

Date	October 25, 2012	Court	Intellectual Property High Court, First Division
Case number	2012 (Ne) 10008		
– A case in which the court made decisions on the author and copyright holder of the original film of a commercial.			

References: Article 29, paragraph (1) of the Copyright Act

Number of related rights, etc.:

Summary of the Judgment

In this case, the plaintiff alleged that the plaintiff produced the original film of a commercial to announce the establishment of a new shop of a consumer appliances mass retailer, K's Denki (the original film of K's commercial), thereby obtaining a copyright for the original film of K's commercial, and that Defendant ADOC's acts, including the act of using the original film of K's commercial and producing another original film of K's new commercial, constitute infringement of the plaintiff's copyright (the right of reproduction). Based on these allegations, the plaintiff sought against the defendants payment of damages in tort, among others.

The court of prior instance found that the original film of K's commercial is a cinematographic work and recognized B (a person related to Defendant ADOC) as its author under Article 16 of the Copyright Act. The court then held that the copyright for said work is vested in the advertiser or advertising agency under Article 29, paragraph (1) of the Copyright Act and that the plaintiff, who was involved in the production of the commercial in question only partially, cannot be regarded as the copyright holder. In conclusion, the court dismissed the plaintiff's claims.

In this judgment, the court made the same findings and determination as those of the court of prior instance and dismissed the appellant's (the plaintiff's) claims, holding as summarized below.

(1) Since the original film of K's commercial is a cinematographic work (there is a consensus among the parties on this point), the applicability of Article 29, paragraph (1) of the Copyright Act is not denied on the grounds that the purpose of producing said film is to promote the sale, etc. of goods.

(2) Article 29, paragraph (1) of the Copyright Act was established in consideration of the facts that, in the case of a cinematographic work, the producer of the cinematographic work often invests a large amount of money in its production at his/her own risk and that, if all of so many authors of a cinematographic work are authorized to exercise their copyrights, it would hinder smooth utilization of the cinematographic work.

Regarding the original film of K's commercial, based on a comprehensive evaluation of various factors, such as that the advertiser paid the plaintiff and Defendant ADOC not only about 30 million yen for production costs but also large amounts in performance fees, etc., and that, since the advertiser solely shouldered the risk regarding the effectiveness of the video advertisement, the advertiser has a substantial need for smooth utilization of the work, there are no reasonable grounds for denying the applicability of Article 29, paragraph (1) of the Copyright Act to the original film of K's commercial.

Judgment rendered on October 25, 2012

2012 (Ne) 10008

Judgment

Appellant: Kabushiki Kaisha Carnival

Appellee: ADOC CORPORATION

Appellee: Y

Appellee: Y

Main text

1. All of the appeals in question shall be dismissed.
2. The appeal costs shall be borne by the appellant.

Facts and reasons

No. 1 Claims

1. The judgment in prior instance shall be dismissed.
2. The appellee company, ADOC, shall pay the appellant 9,048,500 yen and delay damages accrued thereon at a rate of 5% per annum, more specifically, accrued on a part of the total amount, i.e., 1,343,000 yen, from November 1, 2008 and on the remaining part of the total amount, i.e., 7,705,500 yen, from January 23, 2009 until the date of full payment.
3. Appellee Y shall pay the appellant 9,048,500 yen and delay damages accrued thereon at a rate of 5% per annum from November 11, 2009 until the date of full payment.
4. The court costs for the first and second instances shall be borne by the appellees.

No. 2 Background

1. Background

The appellant (the plaintiff of the prior instance) shall be hereinafter referred to as the "plaintiff," the appellee company "ADOC" as "Defendant ADOC," and the appellee Y (the defendant of the prior instance) as "Defendant Y." The abbreviations used in the prior instance shall also be used in this instance.

(1) The plaintiff made the following claims in the prior instance.

A. Plaintiff's claim against Defendant ADOC concerning the original version of K's commercial

The plaintiff alleged that the plaintiff produced the original version of K's commercial to announce the establishment of a new shop of K's Holdings Corporation (the former trade name was Gigas K's Denki; hereinafter "K's Denki") and the original

version of K's former commercial by using it, thereby obtaining a copyright for the original version of K's commercial. Furthermore, the plaintiff alleged that Defendant ADOC's acts, more specifically, the act of using the original version of K's commercial and newly producing the original version of K's new commercial as well as producing prints (copies of the original version of the commercial) and the act of producing copies of the original version of K's former commercial constitute infringement of the plaintiff's copyright (the right of reproduction). Based on these allegations, the plaintiff demanded against Defendant ADOC a payment of 6,045,500 yen as damages for the act of tort and delay damages accrued thereon at a rate of 5% per annum as specified in the Civil Code, i.e., the delay damages on a part of the total amount, i.e., 1,343,000 yen, from November 1, 2008, which is the date after the date of the tort, and on the remaining part of the total amount, i.e., 4,702,500 yen, from January 23, 2009, which is the date after the date of the tort, until the date of full payment.

B. Plaintiff's claim against Defendant ADOC concerning the original version of Bourbon's commercial

The plaintiff alleged that the plaintiff produced the original version of the Bourbon's commercial to announce the release of a product of Bourbon Corporation Japan ("Bourbon") and thereby obtained a copyright for the original version of Bourbon's commercial. Furthermore, the plaintiff alleged that Defendant ADOC's act of producing copies of the original version of said commercial constitutes infringement of the plaintiff's copyright (the right of reproduction). Based on these allegations, the plaintiff demanded against Defendant ADOC payment of 3,003,000 yen as damages for the act of tort and delay damages accrued thereon at a rate of 5% per annum as specified in the Civil Code from January 23, 2009, which is the date after the date of the tort, until the date of full payment.

C. Plaintiff's claim against Defendant Y

The plaintiff alleged against Defendant Y, who was a director of the plaintiff company, that Defendant Y committed, jointly with Defendant ADOC, the acts of copyright infringement specified in A and B above, and thereby demanded payment of 9,048,500 yen as damages for the tort and non-performance (the violation of duty of due care and the duty of loyalty as a prudent director) and delay damages accrued thereon at a rate of 5% per annum as specified in the Civil Code from November 11, 2009, which is the date after the date of the tort and is the date following the date of the service of complaints, until the date of full payment.

(2) The court of prior instance found that the plaintiff did not hold a copyright for the

original version of each of the commercials in question and dismissed all of the plaintiff's claims against the defendants for payment of damages. The court also dismissed the plaintiff's claim against Defendant Y for payment of damages for non-performance on the grounds that the plaintiff's allegation of Defendant Y's violation of the duty of due care and the duty of loyalty as a prudent director was unacceptable.

Dissatisfied with this judgment, the plaintiff filed this appeal. In this instance, the plaintiff additionally made the allegation that the defendants' act of unlawfully infringing the "right to exclusively receive orders for copies," which was granted to the plaintiff based on an implicit agreement between the plaintiff and DENTSU INC. ("Dentsu") and also on the customary law, constitutes the defendants' act of tort and Defendant Y's act of non-performance (the violation of duty of due care and the duty of loyalty as a prudent director).

(omitted)

No. 3 Court Decision

(omitted)

"(C) The plaintiff alleged that, unlike theatrical films, since video advertisements are exempt from the application of Article 29, paragraph (1) of the Copyright Act, P, who is the author of the original version of K's commercial, has a copyright for said version and that P assigned the copyright for said version to the plaintiff.

However, the plaintiff's allegation is unacceptable for the following reasons:

Article 29, paragraph (1) of the Copyright Act specifies that "If the author of a cinematographic work (omitted) has promised the producer of the cinematographic work that the author will participate in its making, the copyright to that cinematographic work belongs to the producer of the cinematographic work." Also, Article 2, paragraph (3) of the Act specifies that "As used in this Act, a 'cinematographic work' includes a work rendered in a manner that produces a visual or audio-visual effect analogous to that of cinematography, and that is fixed into a physical object."

Since the original version of K's commercial is a cinematographic work (there is a consensus among the parties on this point), it is unreasonable and unacceptable for the plaintiff to allege that Article 29, paragraph (1) of the Act shall not apply to said version on the grounds that the purpose of producing said version is to promote the sales, etc. of goods.

Moreover, as described below, there are no particular reasons to exempt the original version of K's commercial from the application of Article 29, paragraph (1) of the Act, which specifies that a copyright for a cinematographic work belongs to the producer of the work even if the specific purpose and background circumstances of the production of the original version of K's commercial are taken into consideration.

In other words, Article 29, paragraph (1) of the Act was established in consideration of the facts that, in the case of a cinematographic work, the producer of the cinematographic work often invests a large amount of money in its production at his/her own risk and that, if all of so many authors of a cinematographic work are authorized to exercise their copyrights, it would hinder smooth utilization of the cinematographic work.

Meanwhile, regarding the original version of K's commercial, based on a comprehensive evaluation of various factors, such as that said version is a short video advertisement that lasts only 15 or 30 seconds (Exhibits Otsu No. 2, No. 3, and No. 12), that the advertiser, which produced said version, paid the plaintiff and Defendant ADOC not only about 30 million yen for production costs but also large amounts in performance fees, etc., and that, since the advertiser solely shouldered the risk of whether the video advertisement would be effective, the advertiser has a substantial need for smooth utilization of the work, it should be considered that there are no reasonable grounds for exempting the original version of K's commercial from the application of Article 29, paragraph (1) of the Act. The fact that video advertisements are different from theatrical films in terms of the length of the period of use, the method of use, etc. would not provide reasonable grounds for exempting video advertisements from the application of Article 29, paragraph (1) of the Act. The plaintiff alleged that, in the case of a video advertisement like the one disputed in this case, since there has been an established commercial practice in which a production company is entitled to receive orders for copies (reproductions) of the original version of a commercial in order to supplement the shortage of its production budget with the revenues from the sale of those copies, the right of reproduction for the original version of K's commercial should be interpreted to belong to the plaintiff.

However, even if there were past cases where a production company copied (reproduced) the original version of a commercial (Exhibits Ko No. 26, No. 28, and No. 46), the plaintiff should not be interpreted to have the right to supplement its production budget with the revenues from the sale of the copies.

As described above, while the plaintiff alleged that the plaintiff obtained a copyright (the right of reproduction) for the original version of K's commercial on the premise that

Article 29, paragraph (1) of the Act is inapplicable to said version, this allegation is unacceptable."

(omitted)

"While the plaintiff alleged that Defendant ADOC's act constitutes an act of tort on the premise that the plaintiff holds the copyrights for the original versions of the commercials in question, this allegation is unacceptable on the grounds that the plaintiff does not hold the copyrights.

Furthermore, as described above, even if there were past cases where a production company produced copies (reproductions) of the original version of a commercial (Exhibits Ko No. 26, No. 28, and No. 46), there is no sufficient evidence to prove that there was an implicit agreement between Dentsu and the plaintiff that would give the plaintiff the exclusive right to receive orders for copies of the original versions of the commercials in question. Moreover, there is no sufficient evidence to prove the existence of a customary law under which orders for such copies shall be placed with the production company in principle. Therefore, the plaintiff should not be found to have the exclusive right to receive orders for copies of original versions of the commercials in question. Without needing to examine any other factors, it is reasonable to deny the plaintiff's allegation about Defendant ADOC's act of tort based on such premise."

(omitted)

2. Conclusion

As described above, it is reasonable to conclude that all of the plaintiff's claims are groundless without needing to examine any other factors. Thus, the judgment in prior instance, which reached the same conclusion, should be found to be reasonable. On these grounds, all of the appeals shall be found to be groundless. The court dismissed these appeals and rendered a judgment in the form of the main text.

Intellectual Property High Court, First Division

Presiding judge: IIMURA Toshiaki

Judge: YAGI Kimiko

Judge: ODA Shinji