

Date	April 12, 2016	Court	Intellectual Property High Court, Third Division
Case number	2015 (Gyo-Ke) 10219		
– A case in which the court rescinded a JPO decision that determined the plaintiff's trademark falls under Article 4, paragraph (1), items (x), (xi), (xv) and (xix) of the Trademark Act.			

References: Article 4, paragraph (1), items (x), (xi), (xv) and (xix) of the Trademark Act

Number of related publications, etc.: Invalidation Trial No. 2015-890035, Trademark Registration No. 5517482

Summary of the Judgment

Trademark:

フランク三浦

Designated goods: Class 14 "Clocks and watches, unwrought and semi-wrought precious stones and their imitations, keyrings, ornaments"

Cited Trademark 1: "フランク ミュラー" (furanku myurā) (standard characters)

Designated goods: Class 14 "Precious metals (including 'alloys of precious metals'), jewelry, ornaments (including 'cuff links'), precious stones and their imitations, unwrought precious stones, jewelry, clocks and watches (including 'chronometric instruments')"

Cited Trademark 2:

FRANCK MULLER

Designated goods: Class 9 "Spectacles, parts and accessories for spectacles"
Class 14 "Clocks and watches, parts and accessories of clocks and watches"

Cited Trademark 3:

FRANCK MULLER REVOLUTION

Designated goods: Precious metals, unwrought or semi-wrought; personal ornaments of precious metal; key rings[trinket or fobs]; services [tableware]of precious metal; kitchen utensils of precious metal; jewellery, precious stones, timepieces and cronometric instruments.

1. Background, etc.

The plaintiff is the holder of the trademark right in question (Trademark Registration No. 5517482). In response to a request for a trial for trademark invalidation (Invalidation Trial No. 2015-890035) filed by the defendant, the JPO rendered a decision to invalidate the trademark in question ("Trademark") based on the ground that it is a trademark that falls under Article 4, paragraph (1), items (x), (xi), (xv) and (xix) of the Trademark Act. Dissatisfied with this decision, the plaintiff instituted an action to seek the rescission of the JPO decision.

2. Summary of the Court Decision

The court decided to rescind the JPO decision by holding that determinations made in the JPO decision were erroneous for the following reasons.

(1) Whether the Trademark falls under Article 4, paragraph (1), item (xi) of the Trademark Act

The trademark used by the defendant, which consists of the letters "フランク ミュラー" (including the letters "フランク・ミュラー" which includes "・" (centered dot) in between the first half and the second half of the letters) ("Defendant's Trademark in Use 1"), and the trademark that consists of the letters "FRANCK MULLER" ("Defendant's Trademark in Use 2"; this trademark and Defendant's Trademark in Use 1 together may be referred to as the "Defendant's Trademarks in Use" in some cases), from which Defendant's Trademark in Use 1 originates, had been widely recognized by the consumers and well known as trademarks to indicate the defendant's products under a foreign luxury brand, in Japan as well as other countries, as of the time when the application for the registration of the Trademark was filed and when examiners decided on the registration of the Trademark.

While the Trademark and Cited Trademark 1 are similar in their pronunciations, their appearances are clearly distinguishable. Moreover, the Trademark "フランク三浦" (furanku miura) gives rise to the concept that it refers to a Japanese person or a person with some connections with Japan who uses such name, while Cited Trademark

1 gives rise to the concept that it refers to the defendant's products under the foreign luxury brand. Therefore, these two trademarks are found to be significantly different in their concepts. Furthermore, there is no such evidence that shows a fact that regarding the designated goods for the Trademark and those for Cited Trademark 1, the trademarks are distinguished solely based on their pronunciations and thereby the source of the products are recognized.

Based on the above findings, although the Trademark and Cited Trademark 1 are similar in their pronunciations, their appearances are clearly distinguishable and their concepts are significantly different. Not only that, there is no such fact that the sources of the designated goods for the Trademark and those for Cited Trademark 1 are distinguished solely by the pronunciations of the trademarks. Nor is it found that the distinctiveness based on the pronunciations outperforms the distinctiveness based on the appearances and concepts. Therefore, even if the Trademark and Cited Trademark 1 were used for similar products, they would not be found to mislead or cause any confusion concerning the source of the products.

Consequently, the Trademark is not found to be similar to Cited Trademark 1. Similarly, the Trademark is not found to be similar to Cited Trademark 2 or 3 either.

(2) Whether the Trademark falls under Article 4, paragraph (1), item (x) of the Trademark Act

Neither of the Defendant's Trademarks in Use is similar to the Trademark.

(3) Whether the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act

The Defendant's Trademarks in Use are well known as indications for the defendant's products under the foreign luxury brand. The designated goods for the Trademark are related to the defendant's products, in terms of their property, use and purposes, and they share common product dealers and consumers. However, although the Trademark and the Defendant's Trademarks in Use are similar in their pronunciations, their appearances and concepts are different and it is not found that the trademark affixed to the designated goods for the Trademark is solely recognized by its pronunciation and thereby the source of the product is recognized. As for the "clocks and watches," which are included in the designated goods for the Trademark, the court found that the appearance and concept of the trademark would also be valued when distinguishing the source of products, based on the fact that [a] watches with Defendant's Trademark in Use 2 are sold by displaying the watches themselves; [b] advertisements feature the pictures that present the appearance of the defendant's products; and [c] the plaintiff's products with the Trademark are sold online by means

of posting the pictures of the products, even though this is a situation that occurred after the examiners' decision on the registration of the Trademark. The same thing can be said regarding the rest of the designated goods, too, since they are all related to watches in terms of their property, use and purposes. In light of the situation that there is no such fact that the defendant uses a trademark including a Japanese family name or name of a region in Japan in providing its services, the court found that there is no such risk that, even when the Trademark is used for the aforementioned designated products, the products are mistakenly believed to be the defendant's products or products pertaining to a business of an entity that has a certain close business relationship with the defendant or a relationship of belonging to a group engaged in commercialization using the same indications as those used by the defendant, even based on the level of attention normally paid by dealers and consumers of the designated goods of the Trademark.

Therefore, the Trademark is not found to be "likely to cause confusion in connection with the goods or services pertaining to a business of another person."

(4) Whether the Trademark falls under Article 4, paragraph (1), item (xix) of the Trademark Act

Since the Trademark is not similar to either of the Defendant's Trademarks in Use, the court found that the Trademark does not fall under Article 4, paragraph (1), item (xix) of the Trademark Act, without the need for determining whether the Trademark was used for unfair purposes.

Judgment rendered on April 12, 2016

2015 (Gyo-Ke) 10219, Case of Seeking Rescission of JPO Decision

Date of conclusion of oral argument: February 23, 2016

Judgment

Plaintiff: Kabushiki Kaisha Dinks

Defendant: FTM Distribution Ltd.

Main text

1. The JPO decision made on September 8, 2015, concerning Invalidation Trial No. 2015-890035 shall be rescinded.
2. The defendant shall bear the court costs.
3. The additional period for filing a final appeal and a petition for acceptance of final appeal against this judgment shall be 30 days.

Facts and reasons

No. 1 Claims

To the same effect as paragraph 1 of the main text.

No. 2 Outline of the case

1. Developments in procedures at the JPO, etc.

(1) The plaintiff is the holder of the following trademark right (Trademark Registration No. 5517482; hereinafter referred to as the "Trademark") (Exhibits Ko 242 and 243).

Structure of the trademark: As described in the List of Trademark attached to this judgment

Filing date of the application for registration: March 27, 2012

Date of the examiner's decision of registration: July 31, 2012

Date of the registration of establishment: August 24, 2012

Designated goods: Class 14 "Clocks and watches, unwrought and semi-wrought precious stones and their imitations, keyrings, personal ornaments"

(2) On April 22, 2015, the defendant filed a request for a trial, seeking the invalidation of the trademark registration concerning the Trademark (Exhibit Ko 242).

The JPO examined said request as Invalidation Trial No. 2015-890035. On September 8, 2015, the JPO rendered a decision, which states as follows: "The registration of Trademark Registration No. 5517482 shall be invalidated. The trial costs shall be borne by the demandee" (hereinafter

referred to as the "JPO Decision"). The certified copy of the JPO Decision was sent to the plaintiff on September 17, 2015.

(3) On October 16, 2015 (date of acceptance), the plaintiff filed this action to seek the rescission of the JPO Decision.

2. Summary of the reasons for the JPO Decision

The JPO Decision can be summarized as follows.

(1) Regarding the well-knownness of the trademark used by the defendant

Since its establishment in 1992, the defendant has been using a trademark consisting of the characters "フランク ミュラー" (including "フランク・ミュラー", which has "・" (centered dot) between the first half and the second half of the characters; the same applies hereinafter) (hereinafter referred to as "Defendant's Trademark in Use 1"), which is the defendant's main trademark, and a trademark consisting of the characters "FRANCK MULLER" (hereinafter referred to as "Defendant's Trademark in Use 2"; hereinafter, Defendant's Trademark in Use 1 and Defendant's Trademark in Use 2 may be collectively referred to as the "Defendant's Trademarks in Use"), from which Defendant's Trademark in Use 1 originates, for the goods "clocks and watches". Using these trademarks, the defendant has posted advertisements and sold said goods in many countries, including Japan. It should be said that, as a result of such use, the Defendant's Trademarks in Use were widely recognized also by consumers in Japan as trademarks to indicate the goods pertaining to the defendant's business (hereinafter, clocks and watches that are goods pertaining to the defendant's business shall be collectively referred to as the "Defendant's Goods") as of the time of the filing of the application for the registration of the Trademark and the time of examiner's decision of registration. There is no dispute between the parties concerning this point.

(2) Regarding the actual situation of the trade of the plaintiff's goods

It is found that the plaintiff has sold clocks and watches that have characteristics similar to those of the Defendant's Goods, with the Trademark affixed to them, online and at stores, etc. (hereinafter, clocks and watches sold by the plaintiff to which the Trademark is affixed shall be referred to as the "Plaintiff's Goods"). It is also found that the plaintiff acknowledged that the Defendant's Goods and Cited Trademarks 1 to 3 described in the List of Cited Trademarks (hereinafter, they shall be individually referred to as "Cited Trademark 1", etc. and may be collectively referred to as "Cited Trademarks") and the Defendant's Trademarks in Use are famous as luxury watches and a luxury watch brand, and compared the Plaintiff's Goods with the Defendant's Goods when selling the Plaintiff's Goods and introducing and advertising them in magazines, etc. It is found that the Plaintiff's Goods have a nature as parody goods.

(3) Regarding whether the Trademark falls under Article 4, paragraph (1), item (xi) of the Trademark Act

The Trademark gives rise to the pronunciation "furanku miura". At the same time, in light of the actual situation of the trade of the Plaintiff's Goods as stated in (2) above, it is obvious that the plaintiff intended to make consumers that come across the Plaintiff's Goods conceive of the Defendant's Goods and Cited Trademarks and Defendant's Trademarks in Use at the first glance, and this is one of the characteristics of the Plaintiff's Goods. Therefore, the Trademark may cause consumers to conceive of "フランク ミュラー" as the famous brand.

Cited Trademark 1 consists of the characters "フランク ミュラー" written in standard characters. Cited Trademark 2 consists of the characters "FRANCK MULLER". These two trademarks give rise to the pronunciation "furanku myurā" from the entire structure of the characters. They also give rise to the concept of "フランク ミュラー" as the famous brand, since the characters "フランク ミュラー" and "FRANCK MULLER" are famous as trademarks to indicate the goods pertaining to the defendant's business, as stated in (1) above. Cited Trademark 3 consists of the alphabetic characters "FRANCK MULLER REVOLUTION". Since in its structure, it has the alphabetic characters "FRANCK MULLER", which is a trademark to indicate the goods pertaining to the defendant's business, Cited Trademark 3 gives rise to the pronunciation "furanku myurā reboryūshon" from the entire structure of the characters. Furthermore, the letter part "FURANCK MULLER", which is a famous part in the structure of Cited Trademark 3, gives rise to the pronunciation "furanku myurā" and the concept of "フランク ミュラー" as the famous brand.

While the Trademark consists of a combination of katakana characters and Chinese characters, the Cited Trademarks consist solely of katakana characters or alphabetic characters. Thus, the Trademark and the Cited Trademarks can be distinguished based on their appearance when they are observed wholly. However, the pronunciation of the Trademark and those of the Cited Trademarks are similar in their overall tones and feelings when they are pronounced in one breath as a word, respectively. Thus, they are similar trademarks that can be readily confused with each other. Furthermore, in terms of the concept, the Trademark is similar to the Cited Trademarks, which give rise to the concept of "フランク ミュラー" as the famous brand, because the Trademark may also give rise to the same concept. Finally, the Trademark and Cited Trademark 1 share common designated goods and the designated goods of the Trademark and those of Cited Trademarks 2 and 3 are identical or similar.

According to the above findings, the Trademark and Cited Trademarks are similar in terms of

pronunciation and concept, although they are different in terms of appearance, and their designated goods are similar. Thus, it is reasonable to say these trademarks are similar. Therefore, the Trademark falls under Article 4, paragraph (1), item (xi) of the Trademark Act.

(4) Regarding whether the Trademark falls under Article 4, paragraph (1), item (x) of the Trademark Act

As stated in (1) above, the Defendant's Trademarks in Use are famous trademarks in relation to the goods "clocks and watches." As with Cited Trademarks 1 and 2, the Defendant's Trademarks in Use consist of the characters "フランク ミュラー" and "FRANCK MULLER". Therefore, the Trademark and Defendant's Trademarks in Use are similar trademarks, as was also stated in (3) above. At the same time, the designated goods of the Trademark include "clocks and watches".

Therefore, the Trademark falls under Article 4, paragraph (1), item (x) of the Trademark Act.

(5) Whether the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act

It is found that the Trademark constitutes a trademark that is likely to cause confusion in connection with the goods pertaining to a business of another person when it is used for its designated goods, in light of the following facts: [1] the Defendant's Trademarks in Use had been used for the goods "clocks and watches", which are goods pertaining to the defendant's business, and they were already famous as of the time of filing of the application for trademark registration for the Trademark and the time of the examiner's decision of registration; [2] the designated goods of the Trademark include "clocks and watches," which are goods pertaining to the defendant's business, and the rest of the designated goods, i.e., "unwrought and semi-wrought precious stones and their imitations, keyrings, and personal ornaments", and the goods "clocks and watches" are similar goods in the sense that these goods are mainly valued based on the design, brand, and decorativeness, and that they often share the same places of sale and consumers. Therefore, even if the Trademark does not fall under Article 4, paragraph (1), item (x) or (xi) of the Trademark Act, it falls under item (xv) of the same paragraph.

The plaintiff alleges that the Plaintiff's Goods are widely recognized by consumers as clearly different goods from the Defendant's Goods, as the Plaintiff's Goods are purely parody watches and the Trademark has been used in a way that excludes any possibility that consumers could purchase the Plaintiff's Goods as a result of confusing the source of the Plaintiff's Goods with the source of clocks and watches of the Defendant's Goods. However, as stated in (2) above, the Plaintiff's Goods have a nature as parody goods. This means that the Plaintiff's Goods are intended to make consumers that come across the Plaintiff's Goods conceive of the Defendant's Goods and

Cited Trademarks and Defendant's Trademarks in Use at the first glance. Therefore, it is obvious that the plaintiff has been free-riding on the use of the famous Defendant's Trademarks in Use in the course of business. Thus, the plaintiff's allegation stated above cannot be accepted.

(6) Whether the Trademark falls under Article 4, paragraph (1), item (xix) of the Trademark Act

The plaintiff was aware that the Defendant's Trademarks in Use were widely recognized by consumers as trademarks to indicate the Defendant's Goods and that the Trademark is a parody of the Defendant's Trademarks in Use, when it filed the application for trademark registration for the Trademark, which designated such goods as clocks and watches, etc. The plaintiff has manufactured and sold goods imitating the Defendant's Goods by actually using the Trademark for them. Therefore, it is found that the plaintiff has been using the Trademark for the purpose of gaining unfair profits, the purpose of causing damage to other person, or for any other unfair purposes. Even if the Trademark does not fall under Article 4, paragraph (1), item (x), (xi), or (xv) of the Trademark Act, it falls under item (xix) of the same paragraph.

(7) Conclusion

As stated above, since the Trademark was registered in violation of Article 4, paragraph (1), items (x), (xi), (xv) and (xix) of the Trademark Act, it must be invalidated in accordance with the provision of Article 46, paragraph (1) of said Act.

(omitted)

No. 4 Court decision

1. Regarding Ground for Rescission 1 (error in the determination concerning whether the Trademark falls under Article 4, paragraph (1), item (xi) of the Trademark Act)

Whether trademarks are similar or not should be determined based on whether those compared trademarks would mislead consumers or cause confusion as to the source of the goods when they are used for identical or similar goods. Such determination should be made by comprehensively considering the impression, memory, association, etc. that the appearance, concept, pronunciation, etc. of the trademarks used for said goods would cause among traders. Furthermore, such determination should be made based on the specific situation of trade of the goods as long as the actual situation of the trade of goods can be made clear. It should be noted, however, the similarity in the appearance, concept, or pronunciation of trademarks is a prima facie criteria for determining whether the trademark in question may mislead consumers or cause confusion as to the source of goods for which said trademark is used. Therefore, a trademark should not be construed as a

similar trademark, when it is difficult to find that there is a risk that said trademark may mislead consumers or cause confusion as to the source of goods based on [1] the fact that said trademark is similar to another trademark in terms of one of said three criteria but is significantly different in terms of the other two criteria; or [2] actual situation of the trade of goods, etc. (see 1964 (Gyo-Tsu) 110, judgment of the Third Petty Bench of the Supreme Court on February 27, 1968, Minshu Vol. 22 No. 2, at 399).

Therefore, the court shall determine whether the Trademark is a trademark similar to Cited Trademarks 1 to 3 from the abovementioned viewpoints.

(1) Regarding the Trademark

As described in the List of Trademark attached to this judgment, the Trademark consists of the katakana characters "フランク" and the Chinese characters "三浦" (however, "、" on the right top of the Chinese letter "浦" is removed; the same applies hereinafter), which are evenly spaced and written horizontally in a handwriting font in a unified size. In terms of appearance, these characters are well-organized and presented as one word. The overall structure of the Trademark naturally prompts a set of pronunciations, "furanku miura". This pronunciation is not lengthy and it can be pronounced in one breath as a set without any special effort. At the same time, it is associated with a person's name. Therefore, the Trademark prompts a set of pronunciations, "furanku miura".

The word "三浦" is a common Japanese family name and is also a place name in Japan. The word "フランク" is a common foreign name, but it also gives rise to the concept of "honesty," as it is an indication in katakana characters for the English word "frank," which has said meaning. Moreover, the Trademark gives rise to a concept of a Japanese national or a person having connection with Japan who uses the name "フランク三浦", as it is commonly known that [1] people who have a Japanese parent and a foreign national parent often have a Japanese family name and a foreign first name; and that [2] some Japanese people use a professional name consisting of a combination of a foreign name or an English word and a Japanese family name, with the Chinese characters stating the family name placed in the second half of the entire structure.

(2) Regarding the Cited Trademarks

A. (A) According to the exhibits (Exhibits Ko 35 to 198) and the entire import of the oral argument, the following facts can be found.

a. Mr. Franck Muller established his company in Geneva, Switzerland, in 1991. The company has been manufacturing and selling watches, etc. using the trademark "FRANCK MULLER". Today,

the company produces 45,000 watches a year at six factories around the world and has 48 exclusive boutiques and more than 600 sales bases in more than a hundred countries.

The defendant is a company that aims to own and manage intellectual properties under the "FRANCK MULLER" brand around the world and is the holder of trademark right of the Cited Trademarks.

b. The "FRANCK MULLER" brand was introduced to Japan in 1992. Since then, it has continuously sold clocks and watches, etc. using the Defendant's Trademarks in Use. There were many magazines that include advertisements, etc. where the Defendant's Trademarks in Use are used for the goods "clocks and watches" from 2010 to 2012 alone.

The Defendant's Goods belong to the category of "luxury" in the magazines (Exhibit Ko 196) and many of them are sold at a million yen or more.

c. In 2011, there were approximately four events in Japan, including a press party, to celebrate the 20th anniversary of the "FRANCK MULLER" brand.

(B) According to the above findings, clocks and watches using Defendant's Trademark in Use 2 have been sold around the world. In addition to that, also in Japan, clocks and watches using the Defendant's Trademarks in Use have been sold since 1992. It is found that, as a result of the continuous use of the Defendant's Trademarks, they had already become well-known trademarks that are widely recognized also by consumers in Japan as trademarks to indicate the Defendant's Goods under the foreign luxury brand, as of the time of the filing of the application for trademark registration for the Trademark and the time of the examiner's decision of registration (the plaintiff does not argue against the well-knownness of the Defendant's Trademarks in Use, either).

B. As described in 1 of the List of Cited Trademarks attached to this judgment, Cited Trademark 1 consists of the katakana characters "フランク ミュラー" written in standard characters. Its overall structure naturally prompts the pronunciation "furanku myurā". Since Cited Trademark 1 has a structure identical to that of Defendant's Trademark in Use 1, which is a well-known trademark, Cited Trademark 1 gives rise to the concept of the Defendant's Goods.

As described in 2 of the List of Cited Trademarks attached to this judgment, Cited Trademark 2 consists of the alphabetic characters "FRANCK MULLER" written in a black font. Its overall structure naturally prompts the pronunciation "furanku myurā". Since Cited Trademark 2 has a structure identical to that of Defendant's Trademark in Use 2, which is a well-known trademark, Cited Trademark 2 gives rise to the concept of the Defendant's Goods.

As described in 3 of the List of Cited Trademarks attached to this judgment, Cited Trademark 3 consists of the alphabetic characters "FRANCK MULLER REVOLUTION" written in a black

gothic font. Its overall structure naturally prompts the pronunciation "furanku myurā reboryūshon". Since the part stating "FRANCK MULLER" in Cited Trademark 3 has a structure identical to that of Defendant's Trademark in Use 2, which is a well-known trademark, Cited Trademark 3 also gives rise to the pronunciation "furanku myurā" and the concept of the Defendant's Goods.

(3) Regarding whether the Trademark is similar to the Cited Trademarks

A. Regarding whether the Trademark is similar to Cited Trademark 1

(A) When the Trademark is compared against Cited Trademark 1, the pronunciation "furanku miura" arising from the Trademark and the pronunciation "furaku myurā" arising from Cited Trademark 1 share four common sounds, namely "fu," "ra," "n," and "ku." The fifth and subsequent sounds of the Trademark are "miura", while those of Cited Trademark 1 are "myurā". The fifth and sixth sounds of the pronunciation of the Trademark are "mi" and "u" and there is no prolonged sound at the end of the word. Cited Trademark 1 is different from the Trademark in that its fifth sound is "myu" and it has a prolonged sound at the end of the word. However, the following findings can be also made: [1] the fifth and subsequent sounds of both trademarks share the sounds "mi" and "ra"; [2] it is likely that the sounds that are different between the trademarks, namely the sound "u" and the contracted sound "yu," would not be noted or would not cause any strong impression on a person who heard the sets of pronunciations of the Trademark and Cited Trademark 1 in series, since those sounds are similar to each other in that they have the same vowel and they are both positioned in the middle of the entire structure; and [3] it is difficult to clearly hear the difference in the presence of a prolonged sound since the prolonged sound contained in the pronunciation of Cited Trademark 1 is placed at the end of the word and it can be easily absorbed into the preceding sound "ra". Based on these findings, it should be said that these trademarks can be readily confused with each other as they have similar overall feelings and tones, when they are pronounced in one breath as a set. The Trademark and Cited Trademark 1 are found to be similar in their pronunciation.

Meanwhile, the Trademark and Cited Trademark 1 can be clearly distinguished in their appearance, since the Trademark consists of katakana characters and Chinese characters written in a handwriting font whereas Cited Trademark 1 consists solely of katakana characters.

Furthermore, the Trademark and Cited Trademark 1 are significantly different in their concept, as the Trademark gives rise to a concept of a Japanese national or a person having connection with Japan who uses the name "フランク三浦", while Cited Trademark 1 gives rise to a concept of the Defendant's Goods under the foreign luxury brand.

There is no evidence that is sufficient to find the fact that consumers would recognize trademarks solely based on their pronunciation and thereby determine the sources of goods, with respect to the designated goods of the Trademark and Cited Trademark 1.

According to the above, although the Trademark and Cited Trademark 1 are similar in terms of pronunciation, they can be clearly distinguished in their appearance and they are also significantly different in their concept. It is not found that there is a fact that the sources of the goods are recognized solely based on the pronunciation of trademarks with respect to the designated goods of the Trademark and Cited Trademark 1. In addition, it cannot be said that the distinctiveness through the pronunciation outperforms the distinctiveness through the appearance and concept. Therefore, it cannot be said that there is a risk that the Trademark could mislead consumers or cause confusion as to the source of goods, even if the Trademark and Cited Trademark 1 are used for identical or similar goods.

As such, it cannot be said that the Trademark is similar to Cited Trademark 1.

(B) a. In this regard, the defendant alleges that the Trademark and Cited Trademark 1 are similar not only in their pronunciation but also in their concept, as Cited Trademark 1 gives rise to the concept of the famous brand "フランク ミュラー" and the Trademark may also give rise to the same concept.

It is true that, since the Defendant's Trademarks in Use and Cited Trademark 1 were well known and widely recognized by consumers in Japan as trademarks to indicate the Defendant's goods as of the time of the examiner's decision of registration of the Trademark, as stated in (2) A above, it is even more likely that consumers who come across the Trademark can associate it with the well-known Defendant's Trademarks in Use or Cited Trademark 1 based on the pronunciation of the Trademark, coupled with the fact that the pronunciation of the Trademark and that of Cited Trademark 1 are similar, as stated in (A) above.

However, the Trademark includes the word "三浦", which clearly indicates connection with Japan, and its appearance consists of characters, including Chinese characters, written in a handwriting font. The entity that is conceived of as the source of goods based on the Trademark is significantly different from that of Cited Trademark 1, which indicates the Defendant's Goods under the foreign luxury brand. In addition, there is no evidence to prove that the defendant has been using a trademark that includes a word that would be associated with a Japanese family name or a place name in Japan in the course of its business or that the defendant has been using a trademark or a mark that contains such a word in its advertisements, etc. In light of these facts, it is found that consumers who come across the Trademark would only conceive of the

Defendant's Trademarks in Use or Cited Trademark 1 as famous trademarks that are different from the Trademark, even though their pronunciations are similar to that of the Trademark. It is not found that the Trademark would be recognized as a trademark to indicate the Defendant's Goods nor can it be said that the Trademark gives rise to a concept similar to that of Cited Trademark 1.

Therefore, the defendant's allegation above cannot be accepted.

b. Moreover, the defendant alleges that it is undeniable that there is a risk that consumers could associate the Plaintiff's Goods with the Defendant's Goods and be confused about the source of these goods, misguidedly believing that the Plaintiff's Goods are goods pertaining to the business of a person who has some kind of economic or organizational relationship with the defendant, in light of the fact that [1] the plaintiff has been selling goods whose appearance is very similar to that of the Defendant's Goods, with the Trademark affixed to them; and [2] the Trademark is an imitation of the Cited Trademarks.

However, in the first place, it is undisputed between the parties that the plaintiff started the retailing of the clocks and watches to which the Trademark is affixed after the registration of establishment of the Trademark. In addition, all of the exhibits submitted to this action to show the forms of the Plaintiff's Goods show the forms of the Plaintiff's Goods after the examiner's decision of registration. The defendant's allegation to the effect that the plaintiff has been selling goods whose appearance is very similar to that of the Defendant's Goods, with the Trademark affixed to them, is found to be unreasonable in its own right as said allegation is made based on the facts after the examiner's decision of registration of the Trademark. Moreover, even if this situation is taken into account, it would not have any influence on the finding stated in (A) above to the effect that the Trademark and Cited Trademark 1 cannot be said to be similar, in light of the fact that [1] these trademarks are significantly different in their concept and appearance, as stated in (A) above; and [2] it is not practical to assume that traders or consumers would confuse the Plaintiff's Goods with the Defendant's Goods, since most of the Defendant's Goods are luxury watches sold at a million yen or more ((2)A(A)b) whereas the Plaintiff's Goods are inexpensive clocks and watches sold at approximately 4,000 to 6,000 yen (Exhibits Ko 201 and 202) and the Plaintiff's Goods have a completely different policy from the Defendant's Goods, as the plaintiff's president himself commented: "we are devoted to pursuing cheapness" (Exhibit Ko 206).

Furthermore, as long as the Trademark and Cited Trademark 1 are not similar, it is not necessary to question whether the Trademark is an imitation of Cited Trademark 1 when determining whether the Trademark falls under Article 4, paragraph (1), item (xi) of the

Trademark Act. In addition, even if the plaintiff had an intention to imitate Cited Trademark 1 when it filed the application for trademark registration for the Trademark, such a fact would not directly influence the determination concerning the similarity between the trademarks.

Thus, the plaintiff's allegation stated above cannot be accepted.

B. Regarding whether the Trademark is similar to Cited Trademark 2

As with A above, the Trademark and Cited Trademark 2 are significantly different in their concept, although their pronunciations are similar. In addition, the Trademark and Cited Trademark 2 can be clearly distinguished in their appearance, as the Trademark consists of a combination of katakana characters and Chinese characters written in a handwriting font whereas Cited Trademark 2 consists of alphabetic characters written in a black font.

As such, it cannot be said that the Trademark would mislead consumers or cause confusion as to the source of goods even when the Trademark and Cited Trademark 2 are used for identical or similar goods, due to the same reasons as those stated in A above. Therefore, it cannot be said that the Trademark is similar to Cited Trademark 2.

C. Regarding whether the Trademark is similar to Cited Trademark 3

Even if the Trademark is compared to the part stating "FRANCK MULLER" in Cited Trademark 3, they are significantly different in their concept, although they have similar pronunciations, as with B above. In addition, the Trademark and Cited Trademark 3 can be clearly distinguished in their appearance, as the Trademark consists of a combination of katakana characters and Chinese characters written in a handwriting font whereas Cited Trademark 2 consists of alphabetic characters written in a black gothic font.

As such, it cannot be said that the Trademark would mislead consumers or cause confusion as to the source of goods even when the Trademark and Cited Trademark 3 are used for identical or similar goods, due to the same reasons as those stated in B above. Therefore, it cannot be said that the Trademark is similar to Cited Trademark 3.

(4) Summary

According to the above, the Trademark cannot be said to be similar to any of Cited Trademarks 1 to 3 and thus it is not found to fall under Article 4, paragraph (1), item (xi) of the Trademark Act.

Therefore, the JPO Decision was erroneous in determining that the Trademark falls under Article 4, paragraph (1), item (xi) of the Trademark Act and thus Ground for Rescission 1 alleged by the plaintiff has a ground.

2. Regarding Ground for Rescission 2 (error in the determination concerning whether the

Trademark falls under Article 4, paragraph (1), item (x) of the Trademark Act)

Defendant's Trademark in Use 1 and Cited Trademark 1 have the identical or similar structures and Defendant's Trademark in Use 2 and Cited Trademark 2 have the identical structure. As stated in 1 above, the Trademark cannot be said to be similar to either of Cited Trademark 1 or 2. Therefore, the Trademark cannot be said to be similar to any of the Defendant's Trademarks in Use.

Therefore, the Trademark is not found to fall under Article 4, paragraph (1), item (x) of the Trademark Act. The JPO Decision was erroneous in determining that the Trademark falls under Article 4, paragraph (1), item (x) of the Trademark Act and thus Ground for Rescission 2 alleged by the plaintiff has a ground.

3. Regarding Ground for Rescission 3 (error in the determination concerning whether the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act)

(1) "Trademarks that are likely to cause confusion in connection with the goods or services pertaining to a business of another person" as provided in Article 4, paragraph (1), item (xv) of the Trademark Act include not only trademarks that could mislead consumers into believing that the goods or services to which said trademarks are affixed are goods or services pertaining to a business of another person when said trademarks are used for their designated goods or services, but also trademarks that could mislead consumers into believing that said goods or services are the goods or services pertaining to a business of a business manager who has a close business relationship, such as a parent company, group company, etc., with said another person, or who belongs to a group that runs a business of developing goods for which the identical indication is used. The presence of the "likeness to cause confusion" as stated above should be determined comprehensively based on the level of attention that traders and consumers of the designated goods or services of said trademark would usually pay, which should be determined according to such criteria as the level of similarity between said trademark and an indication of another person, the level of well-knownness and originality of the indication of another person, the nature of the relationship between the designated goods or services of said trademark and those pertaining to a business of another person, level of relevance in use or purpose, commonality in traders and consumers of the designated goods or services, and other facts about the trade of the goods or services (see 1998 (Gyo-Hi) 85, judgment of the Third Petty Bench of the Supreme Court on July 11, 2000, Minshu Vol. 54 No. 6, at 1848).

Below, the court shall determine whether the Trademark constitutes a "trademark that is likely to cause confusion in connection with the goods or services pertaining to a business of another

person" (Article 4, paragraph (1), item (xv) of the Trademark Act) based on the above viewpoints.

(2) A. Level of similarity between the Trademark and the Defendant's Trademarks in Use

As stated in 1 and 2 above, the Trademark and Defendant's Trademarks in Use 1 and 2 are different in their appearance and concept, although they are similar in their pronunciation.

B. Well-knownness, etc. of the Defendant's Trademarks in Use

Since all of the Defendant's Trademarks are trademarks consisting of the name of Mr. Franck Muller, their level of originality is low. However, as stated in 1(2)A above, they were well-known and widely recognized by consumers in Japan as trademarks to indicate the Defendant's Goods under the luxury brand as of the time of filing of the application for trademark registration for the Trademark and the time of the examiner's decision of registration.

C. Relationship, etc. between the designated goods of the Trademark and the Defendant's Goods, etc.

The designated goods of the Trademark include "clocks and watches," which are the same goods for which the Defendant's Trademarks in Use had acquired well-knownness. The designated goods of the Trademark other than "clocks and watches," namely, "unwrought and semi-wrought precious stones and their imitations, keyrings, and personal ornaments," are mainly valued based on the design, brand and decorativeness, and their intended use is to be worn or owned. In addition, it is found that these goods tend to be sold along with clocks and watches, as the defendant also sells rings and necklaces along with the clocks and watches (Exhibits Ko 66 and 67). Therefore, it is found that the designated goods of the Trademark are related to the Defendant's Goods in terms of their nature, use, and purpose, and they also share common traders and consumers.

At the time of filing the application for trademark registration for the Trademark and the time of the examiner's decision of registration, the defendant was selling clocks and watches to which Defendant's Trademark in Use 2 was affixed by displaying them at department stores and watch retailers, and it posted advertisements using photographs capturing the appearance of said goods in magazines (Exhibits Ko 35 to 196). On the other hand, the Plaintiff's Goods were sold online, using photographs capturing the appearance of the goods, although this is a fact that occurred after the time of filing of the application for trademark registration for the Trademark and the time of examiner's decision of registration (Exhibits Ko 200 to 202).

As stated in 1(3)A(B)a above, there was no fact that the defendant has used a trademark containing a Japanese family name or a place name in Japan in the course of its business.

D. Examination

According to A to C above, [1] the Defendant's Trademarks in Use are well-known as trademarks to indicate the Defendant's Goods under the foreign brand; [2] the designated goods of the Trademark are related to the Defendant's Goods in terms of their nature, use, and purpose; and [3] the designated goods of the Trademark and the Defendant's Goods share common traders and consumers.

On the other hand, however, the Trademark and the Defendant's Trademarks in Use are different in their appearance and concept, although they are similar in pronunciation. At the same time, it cannot be said that consumers would recognize trademarks solely based on their pronunciations and thereby determine the sources of goods, with respect to the designated goods of the Trademark, as stated in 1(3)A above. Rather, with respect to "clocks and watches" among the designated goods of the Trademark, it is found that consumers would also focus on the appearance and concept of trademarks when recognizing the sources of goods, in light of the following facts as stated in C above: [1] the clocks and watches to which Defendant's Trademark in Use 2 is affixed are sold by such means as displaying clocks and watches at stores and the advertisements for the Defendant's Goods were using photographs capturing their appearance; [2] the plaintiff posted photographs of the goods as it sold the Plaintiff's Goods online, although this is a fact that occurred after the time of examiner's decision of registration of the Trademark. The same applies to the rest of the designated goods of the Trademark, as they are related to clocks and watches in terms of nature, use, and purpose. In addition, there was no fact that the defendant has used a trademark containing a Japanese family name or a place name in Japan in the course of its business. In light of these findings, it should be concluded that it cannot be said that there is a risk that, when the Trademark is used for said designated goods, the Trademark could mislead consumers into believing that said goods are goods pertaining to the defendant or to a business of a business manager who has a certain close business relationship with the defendant or who belongs to a group that runs a business of developing goods for which the indication identical to that of the defendant is used, even based on the level of attention that traders and consumers of the designated goods or services of said trademark would usually pay.

Therefore, the Trademark is not found to constitute a "trademark that is likely to cause confusion in connection with the goods or services pertaining to a business of another person."

(3) A. In this regard, the defendant alleges as follows as grounds for finding that the Trademark constitutes a "trademark that is likely to cause confusion in connection with the goods or services pertaining to a business of another person": [1] the appearance of the Plaintiff's Goods is very similar to that of the Defendant's Goods; and [2] the plaintiff took advantage of the well-

knownness of the Defendant's Trademarks in Use, or in other words, took advantage of the trademark "フランク ミュラー", to acquire customers and sell the Plaintiff's Goods, which is nothing but free-riding on the Defendant's Trademarks in Use.

However, [1] is based on the facts that occurred after the time of filing of the application for trademark registration for the Trademark and the time of the examiner's decision of registration, as stated in 1(3)A(B)b above. Even if this situation is taken into account as the premise for examining the defendant's allegation to the effect that the plaintiff has sold goods whose appearance is very similar to that of the Defendant's Goods, with the Trademark affixed, it cannot be said that such situation has any influence on the determination to the effect that the Trademark is not found to constitute a "trademark that is likely to cause confusion in connection with the goods or services pertaining to a business of another person," in light of the facts that were pointed out in (2) above and the fact that the Plaintiff's Goods and the Defendant's Goods are similar in appearance but have completely different policies and thus it is not reasonable to assume that a group company of the defendant that sells goods under the luxury brand would ever manufacture or sell any goods like the Plaintiff's Goods, as was pointed out in 1(3)A(B)b above. As for [2], it is true that the purpose of the provision of Article 4, paragraph (1), item (xv) of the Trademark Act is to ensure the maintenance of business confidence of persons who use trademarks and thereby to protect the interests of consumers through the prevention of free-riding on well-known indications or famous indications and dilution of said indications and the protection of the source-identifying function of trademarks. However, the provision of said item is merely intended to fulfill said purpose by not allowing the registration of a trademark that falls under said item and it cannot be a ground for generally banning the registration of any trademark that is evaluated to be free-riding. Therefore, a mere allegation that the plaintiff took advantage of the well-knownness of the Defendant's Trademarks in Use in selling the Plaintiff's Goods cannot be an allegation that provides a ground for finding that the Trademark falls under said item.

Therefore, the defendant's allegation above cannot be accepted.

B. In addition, the defendant made the following three allegations. [1] The Plaintiff's Goods cannot be said to be parodies of the Defendant's Goods. In addition, even if consumers and traders who have purchased the Plaintiff's Goods were not recognizing said goods as those directly related to the defendant's business, it is duly possible that they could have misguidedly believed that the Plaintiff's Goods were sold with authorization from the defendant, even though the defendant has not given any authorization for producing parody goods, because at least in Japan, parody goods are created based on the premise that the person whose goods are imitated has no objection against

the creation of said parody goods. Indeed, confusion did occur among consumers, as shown in Exhibits Otsu 2 and 4. [2] For consumers who saw the Trademark without having known "フランク ミュラー", the Trademark would prompt the vague image that it indicates a clock and watch brand pronounced as something like "furanku miura" or "furanku myurā," which would obscure the source of the original famous trademark "フランク ミュラー". Moreover, there is a risk that consumers who saw goods to which the Trademark is affixed and then saw the goods of "フランク ミュラー" and consumers who knew [of] "フランク ミュラー" and saw "フランク三浦" could have negative images, such as cheap, inelegant, absurd, etc. for "フランク ミュラー". These images would cause damage to the trademark and extinguish consumers' motivation for purchasing expensive goods with such unpleasant images. Therefore, said obscuring of the source and damage to the trademark are one of the forms of dilution and thus it should be considered that confusion has occurred in a broad sense. [3] In light of the fact that there was an online post commenting on the Plaintiff's Goods, which questions "is this a fake Franck Muller?" (Exhibits Ko 206 and 207), it is obvious that consumers have recognized the Trademark and the Plaintiff's Goods to which the Trademark was affixed as an imitation of the Defendant's Trademarks in Use or the Defendant's Goods. Therefore, it is obvious that the Trademark has misled consumers and caused confusion.

As for [1], however, whether the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act should be determined based on whether it satisfies the requirement provided in said item. It should not be determined based on whether the Plaintiff's Goods are parodies of the Defendant's Goods. In addition, there is no evidence that is sufficient to confirm the presence of the fact claimed by the defendant, which serves as the premise for its allegation (that parody goods are created based on the premise that the person whose goods are imitated has given authorization). There is also no evidence to prove that traders and consumers have misguidedly recognized that the Plaintiff's Goods were sold with authorization from the defendant. Moreover, it is unreasonable to accept Exhibits Otsu 2 and 4 referred to by the defendant (copies of Yahoo! Chiebukuro accessed on January 12, 2016) as evidence to prove that the Trademark constitutes a "trademark that is likely to cause confusion in connection with the goods or services pertaining to a business of another person," because these comments contained in said exhibits were posted after a considerable amount of time had already passed from the time of filing of the application for trademark registration for the Trademark and the time of examiner's decision of registration. Even if this point is set aside and the content of Exhibits Otsu 2 and 4 stated above is examined, it is not found that the Trademark has misled traders and consumers. In Exhibit Otsu 2, there is a

question stating "I want the watch Araragi from Bakemonogatari is wearing but it turned out to be a Franck Muller watch that costs 500,000 yen... Can you recommend any similar and cheaper products? My budget is about 10,000 yen to 20,000 yen," which is followed by such answers as "フランク三浦 is the best," "you should definitely go for フランク三浦!," and "what about Current by Seiko Watch? (^)". Therefore, it is obvious that the questioner in Exhibit Otsu 2 was seeking watches other than watches under the brand "フランク ミュラー" and respondents also provided their answers based on such premise. In Exhibit Otsu 4, too, there is a comment concerning the watches under the brand "フランク三浦", which states "I wonder if the original company has not complained yet." It is obvious that said comment was posted based on the recognition that the Plaintiff's Goods have nothing to do with the Defendant's Goods and that the Plaintiff's Goods are sold without any authorization from the original company, that is, the defendant. As such, it is impossible to find that the Trademark has misled consumers and caused confusion as to the source based on the statements in Exhibit Otsu 2 or 4 above.

As for [2], Article 4, paragraph (1), item (xv) of the Trademark Act is intended to prevent free-riding on well-known indications or famous indications and dilution of said indications by not allowing the registration of a trademark falling under said item, as stated in A above. Therefore, mere abstract allegations concerning the obscuring of the source of the trademark and dilution of the trademark are not allegations that can provide a ground for finding that the Trademark falls under said item.

As for [3], both Exhibits Ko 206 (copy of the website of Yahoo! Japan News (accessed on September 11, 2014)) and 207 (copy of the website of Naver Matome (accessed on September 11, 2014)) are articles that were posted after a considerable amount of time had passed from the time of filing the application for trademark registration for the Trademark and the time of the examiner's decision of registration. Therefore, it is not reasonable to accept said exhibits as evidence to prove that the Trademark constituted a "trademark that is likely to cause confusion in connection with the goods or services pertaining to a business of another person" at the time of filing the application for trademark registration for the Trademark and the time of the examiner's decision of registration. Even if this point is set aside and the content of Exhibits Ko 206 and 207 is examined, it is obvious that the statements on said websites referred to the Plaintiff's Goods with an awareness that they are goods different from the Defendant's Goods. Therefore, it is impossible to find that the Trademark has misled consumers and caused confusion as to the source based on the statements in Exhibit Ko 206 or 207.

Therefore, the defendant's allegation stated above cannot be accepted.

(4) Summary

According to the above, the Trademark is not found to fall under Article 4, paragraph (1), item (xv) of the Trademark Act.

Therefore, the JPO Decision was erroneous in determining that the Trademark falls under Article 4, paragraph (1), item (xv) of the Trademark Act and thus Ground for Rescission 3 alleged by the plaintiff has a ground.

4. Regarding Ground for Rescission 4 (error in the determination concerning whether the Trademark falls under Article 4, paragraph (1), item (xix) of the Trademark Act)

As stated in 2 above, the Trademark cannot be said to be similar to any of the Defendant's Trademarks in Use. Thus, it is concluded that the Trademark does not fall under Article 4, paragraph (1), item (xix) of the Trademark Act, without any need for determining whether the Trademark constitutes a trademark used for unfair purposes.

Therefore, the JPO Decision was erroneous in determining that the Trademark falls under Article 4, paragraph (1), item (xix) of the Trademark Act and thus Ground for Rescission 4 alleged by the plaintiff has a ground.

5. Conclusion

As stated above, Grounds for Rescission 1 to 4 alleged by the plaintiff have grounds. Thus, the JPO Decision must be rescinded.

The judgment shall be rendered in the form of the main text.

Intellectual Property High Court, Third Division

Presiding judge: TSURUOKA Toshihiko

Judge: OONISHI Katsushige

Judge: KAMIYA Kouki

(Attachment)

List of Trademark

フランク三浦

(Attachment)

List of Cited Trademarks

1. Trademark Registration No. 4978655

Structure of the trademark: フランク ミュラー (standard characters)

Filing date of the application for registration: March 25, 2005

Date of the registration of establishment: August 11, 2006

Designated goods: Class 14 "Precious metals (including precious metal alloys); jewelry; personal ornaments (including 'cuff links'); semi-wrought precious stones and their imitations; unwrought precious stones; gems; clocks and watches (including tools for clocks and watches)"

2. Trademark Registration No. 2701710

Structure of the trademark:

FRANCK MULLER

Filing date of the application for registration: March 5, 1992

Date of the registration of establishment: December 22, 1994

Date of the registration of change to the designated goods: February 2, 2005

Designated goods: Class 9 "Spectacles; parts and accessories for spectacles"

Class 14 "Clocks and watches; parts and accessories of clocks and watches"

3. International Trademark Registration No. 777029

Structure of the trademark:

FRANCK MULLER REVOLUTION

Filing date of the international application for registration (subsequent designation): March 13, 2012

Date of the registration of establishment: May 2, 2013

Designated goods: Class 14 "Precious metals, unwrought or semi-wrought; personal ornaments of precious metal; key rings [trinket or fobs]; services [tableware] of precious metal; kitchen utensils of precious metal; jewelry, precious stones, timepieces and chronometric instruments"