

judgedate:

September 17, 2002

caseid:

2001 (Gyo-Hi) 7

casename:

A case of seeking rescission of the JPO decision

casetitle:

Judgment related to the case where the defect of lack of procedures prescribed in Article 153, paragraph (2) of the Patent Act applied mutatis mutandis in Article 56, paragraph (1) of the Trademark Act does not fall under unlawfulness such that the JPO decision should be rescinded

summary_judge:

Even in the case where there is a defect of lack of procedures prescribed in Article 153, paragraph (2) of the Patent Act applied mutatis mutandis in Article 56, paragraph (1) of the Trademark Act, if there are circumstances found such that examination of the grounds not pleaded by a party is not unexpected by the party, the defect does not fall under unlawfulness such that the JPO decision should be rescinded.

court second:

Tokyo High Court, Judgment of October 12, 2000

references:

Article 56, paragraph (1) of the Trademark Act, Article 153, paragraph (2) of the Patent Act

Main text

The judgment in prior instance shall be reversed.

The present case shall be remanded to Tokyo High Court.

Reasons

Reason 1 for the petition for acceptance of final appeal by attorney of the final appeal, ●●●●

1. Outline of factual relationships finalized in the court of prior instance is as follows.

(1) Appellant of the final appeal is a holder of a trademark right of the registered trademark of the Registration No. 1419427 (trademark registration filed on June 22, 1972, establishment thereof registered on May 30, 1980, hereinafter, referred to as the "present trademark"). The present trademark is, as described in the "present trademark" in the attachment to the judgment in prior instance, constituted by a figure displaying a European character "M" in white in a blackened circle with a large number of small projections on an outer circumference (hereinafter, referred to as the "M mark") arranged on the left side and European characters of "mosrite" laterally arranged on the right side thereof. The designated goods are the "musical instruments and other goods belonging to this class" in Class 24 in the Table attached to the ordinance of the Trademark Act (before revision by the Ordinance No. 299 of 1991).

(2) Appellant made a request for a trial seeking for rescission of the trademark registration of the present trademark on May 7, 1998 (1998 Trial No. 30446). The reasons for requesting a trial petitioned by Appellant are as follows.

A. Appellee uses a trademark in which European characters of "of California" in cursive handwriting are put below the present trademark (hereinafter, referred to as the "trademark in use") as described in the "trademark used by Plaintiff" attached to the judgment in prior instance for an electric guitar which is the designated goods of the present trademark.

B. The trademark in use is identical to the indication put on an electric guitar manufactured by G incorporated (hereinafter, referred to as the "G Incorporated") located in California in the U.S. and exclusively imported to and sold in Japan by Appellant. Moreover, the trademark in use is also identical to the indication used for an electric guitar manufactured by H, a guitar manufacturer in the U.S. or a company established by the H since H opened a studio in 1952 in California and started manufacture of the electric guitar. Appellee started use of the trademark in use with

the cursive handwriting indication which is identical to that of H's for the present trademark after H died.

C. As described above, Appellee intentionally affixes the trademark in use similar to the present trademark to the designated goods of the present trademark and actually performs an act inducing false recognition that it has a quality of the electric guitar produced in California, the U.S. or an act causing confusion with the electric guitar related to operations of G Incorporated and Appellant to customers and thus, the trademark registration of the present trademark should be canceled pursuant to the provisions in Article 51, paragraph (1) of the Trademark Act.

(3) Japan Patent Office made a decision to the effect that the trademark registration of the present trademark was to be canceled on September 8, 1999 (hereinafter, referred to as the "present JPO decision") as follows.

A. H founded a company called "Mosrite, Inc." in 1952 in California and started manufacture of electric guitars. The electric guitars manufactured by H have indication similar to the trademark in use; that is, the indication in which the European characters of "mosrite" are arranged laterally on the right side of the "M mark" and the European characters of "of California" in cursive handwriting are put below that, and this indication was made known to dealers handling electric guitars and consumers in our country by 1965 at the latest. And the electric guitars manufactured by H are traded at extremely high prices in our country still at present.

B. Appellee started use of the trademark in use similar to that of the present trademark around 1988 or the beginning of 1989. Appellee put the European characters of "of California" to the present trademark because Appellee received a request from many customers that they wanted the font identical to that of the electric guitar manufactured by H. Moreover, Appellee has description of "J (limited private company)" in the goods catalog which seems as if the company is related to the electric guitar manufactured by H. Some of the dealers and customers of the electric guitar are misled such that the electric guitar manufactured by Appellee with the trademark in use has quality similar to those manufactured by H.

Then, the Appellee's act of affixing the trademark in use to the electric guitar can cause misleading on the quality of the goods that it has the quality similar to the electric guitar manufactured by H or confusion of a place of origin of the goods that the goods are manufactured by H or those with some relationship with H. Moreover, Appellee made indication of "of California" following the handwriting of H, and it is found that Appellee had recognition that quality misleading or confusion of the place of origin by putting this indication to the electric guitar manufactured by Appellee.

C. As described above, it should be considered that Appellee, who is a holder of a trademark right of the present trademark, intentionally made use of the trademark in use similar to the present trademark, which would cause misleading on the quality of the goods or confusion with the goods pertaining to business of another person and thus, the trademark registration of the present trademark cannot escape cancellation in pursuance to the provisions in Article 51, paragraph (1) of the Trademark Act.

2. The present case is a lawsuit that Appellee sought rescission of the present JPO decision. The court of prior instance held as follows and upheld the claim by Appellee.

(1) The present JPO decision examined the reasons that false recognition on the quality or confusion of a place of origin is caused with the electric guitar manufactured by H, which is not asserted by Appellant, without examining the reason of making a request for a trial asserted by Appellant that the Appellee's act of using the trademark in use on the electric guitar causes misleading on the quality or confusion of a place of origin with the electric guitar manufactured by G Incorporated and exclusively imported and sold by Appellant in our country. Therefore, the present JPO decision has an error that the reasons other than the reason of the request for a trial petitioned by Appellant, who is a demandant of the trial, were examined.

(2) Since Appellee has used the trademark in use for the electric guitar since 7 to 8 years before the time when G Incorporated started manufacture of the electric guitar upon receipt of a request from Appellant, with regard to confusion with the goods and a place of origin related to the business of G Incorporated and Appellant (the "other person" asserted by Appellant in the trial), who are the "other person" prescribed in Article 51, paragraph (1) of the Trademark Act, it cannot be found that Appellee had an "intention" prescribed in the same paragraph.

3. However, the aforementioned judgment of the court of prior instance cannot be affirmed. The reasons for that are as follows.

(1) Regarding the trial based on the Trademark Act, Articles 152 and 153 of the Patent Act are applied *mutatis mutandis* in Article 56 of the Trademark Act, and the principle of proceedings by official authority is employed. According to Article 153, paragraph (1) of the Patent Act, the grounds not pleaded by a party can also be examined in a trial. That is because, by the natures of the patent right and the trademark right to be the ground of a claim for injunction, compensation for damage and the like against a third party, whether the patent or the trademark registration is effectively maintained is widely related to interests not only of the parties concerned of the trial but also of the general public. If the patent or the trademark registration

which should be invalidated or canceled is maintained since assertion by the party is insufficient, that would harm the interest of the third party and thus, the grounds not pleaded by the party can be also examined by the official authority. Therefore, even if the grounds not pleaded by the demandant of the trial were examined, that does not immediately make the JPO decision unlawful.

On the other hand, Article 153, paragraph (2) of the Patent Act prescribes that, when the grounds not pleaded by a party are examined in a trial, the chief administrative judge must notify the parties of the result of the examination and give them an opportunity to present opinions within a reasonable, specified period of time. This prescribes proceedings to rescue the party from disadvantages that disadvantageous materials are collected before the party knows it, and an impression is created without being given any opportunity for explanation. Especially for the holder of a patent right or the holder of a trademark right, they would suffer significant disadvantages of loss of the right if the patent or the trademark registration is invalidated or canceled and thus, when the grounds not pleaded by the party are examined, an opportunity to counterargue should be secured. However, when there are circumstances found not to be unexpected by the party even if the examination by the official authority is made, such that the factual relationships on which the grounds not pleaded by the party are based are in common in a major part with those related to the grounds pleaded by the party and moreover, the reasons of the examination by the official authority appear in the proceedings of the trial in which the parties are involved, and it can be evaluated that an opportunity for counterargument against this was substantially given, a substantial disadvantage is not generated for the parties even if the opportunity to present opinions is not given. Therefore, [gist] even in the case of defect of a lack of the procedure prescribed in Article 153, paragraph (2) of the Patent Act in the trial, when there are circumstances in which examination on the grounds not pleaded by the party is found not to be unexpected by the party, it is reasonable to consider that the defect does not fall under unlawfulness that the JPO decision should be rescinded.

(2) By examining this for this case, even if the present JPO decision examines the grounds not pleaded by Appellant, the examination itself on the grounds not pleaded by the party in the trial is not unlawful and thus, it should be considered that the judgment of the court of prior instance in the aforementioned 2(1) violates the provisions in Article 153, paragraph (1) of the Patent Act applied mutatis mutandis in Article 56 of the Trademark Act. Moreover, the judgment of the court of prior instance in (2) of the same is also based on the judgment in (1) of the same that

targets of the examination as "another person" referred to in the provisions in Article 51, paragraph (1) of the Trademark Act in the trial of this case are only G Incorporated and Appellant and thus, it cannot be accepted.

Moreover, by comparing the grounds of the request for a trial made by Appellant with the grounds that the present JPO decision judged that the trademark registration of the present trademark should be canceled, it is found that the factual relationships of the two are in common in the major parts to be the basis of determination on whether or not the trademark registration of the present trademark should be canceled such as whether the indication put on the electric guitar manufactured by H was widely known to the dealers and consumers in our country. Furthermore, according to the record, the grounds that misleading/confusion are caused in a relationship with the electric guitar manufactured by H or those having relations with H are described in the reply submitted by Appellant in the trial, and it is supposed that Appellee performed a verification activity on the trial proceedings in relation with this point. Then, in this case, even if procedures to give an opportunity to present an opinion by notifying the result of examination on the grounds not pleaded by Appellant to the Appellee was not taken, there were considered to be such circumstances found not to be unexpected by Appellee.

4. According to the above, the judgment of the court of prior instance upholding the claim by Appellee violates the laws and ordinances obviously affecting the judgment, and reversal of the judgment in prior instance cannot be avoided. The gist has grounds as statement of the aforementioned summary. Then, in order to have the remaining grounds for rescission of the JPO decision asserted by Appellee to be further examined, the present case shall be remanded to the court of prior instance.

Therefore, the judgment shall be rendered as in the main text unanimously by all the judges.

(Presiding judge: OKUDA Masamichi, Judge: KANATANI Toshihiro, Judge; HAMADA Kunio, Judge: UEDA Toyozo)