

judgedate:

July 19, 1988

caseid:

1986 (O) 30

casename:

Case of seeking injunction against manufacture of imitation products and the like

casetitle:

Judgment regarding the timing at which indications, such as a name, trade name, and trademark, for distinguishing a person's own goods should acquire well-knownness as stipulated in Article 1, paragraph (1), item (i) of the Unfair Competition Prevention Act.

summary\_judge:

1. The timing at which indications, such as a name, trade name, and trademark, for distinguishing a person's own goods should acquire well-knownness as stipulated in Article 1, paragraph (1), item (i) of the Unfair Competition Prevention Act is, in relation to a claim for injunction against the act of creating confusion with the agent of goods as stipulated in the same item, the time of conclusion of oral arguments during the fact-finding proceedings in a lawsuit involving a demand for injunction, and, in relation to a claim for compensation for damages for the above act, the time when the act, which is the subject of a claim for compensation for damages, took place.
2. In the case where the scope of claims for utility model registration is amended after a third party learns of the content of a device pertaining to a published application for utility model registration, if the amendment restricts the scope of claims for utility model registration, and if the article worked by the third party belongs to the technical scope of the device throughout the period before and after the amendment, in order for the applicant for utility model registration to demand against the third party for payment of compensation as stipulated in Article 13-3, paragraph (1) of the Utility Model Act, it is not necessary for the third

party to learn of the content of the amended scope of claims for the utility model registration by way of repeated warnings or the like by the applicant of the utility model registration.

court second:

Sendai High Court, Judgment of March 16, 1984

references:

Article 1, paragraph (1), item (i) of the Unfair Competition Prevention Act;  
Article 13-3, paragraph (1) of the Utility Model Act

### Main text

- I. For Case No. 1986 (O) 30, from among the judgment in prior instance which was rendered on March 16, 1984, the part in which Appellant Company A1 Koeki lost, and for Case No. 1986 (O) 31, the additional judgment in prior instance which was rendered on September 30, 1985 shall be reversed.
- II. The present case shall be remanded to the Sendai High Court in regards to the parts of the preceding paragraph.
- III. For Case No. 1986 (O) 30, the final appeal made by Appellant A2 shall be dismissed.
- IV. Appellant A2 shall bear the cost of the final appeal pertaining to the part of the preceding paragraph.

### Reasons

No. 1 Case No. 1986 (O) 30

- 1. Regarding Reason 1 for the final appeal according to Appellants' attorneys, ●●●●, ●●●●, ●●●●, and ●●●●.

Appellants' First Claim, which is made under the Unfair Competition Prevention Act, is as follows. Since June 1978, a ground belt for a car, as indicated in the Attachment, "First List", attached to the judgment in prior instance (hereinafter referred to as "Plaintiff's Product"), has been manufactured and sold by Appellant Company A1 Koeki (hereinafter referred to as "Appellant Company"), which was established by Appellant A2, by use of the trademark, "アースベルト" (hereinafter referred to as "Plaintiff's Trademark"). The product generated massive sales, and approximately 150,000 straps had been sold by March 1979, and the number of the product being manufactured and sold kept increasing, and, together with the advertisement in newspapers, magazines, radio, and TV and the like, the shape per se of Plaintiff's Product as well as Plaintiff's Trademark came to be known nationwide, mostly in Sendai-shi, as an indication showing that the product belongs to Appellant Company, thereby becoming an indication of goods which "became widely recognized in the area where the Unfair Competition Prevention Act is enforced" (hereinafter referred to as "well-known" or "well-knownness"), as stipulated in Article 1, paragraph (1), item (i) of the same Act, by March 1979. Around August 1978, Appellee B1 Shoko Kabushiki Kaisha (hereinafter referred to as "Appellee B1 Shoko"), proposed to Appellant Company to be granted the exclusive right to sell Plaintiff's Product; however, Appellee B1 Shoko was only able to purchase stocks of approximately 4,600

straps, and continued transaction was refused thereafter. As such, around March 1979, Appellee B1 Shoko asked Appellee Kabushiki Kaisha B2 (former trade name being "Kabushiki Kaisha B3 Kogyo Seisakusho") to manufacture ground belts for cars, as indicated in Attachments, "Second List" through "Fifth List", attached to the judgment in prior instance (hereinafter collectively referred to as "Defendant's Product"), and used the trademark, "エンドレスアースベルト" (hereinafter referred to as "Defendant's Trademark"), to start the sale of the same. However, the shape of Defendant's Product closely resembled the shape of Plaintiff's Product, and Defendant's Trademark which was used on Defendant's Product was similar to Plaintiff's Trademark which is used for Plaintiff's Product, so that Appellants asserted that the sale per se of Defendant's Product, as well as the use of Defendant's Trademark and the sale of Defendant's Product by using the same (hereinafter the act of "using an indication of goods, or of selling goods by using an indication of goods", as stipulated in Article 1, paragraph (1), item (i) of the same Act shall be referred to as "Use, etc.") are misleading or create confusion as to Defendant's Product being Plaintiff's Product, and demanded against Appellees for injunctions against the manufacture and sale of Defendant's Product, and against Use, etc. of the name of "アースベルト", as well as for compensation for damages in the amount of 80,000,000 yen, which was incurred as a result of Appellees manufacturing and selling 198,610 straps of Defendant's Product by using Defendant's Trademark from April 1979 until January 1981, and for posting of an apology ad in newspapers.

In the judgment in prior instance, the following facts were confirmed: (1) Appellant A2 devised Plaintiff's Product around February 1978, and turned it into a product around the end of April of the same year, and established Appellant Company on June 1 of the same year, and began selling Plaintiff's Product through Appellant Company; (2) Appellant Company sold Plaintiff's Product via mail order by posting ads in two magazines that specialize in automobiles and that are sold nationwide, and at the same time, advertised Plaintiff's Product in local newspapers and on radio, and around August of the same year, started transactions with non-party Kabushiki Kaisha D Shokai, and Plaintiff's Product which was sold wholesale to said company was retailed mostly to E-related gas stations in the six Tohoku prefectures. Around December of the same year, Appellant Company also started transactions with a non-party manufacturer of automobile parts and goods called "Kabushiki Kaisha F" in Tokyo, and other company, and also started transactions with several other companies through the aforementioned D Shokai;

(3) Plaintiff's Product is mostly retailed in gas stations, shops specializing in car parts and goods, and supermarkets and the like, and by around March 1979, Plaintiff's Product was also sold in gas stations in Tokyo, and the number of sales between June 1978 and March 1979 totaled approximately 150,000 straps, including the number of the product sold via mail order and at exhibitions and spot sales; (4) Around September 1978, Appellee B1 Shoko purchased stocks of Plaintiff's Product from Appellant Company, but thereafter Appellant Company refused to sell any more of Plaintiff's Product to Appellee B1 Shoko, and thus, around the end of March 1979, Appellee B1 Shoko began manufacturing and selling a ground belt for a car, as indicated in "Second List", from among Defendant's Product, and later, began likewise manufacturing and selling ground belts for cars as indicated in "Third List" through "Fifth List". Based on these facts and in light of the purport of the provision of Article 1, paragraph (1), item (i) of the Unfair Competition Prevention Act, the court concluded that in order for First Party, who asserts that its indication of goods constitutes a well-known indication of goods as stipulated in the same item, to demand against Second Party, who engages in Use, etc. of an identical or similar (hereinafter simply referred to as "similar") indication of goods, for an injunction against the Use, etc. of the indication of goods and for compensation on the basis of the Use, etc. (including the posting of an apology ad; the same applies hereinafter), it is necessary for First Party's indication of goods to have acquired well-knownness before Second Party starts selling its product, if not earlier, and that, in the present case, it is necessary for the shape per se of Plaintiff's Product and Plaintiff's Trademark to have obtained well-knownness as an indication of goods for Plaintiff's Product by the end of March of 1979, which is when the sale of Defendant's Product began, but that it cannot be acknowledged that the shape per se of Plaintiff's Product and Plaintiff's Trademark had yet obtained well-knownness as of the above timing, so that the claims made by Appellants should be dismissed.

However, the judgment of the court of prior instance as to the timing at which the above well-knownness should be obtained cannot be approved.

In order for First Party, who asserts that its indication of goods constitutes a well-known indication of goods as stipulated in Article 1, paragraph (1), item (i) of the Unfair Competition Prevention Act, to demand against Second Party, who engages in Use, etc. of a similar indication of goods, for an injunction or the like of such indication of goods, it is necessary for First Party's indication of goods to have obtained well-knownness at the time when Second Party's act, which is

regarded as an act of unfair competition, becomes a problem in relation to the claim made by First Party, or in other words, the present (at the time of conclusion of oral arguments for fact-finding proceedings) in the case of a claim for an injunction, and the time of Use, etc. by Second Party of the similar indication of goods, which is the intended subject of a claim for compensation, in the case of a claim for compensation, and furthermore, the foregoing is sufficient as a requirement. This is because the very provision of the same item is not one which restricts the timing at which well-knownness should be obtained, as per the explanation of the judgment in prior instance, but in order to be consistent with the purport of the provision of the same item, which is to prohibit any act of unfair competition conducted against the agent of a well-known indication of goods and to maintain a system of fair competition, once the situation is such that it is sufficient to provide protection as a well-known indication of goods, any act which creates confusion between the agents of goods as a result of Use, etc. of an indication of goods that is similar to the above well-known indication of goods should be prevented, starting from that point in time. Even based on this interpretation, a person engaged in Use, etc. of a similar indication of goods in good faith, from before the above well-known indication of goods obtained well-knownness, will be permitted to continuously engage in Use, etc. of the indication (Article 2, paragraph (1), item (iv) of the same Act; the so-called defense of "use of an old indication in good faith") and the indication will be sufficiently protected, and furthermore, in the case of a claim for compensation, intention or negligence on the part of the doer is a requirement (Article 1-2 of the same Act), and thus the result will not be unjust.

Next, while the facts, which provide the basis for the argument that the sale and advertising activities and the like of goods bearing First Party's indication of goods came to obtain well-knownness, should be specifically asserted by First Party with supporting evidence, records show that in the present case, it is clear that Appellants specifically asserted as to the number of Plaintiff's Product sold, not only up to the end of March 1979, which is when Appellees began manufacturing and selling Defendant's Product, but also the number of Plaintiff's Product sold thereafter by Appellant Company to Kabushiki Kaisha D Shokai, Kabushiki Kaisha F Jidosha Yohin Seisakusho, and the like, and that supporting evidence was submitted as well.

Accordingly, even though the shape per se of Plaintiff's Product and Plaintiff's Trademark had not obtained well-knownness as of the end of March 1979, which

is when the ruling was made by the court of prior instance, depending on the result of the trial, it may be acknowledged that well-knownness came to be obtained thereafter when the act by Appellees became an issue as described above. As such, the judgment in prior instance, which took the perspective that is different from the one explained above, and which was rendered to the effect that the claims made by Appellant Company pursuant to the same Act should be dismissed, has the illegality of incorrectly interpreting the same Act, and it is clear that this illegality would have influence on the conclusion made by the judgment, and by extension, it must be said that there is illegality in terms of inexhaustive examination and inadequacy of reason. The gist of Appellant Company's argument, whose purport is the same as above, is reasonable.

However, it is clear from Appellant A2's assertion per se that Appellant A2 is not a person who is personally engaged in the business of sale and the like of Plaintiff's Product by using Plaintiff's Trademark, and it should be said that Appellees' manufacture and sale of Defendant's Product and Use, etc. of Defendant's Trademark do not harm the business interests and credibility of Appellant A2. Accordingly, the judgment of the court of prior instance to the effect that the claims made by Appellant A2 pursuant to the same Act should be dismissed, can be approved in regards to the conclusion, and the above gist of the argument by Appellant cannot be accepted.

Next, Appellant Company's claims for compensation pertaining to the lawsuit of the present case, and a claim for payment of compensation on the basis of the publication of an application for utility model registration for a device pertaining to Case No. 1986 (O) 31, were jointed preliminarily in a sequence of First Claim through Third Claim, which were entirely dismissed in the judgment in prior instance and the additional judgment in prior instance, and a final appeal was made against the judgments. Meantime, there are grounds for reversal, as described above, for First Claim, which is a claim for compensation pursuant to the Unfair Competition Prevention Act, so that the judgment in prior instance and the additional judgment in prior instance should be reversed in regards to Second Claim and Third Claim as well. Accordingly, determination shall be added only in relation to Appellant A2, including Case No. 1986 (O) 31, hereinafter.

2. Regarding other reasons for the final appeal.

In light of the evidence listed in the judgment in prior instance, the finding and judgment of the court of prior instance concerning the points of the asserted opinion can be approved as justifiable, and there is no illegality with the process

as per the asserted opinion. The gist of the argument cannot be accepted.

No. 2 Case No. 1986 (O) 31

Regarding the reasons for the final appeal according to Appellants' attorneys, ●●●●, ●●●●, ●●●●, and ●●●●.

From among the Third Claim made by Appellant A2, a claim for payment of compensation pursuant to Article 13-3 of the Utility Model Act is as follows. Appellant A2 has the utility model right (an application for utility model registration filed on May 23, 1978; publication of unexamined application on December 1, 1979; publication of examined application on June 19, 1981) for a device pertaining to Plaintiff's Product (hereinafter referred to as "Device"). From around the end of March 1979, Appellees have manufactured and sold Defendant's Product, which belongs to the technical scope of the Device, and continued to manufacture and sell Defendant's Product, even after the publication of application on December 1 of the same year, until January 1981, with the knowledge that it is a device pertaining to the published application for utility model registration. Accordingly, Appellant demands for payment of compensation as prescribed in the same Article.

In the additional judgment in prior instance, the court confirmed that while the scope of claims for utility model registration at the time of the publication of application for Device (hereinafter referred to as "Scope of Claims for Registration") is as per Attachment (1) attached to the additional judgment in prior instance, a notice of reasons for rejection dated May 14, 1980 was received from an examiner, and Appellant A2 amended the Scope of Claims for Registration as of July 17 of the same year as per Attachment (2) attached to the additional judgment in prior instance. In relation to the requirements for the occurrence of the right to claim for compensation, it was determined that in the case where amendment is made after the publication of application, it is reasonable to interpret that a new application was filed as of the time of the above amendment, and in the present case, it was determined that there is no evidence to sufficiently acknowledge that, after the above amendment dated July 17, 1980, Appellant A2 sent a warning, as prescribed in the same Article, to Appellees, or that Appellees had the bad faith as stipulated in the same Article, and thus Appellant A2's claim for payment of compensation pursuant to the same Article was dismissed.

However, the above judgment of the court of prior instance cannot be approved.

In the case where, after the publication of an application, the applicant for utility model registration warns a third party by presenting a document describing the content of the device pertaining to the application for utility model registration, and the third party, after learning of the content of the device pertaining to the above



published application for utility model registration, makes amendment by amending the Scope of Claims for Registration, if the amendment is one which enlarges or alters the original Scope of Claims for Registration, and if the article worked by the third party, which did not belong to the technical scope of the device according to the Scope of Claims for Registration prior to the amendment, came to belong to the technical scope of the device according to the description of the Scope of Claims for Registration after the amendment, in order for the applicant to make a claim for payment of compensation against the third party pursuant to Article 13-3 of the Utility Model Act, it is necessary for the third party to learn of the content of the Scope of Claims for Registration after the amendment by means such as the applicant sending a new warning, as prescribed in the same Article, to the third party after the above amendment, but if the amendment is one which restricts the Scope of Claims for Registration prior to the amendment, within the scope of the information indicated in the specifications or drawings that are attached to the application form at the beginning, and if the article worked by the third party belongs to the technical scope of the device throughout the period before and after the amendment, the reasonable interpretation in such case would be that it is not required that a third party learns of the content of the Scope of Claims for Registration after the amendment, by way of receiving a new warning or the like, after the above amendment. In light of the legislative purport of the same Article, which is to provide for the above warning or bad faith as a requirement so as to prevent a surprise attack of a sudden claim for compensation against a third party, it would be sufficient if a new warning or bad faith is required only for the former case, and even if a new warning or bad faith is not required for the latter case, it would not constitute the making of a surprise attack against a third party.

When the above is considered in the present case, the Scope of Claims for Registration for Device at the time of the publication of application, according to Exhibit Ko 44 listed in the additional judgment in prior instance (Unexamined Utility Model Application Publication for Device), is not as per Attachment (1) attached to the additional judgment in prior instance, but has been amended by the amendment dated June 29, 1979 prior to the publication of application, and upon comparing this with the Scope of Claims for Registration after the amendment dated July 17, 1980, the substantial differences exist with regard to the Device pertaining to a ground belt for a car consisting of a conductive rubber belt, which is hung with a metal fitting from the frame at the rear part of a car, in order to ground the build-up of static electricity in a car, and which has a reflector plate attached to it. In the former case,

there is no reference as to particularly limiting the method of attaching a reflector plate to the above belt. In the latter case, it is added as a requirement that the above reflector plate is attached to "enable adjustment of the position of attachment and relative displacement". In other words, the above amendment dated July 17, 1980 can be interpreted as restricting the Scope of Claims for Registration by limiting the device, within the scope of information indicated in the specifications or drawings attached to the application form at the beginning (Exhibit Ko 1-3 listed in the additional judgment in prior instance), from a device that includes a type in which a reflector plate "enables adjustment of the position of attachment and relative displacement" as well as a type in which a reflector plate does not have such feature, to a device in which a reflector plate "enables adjustment of the position of attachment and relative displacement". According to this interpretation, Defendant's Product, in which a reflector plate is attached to a belt to "enable adjustment of the position of attachment and relative displacement", belongs to the technical scope of Device throughout the period before and after the amendment (the point that Defendant's Product belongs to the technical scope of the registered Device is as per the ruling made in the judgment in prior instance, so that the above determination can be approved), and in light of the aforementioned explanation, in order for an applicant to demand for payment of compensation prescribed in the same Article, it is not necessary for Appellees to learn of the content of the Scope of Claims for Registration after the amendment, by way of the sending of a new warning or the like to Appellees after the amendment.

The following can be said about the above requirement of warning or bad faith. An application for utility model registration is automatically published one and a half years after the filing of application (Article 13-2 of the same Act), excluding some exceptions. In the present case, records show that Appellees learned that an application for Device was filed as well as other information such as the content and application number when Appellee received copies of Complaint on May 7, 1979, together with Exhibits Ko 1-1 to Ko 1-5 (documents related to Device, namely; application for utility model registration, written request for examination, specifications, power of attorney, and notice of application number). Even thereafter, it seems that a search was conducted on whether or not any application for a device that is similar to Device has been filed, and on matters such as the content of such application (Exhibits Otsu 1 through Otsu 3, Otsu 4-1, Otsu 4-2, Otsu 5-1 through Otsu 5-7, and Otsu 6), and that the examination process for Device was watched (Exhibits Otsu 7-1 through Otsu 7-7), and furthermore, at an examination of

Appellant A2 during the trial of the first instance, on the date for oral arguments on February 20, 1980, Appellant A2 responded to a question asked by an attorney representing Appellees that the Device was published only recently. In light of these circumstances, it is highly likely that Appellees learned of the fact that an application for Device was published, either immediately after the publication of application, or on the above date for oral arguments, if not earlier.

Accordingly, the additional judgment in prior instance, which was rendered to the effect of dismissing Appellant A2's claim for payment of compensation which was made on the basis of the publication of application, has the illegality of incorrectly interpreting Article 13-3 of the Utility Model Act, which provides for the requirement for making a claim, and it is clear that this illegality would have influence on the conclusion of the judgment, so that resultingly, it must be said that there is illegality in terms of inexhaustive examination and inadequacy of reason. The gist of Appellant A2's argument whose purport can be interpreted as same as the above is reasonable (since Appellant Company is, as also stated in its assertion, only manufacturing and selling Plaintiff's Product since June 1978 under the exclusive licensing for Device, and it is clear that Appellant Company is not the applicant for Device, there is no room for acknowledging the claim for payment of compensation as prescribed in the same Article unless there are other special circumstances).

### No. 3 Conclusion

Based on the above, for Case No. 1986 (O) 30, from among the judgment in prior instance which was rendered on March 16, 1984, the part in which Appellant Company lost shall be dismissed, and, in particular, for further examination to be conducted for Appellant Company's claim for injunction and claim for compensation for damage pursuant to the Unfair Competition Prevention Act, on matters such as whether or not the shape per se of Appellant's Product and Plaintiff's Trademark had obtained well-knownness at each of the timings explained above in No. 1-1 (as for the shape of Plaintiff's Product, including whether or not the above shape had obtained the property as an indication of goods, as a premise for the above determination), the case shall be remanded to the court of prior instance. As for Appellant A2, the final appeal made by Appellant A2 shall be dismissed. For Case No. 1986 (O) 31, the additional judgment in prior instance which was rendered on September 30, 1985 shall be reversed, and in particular, in relation to Appellant A2, for further examination to be conducted on whether or not there was bad faith after the publication of application for Device, from the perspective explained above in No. 2 concerning the relationship between the amendment of Scope of Claims for

Registration in the specifications and the warning or bad faith prescribed in Article 13-3 of the Utility Model Act, the case shall be remanded to the court of prior instance.

Therefore, the judgment of this court is rendered unanimously by all judges, as per the main text, by application of Articles 407, paragraph (1), Article 396, Article 384, Article 95, and Article 89 of the Code of Civil Procedure.

Supreme Court, Third Petty Bench

Presiding judge: ITO Masami

Judge: YASUOKA Mitsuhiro

Judge: SAKAUE Toshio

Judge: TEIKA Katsumi