known for their unique monopoly of raw materials, blending or roasting method, or a special taste based thereon that is distinguishable from other products.

In order to say that a trademark falls under the "trademark which is well known among consumers," as provided for in Article 4, paragraph (1), item (x) of the Trademark Act in connection with such a general product that is distributed nationwide and is used on a daily basis, the following conditions should be required: [i] the trademark eliminates other trademarks to be applied later based on the fact of its use despite being an unregistered trademark, and is also subject to protection as one that is unlikely to mislead or cause confusion among consumers; [ii] in consideration of the actual conditions of today's commercial distribution and the current state of advertising and promotional media, the trademark, in this case, has been recognized by traders handling the same type of products in the major trade areas nationwide or has been recognized by at least half of traders handling the same type of products, not in one prefecture but at least across the area corresponding to a few neighboring prefectures, at the time of filing of the application for trademark registration.

The facts found above indicate that "DCC" had been recognized as an indication of the plaintiff's business or the products handled by the plaintiff, such as coffee, by a considerable number of traders that are the plaintiff's continued customers, mainly including specialized coffee shops, owing to the use thereof by the plaintiff. However, the plaintiff's share of trades

with specialized coffee shops, etc. is nothing more than 30% at most even within Hiroshima Prefecture, which is the plaintiff's major sales area. Also taking into account the existence of general eateries, grillrooms, restaurants, etc. other than said traders, which are recognized based on undisputed Exhibits Otsu No. 5 to No. 7, it must be said that the rate of traders handling the same type of products who had recognized "DCC" as an indication of the goods pertaining to the plaintiff's business is even lower. The rates thereof in Yamaguchi Prefecture, Okayama Prefecture, etc., which are neighboring prefectures of Hiroshima Prefecture, are far below the rate in Hiroshima Prefecture. Therefore, it is hard to say that the Trademark had been well known among consumers as a trademark indicating the goods pertaining to the plaintiff's business as provided for in Article 4, paragraph (1), item (x) of the Trademark Act.

Consequently, the JPO decision contains no error in its determination that the Trademark is not recognized as having been well known among consumers as a trademark indicating the goods pertaining to the plaintiff's business prior to the date of filing the application for trademark registration thereof. There is no illegality in the JPO decision that denied the existence of grounds for invalidation alleged by the plaintiff on the premise of this fact found.

3. In that case, there is no reason for the plaintiff's claim for rescission of the JPO decision made in this action on the grounds of illegality of the JPO decision, and the court has no other choice but to dismiss it as an unreasonable one. Accordingly, for the court costs, the judgment shall be rendered in the form of the main text by applying Article 7 of the Administrative Case Litigation Act and Article 89 of the Code of Civil Procedure.

Tokyo High Court

Judge: ARAKI Hideichi

Judge: FUNAMOTO Nobumitsu

Judge: FUNABASHI Sadayuki