

Trademark Right	Date	January 29, 2019	Court	Intellectual Property High Court, Second Division
	Case number	2018 (Gyo-Ke) 10059		
<p>- A case in which, concerning a registered trademark consisting of two tiers with the characters, "QR コーﾄﾞ" [the part in katakana characters meaning "Code"], written horizontally on top and the characters, "QR Code", written horizontally on bottom, the court acknowledged that there was use of said trademark and dismissed a request for rescission of the JPO decision dismissing a request for a trial for revocation of trademark registration pursuant to Article 50, paragraph(1) of the Trademark Act.</p>				

Case type: Rescission of Trial Decision to Maintain

Result: Dismissed

References: Article 50, paragraph(1) of the Trademark Act

Number of related rights, etc.: Rescission Trial No. 2015-300818

Summary of the Judgment

1. The present case concerns registration of the trademark shown in Attachment 1 (hereinafter referred to as "Trademark") and is a suit against the trial decision made by the JPO dismissing a request for a trial for revocation of trademark registration pursuant to Article 50, paragraph(1) of the Trademark Act. The point of contention was whether or not the Trademark was used within the Period Requiring Evidence. Specifically, the lawsuit focused on [i] whether the trademark, which is the part that is framed in red in Attachment 2 (hereinafter referred to as "Used Trademark"), was used for the application software, which is the relevant product pertaining to the Defendant's claim (hereinafter referred to as "Product"), in a manner that displays a function as an indicator for distinguishing the Product from products of others, [ii] whether or not it can be said that the Used Trademark is identical to the Trademark from common sense perspective, and [iii] whether or not the Product falls under "goods" as prescribed by the Trademark Act.
2. In the Judgment, the court dismissed the Plaintiff's claim by holding as outlined below.

(1) On Issue [i]

It is acknowledged that "QR Code" and "QR コーﾄﾞ" [the part in katakana characters meaning "Code"] may be recognized as a type of standard for two-dimensional codes. On the other hand, however, considering that the Defendant, who was granted registration for the Trademark, has used an indication that reads, "QR Code is a registered trademark of Denso Wave Incorporated", or an indication of "®", in order to disseminate the fact that the

Defendant owns the trademark registration, and that companies other than the Defendant, including the Plaintiff, indicate on respective websites and in ads that "QR Code" or "QR コーﾄﾞ" is a registered trademark of the Defendant, it cannot be acknowledged that "QR Code" or "QR コーﾄﾞ" is always recognized only as a type of standard for two-dimensional codes. Instead, it is possible that the use of "QR Code" or "QR コーﾄﾞ" may be in a manner that displays a function as an indicator for distinguishing the Product from products of others.

The Used Trademark is shown independently from other descriptions, and the right edge of the character, "Q", and the left edge of the character, "R", overlap, and the Used Trademark is designed, albeit slightly, and indicated in red, so that it cannot be acknowledged that the Used Trademark is indicated merely to provide an explanation about the Product. As such, it is acknowledged that the Used Trademark is indicated as an indicator for distinguishing the Product from products of others, and that consumers and traders will recognize as such as well.

Accordingly, it is acknowledged that the Used Trademark has a function of distinguishing the Products from products of others.

(2) On Issue [ii]

The Trademark and the Used Trademark share the same pronunciation and concept.

Comparison of the appearances of the two trademarks shows that the Used Trademark has the same spelling as "QR Code" in the bottom tier of the Trademark, and has a reciprocal relationship with the "QR コーﾄﾞ" in the top tier, with one being written in katakana characters and the other in Roman letters, and thus it is acknowledged that the two trademarks have commonalities in these respects. However, the Used Trademark and the Trademark are different in the following respects; namely, [i] the Trademark is a two-tier trademark consisting of "QR コーﾄﾞ" on top and "QR Code" on bottom, in standard characters, whereas the Used Trademark consists only of "QR Code", [ii] in the Used Trademark, the right edge of the character, "Q", and the left edge of the character, "R", overlap, and the overlapped part is designed to double as a part of the two characters, and [iii] the Used Trademark is indicated in red.

However, it is understood that "QR コーﾄﾞ" is "QR Code" in which the part, "Code", is written in katakana characters, and since "QR コーﾄﾞ" and "QR Code" are identical in pronunciation and concept, it should be said that

the existence of the difference in the above [i] does not influence the determination of whether or not it can be said that the Used Trademark and the Trademark are identical from common sense perspective.

Also, considering that the overlapped part of the character, "Q", and the character, "R", is slight, so that the two characters can be recognized as two independent characters, and that the degree of design is likewise slight, it should be said that the existence of the difference in the above [ii] does not influence the determination of whether or not the Used Trademark and the Trademark are identical from common sense perspective.

Furthermore, since it cannot be said that coloring a trademark is a change that would normally cause a trademark to lose its identicalness to some other trademark, it should be said that the existence of the difference in the above [iii] does not influence the determination of whether or not the Used Trademark and the Trademark are identical from common sense perspective.

From what is described above, it is acknowledged that the Used Trademark is identical to the Trademark from common sense perspective.

(3) On Issue [iii]

In order to be called "goods" as prescribed by the Trademark Act, the goods must be the subject of a commercial transaction. For that purpose, the goods concerned need not be transferred in exchange for payment; even in the case where the goods themselves are transferred for free, if there is a system for gaining profit from the transfer of the goods, and if the goods are provided for free as part of the system, it should be said that the goods have an exchange value and can be acknowledged as being the subject of a commercial transaction.

It is acknowledged that the Product can be downloaded for free. It is also acknowledged that the Defendant, jointly with a non-party company, plans to develop a service which utilizes the Product. Since it is necessary to have downloaded the Product on a smartphone in order to use said service, it is believed that the free distribution of the Product would contribute greatly to the development of the service, and thus the free distribution of the Product can be evaluated as being part of a business model in which provision of a service, which uses the Product, generates profit.

Accordingly, it is acknowledged that the Product has an exchange value, and it should be said that the Product can be the subject of a commercial transaction and thus falls under "goods" as prescribed by the Trademark Act.

Attachment 1

QR コード

QR Code

Attachment 2



Judgment rendered on January 29, 2019

2018 (Gyo-Ke) 10059 Case of Seeking Rescission of JPO Decision

Date of conclusion of oral argument: November 7, 2018

Judgment

Plaintiff: A.T Communications Co., Ltd.

Defendant: Denso Wave Incorporated

Main text

1. The plaintiff's claim shall be dismissed.
2. The plaintiff shall bear the court costs.

Facts and reasons

No. 1 Claim

The trial decision rendered by the JPO on March 27, 2018 for the Case of Revocation Trial No. 2015-300818 shall be rescinded.

No. 2 Outline of the case

The present case is a suit against the trial decision made by the JPO dismissing a request for a trial for revocation of trademark registration pursuant to Article 50, paragraph(1) of the Trademark Act.

1. The Trademark

The Defendant is the holder of the trademark indicated in Attachment 1 (hereinafter referred to as "Trademark") (Exhibit Ko 1).

2. History of procedures at JPO

On November 13 2015, the Plaintiff filed a request for a trial for revocation of trademark registration concerning the Trademark (hereinafter referred to as "Trial") pursuant to Article 50, paragraph (1) of the Trademark Act, and the request was registered on December 1 of the same year.

The JPO examined the request for the Trial as the Case of Revocation Trial No. 2015-300818, and on March 27, 2018 rendered a trial decision to the effect that the "request for the Trial shall be dismissed" (hereinafter referred to as "Trial Decision"), and a copy of the Trial Decision was delivered to the plaintiff on April

6 of the same year.

3. Gist of reasons for Trial Decision

- (1) Around November 25, 2015, which is not more than three years prior to the registration of the request for the Trial (hereinafter referred to as "Period Requiring Evidence"), Arara Inc., who is a holder of non-exclusive right for the Trademark, published an ad in Japan, on its website whose content includes ads (Exhibit Ko 98-1; hereinafter referred to as "Website in Exhibit Ko 98-1"), concerning the products shown in the column of "Product 2" in Attachment 2, or "downloadable computer programs", which are covered by the designated goods for the Trademark, "electronic machines, apparatus and their parts" (the products shown in the columns under "Product" in Attachment 2 shall be hereinafter simply referred to as "Product 2", etc.), and placed in the same ad a trademark (hereinafter referred to as "Used Trademark 1"), which is the part circled in red in the column of "Used Trademark 1" in Attachment 2.

It can be said that the Used Trademark 1 and the Trademark are identical in pronunciation and concept, and that the Used Trademark 1 and "QR コー ド" [the part in katakana characters meaning "Code"], which is a constituent part of the Trademark, are identical in spelling as well, and that the Used Trademark 1 and "QR Code", which is a constituent part the Trademark, are reciprocal, with one being written in katakana characters and the other in Roman alphabets. Accordingly, it is acknowledged that the Used Trademark 1 and the Trademark are identical from common sense perspective.

- (2) Around March 2014, which is within the Period Requiring Evidence, the Defendant sold in Japan, on its website at QRcode.com (Exhibits Ko 92-1 and 92-2; hereinafter referred to as "Website of Exhibit Ko 92"), the Product 4 which is covered by "electronic machines, apparatus and their parts" from among the designated goods for the Trademark, and in doing so, the Defendant showed on the same website the trademarks and the like, which are circled in red in the columns of "Used Trademark 2-1", "Used Trademark 2-2", and "Used Trademark 2-3" in Attachment 2.

While the used trademarks above contain characters such as "QR Code" and "QR コー ド", these characters generate the pronunciation of "qr code" and the concept of "a two-dimensional code developed by the Defendant", so that it is acknowledged that the Used Trademark 2 and the Trademark are identical from common sense perspective.

- (3) Based on what is described above, it can be said that the trademark holder

and the holder of right to use have provided evidence of use in Japan, within three years prior to the registration of the request for the Trial, of a trademark which is acknowledged to be identical to the Trademark from common sense perspective, in an ad for products which are covered by "electronic machines, apparatus and their parts", which are the designated goods pertaining to the request for the Trial.

(omitted)

No. 5 Judgment of this court

1. Use of Used Trademark 3

(1) Findings

A. According to the evidence presented later and the entire import of the oral argument, the following facts are acknowledged.

(A) Content of the Catalogue (Exhibit Ko 81, Exhibits Otsu 1 and 27)

The Catalogue is a comprehensive catalogue of the Defendant's products, with the cover indicating "2015 February Edition", and introduces products such as bar code products, two-dimensional code products, IC card products, RFID products, peripheral equipment, and software up to page 73, followed by basic knowledge (pages 74 to 78), introduction of the Defendant's new services (page 79), and information about maintenance services (page 80), among others.

The lower part of page 78 concerning basic knowledge (the part comprising approximately 15% of the area of the entire page) contains the description in boldface, "フレームQR®スマホリーダー QRコード®リーダー 'Q'" [Frame QR® Smartphone Reader QR Code® Reader "Q"] (hereinafter referred to as "Part in Boldface"), and in the lower left corner of the same description, the QR Icon [an icon which is a registered trademark of the Defendant and has the shape of the letters Q and R combined] and the Used Trademark 3 are indicated, as shown in the column of "Used Trademark 3". On the right side of the above description are the following descriptions, in a smaller font than the font used for the Part in Boldface, namely, "- App for reading QRコード® on Smartphones, carrying the latest reader engine", "- Instantly reads various codes. Bar code, QRコード®, ロゴQR® [the part in katakana characters meaning "Logo"], フレームQR® [the part in

katakana characters meaning "Frame"], SQRC®, "- AR Content Playing Function", and "- QR コード® Making Function" (hereinafter referred to as "Explanatory Part"). In a part framed by a square on the right-hand side of the Part in Boldface and the Explanatory Part, there are the words, "Download (for free) from here!" and "App Store Google Play", and on the right-hand side of these words, there is a label of a two-dimensional code which is based on a QR code standard (the Part in Boldface, the Explanatory Part, the QR Icon, the Used Trademark 3, and the above part framed by a square are hereinafter referred to as "Bottom Part on Page 78").

(B) Distribution of the Catalogue (Exhibits Otsu 2-1 and 2-2, Exhibits Otsu 3 and 4, Exhibits Otsu 5-1 to 5-3, Exhibits Otsu 6 to 9)

a. The Exhibition [an exhibition called "RETAILTECH JAPAN 2015" which was held on March 6, 2015] was held from March 3, 2015 until the sixth of the same month at Tokyo Big Site, and the Defendant attended the Exhibition as an exhibitor.

b. The Defendant placed an order to SHASHIN KAGAKU CO., LTD. (hereinafter referred to as "Shashin Kagaku") for creating the Catalogue [February 2015 edition of a comprehensive catalogue for automatic identification machinery and equipment issued by the Defendant], which was delivered by Shashin Kagaku on February 26 of the same year to a warehouse owned by KARITSU CO., LTD. (hereinafter referred to as "Karitsu").

c. On March 5 of the same year, Karitsu sent the Catalogue, which had been kept at its warehouse, addressing the same to the Defendant's exhibition booth at the Tokyo Big Site and designating the delivery date for the sixth of the same month, to arrive in the A.M. time slot, and the delivery was made to the above exhibition booth.

d. On the sixth of the same month, the Defendant distributed the Catalogue to visitors at the Exhibition.

B.

(A) In response, the Plaintiff argues that, since the day on which the Catalogue was delivered to the site of the Exhibition is the final day of the period during which the Exhibition was held, it is believed that some other printed material, and not the Catalogue, was distributed at

the site up to the day before the final day, in which case, it is likely that the same printed material as before was still being distributed at the site even on the final day, and thus there is doubt as to whether or not the Catalogue was distributed at the site.

However, the Catalogue was delivered to the site of the Exhibition by designating the arrival date as the final day of the period during which the Exhibition was held, or the sixth of the same month, to arrive in the A.M. time slot, so that if there was no intention of distributing the Catalogue at the Exhibition, there was no need to deliver the Catalogue to the Site in the A.M. time slot on the sixth of the same month. Accordingly, it is acknowledged that the Catalogue was delivered to the site of the Exhibition for the purpose of being distributed at the Exhibition, and it is presumed that the Catalogue was actually distributed at the Exhibition.

Accordingly, the above assertion made by the Plaintiff is groundless.

(B) In addition, the Plaintiff argues that even though the Catalogue was delivered to the site of the Exhibition, it is possible that the Catalogue was handed out only to the Defendant's employees and not distributed to ordinary visitors.

However, since it is acknowledged that the Catalogue was delivered in three boxes to the site of the Exhibition (Exhibits Otsu 5-1 to 5-3), it can be presumed that a considerable number of copies of the Catalogue were delivered. It is difficult to believe that the Catalogue was handed out only to the Defendant's employees in spite of having been delivered in such a large quantity to the site of the Exhibition, and thus it can be presumed that the Catalogue was distributed to visitors at the Exhibition.

Accordingly, the above assertion made by the Plaintiff is groundless.

(2)

A. When the description of the Part in Boldface and the descriptions of the Explanatory Part in the Bottom Part on Page 78, as recognized in the above (1)A, are read together, it is acknowledged that the part of "QR コード®リーダ— 'Q'" [QR Code® Reader "Q"] or the part, "'Q'", of the Part in Boldface is an indication of a product name, and thus the Explanatory Part is an indication providing explanation concerning the functions and the like of the above product.

Next, when the above fact is considered along with the fact that the

Catalogue is a comprehensive catalogue of the Defendant and introduces the Defendant's products, among other things, and that the words, "Download (for free) from here!" and a label of a two-dimensional code, which is based on a QR code standard, are indicated in the Bottom Part on Page 78, providing information about downloading the above product, "QR コード®リーダ— 'Q'" [QR Code® Reader "Q"] or "'Q'", it is acknowledged that the Bottom Part on Page 78 is an ad for the above product, "QR コード®リーダ— 'Q'" [QR Code® Reader "Q"] or "'Q'", contained in the Product 2.

According to the descriptions in the Bottom Part on Page 78, as recognized in the above (1)A, the above product, "'Q'", is program software having functions such as that of reading two-dimensional codes which are based on QR code standards, and thus it is covered by "electronic machines, apparatus and their parts" from among the designated goods for the Trademark.

- B. As described in the above (1)A, the Used Trademark 3 is indicated in the Bottom Part on Page 78, which is an ad for the Product 2, and as described in the above (1)B, the Catalogue which contains the Bottom Part on Page 78 was distributed at the site of the Exhibition on March 6, 2015, which is within the Period Requiring Evidence.
- C. Next, whether or not the Used Trademark 3 is used in regards to the Product 2 as an indicator that distinguishes the relevant product from products of others shall be considered.
- (A) According to the evidence presented later and the entire import of the oral argument, the following facts are acknowledged.
- a. According to "*Saishinpasokonyogojiten* 2006-'07" [Current Dictionary on PC Terms 2006-2007] and "*Saishinpasokon/ITyogojiten* 2010-'11" [Current Dictionary on PC/IT Terms 2010-2011] published by Gijutsu-Hyohron Co., Ltd., the entry for "QR コード" reads, "a type of a two-dimensional code (a code containing data in two dimensions (vertical and horizontal)) developed by Denso Wave Incorporated ...established as a JIS standard in 1999, and as an ISO international standard in 2000" (Exhibits Ko 24 and 25).
 - b. According to "*Saishinhyojunpasokonyogojiten* 2013-2014 Edition" [Current Dictionary on Standard PC Terms 2013-2014

Edition] published by SHUWA SYSTEM CO., LTD., the entry for "QR コーﾄﾞ" reads, "a type of a two-dimensional matrix code developed by Denso Corporation, which is also an automobile manufacturer, in 1994 as a code that replaces traditional bar codes ... It was standardized as JIS X0510 in 1999, and as ISO/IEC 18004 in 2000" (Exhibit Ko 26).

- c. The Defendant uses an indication that reads, "QR Code is a registered trademark of Denso Wave Incorporated", in addition to indicating the mark, ®, for "QR コーﾄﾞ" (Exhibits Ko 81, 92-1, and 98-1, Exhibits Otsu 1 and 27). Also, on multiple websites operated by companies other than the Defendant, the "QR Code" or "QR コーﾄﾞ" is indicated as a registered trademark of the Defendant (Exhibits Otsu 23-1 to 23-5). Furthermore, in an ad by the Plaintiff, there is also the description, "QR Code is a registered trademark of Denso Wave Incorporated" (Exhibits Otsu 24 to 26).
 - d. There are many icons for app, including QR code readers for smartphones, which consist of figures and the words, "QR コーﾄﾞ", "QR Code", or "QR code" written underneath (these icons are hereinafter collectively referred to as "Icons on Exhibit Ko 52", and the character parts of the Icons on Exhibit Ko 52 consist entirely of non-descript characters outlined in white against a colored background (Exhibit Ko 52-2).
 - e. In newspaper dated August 22, 2006, there is an article on "QR コーﾄﾞ", which is described as having explosively grown popular along with the spread of camera-equipped cell-phones, and the article writes that it is currently a registered trademark of the Defendant (Exhibit Ko 70).
- (B) According to the facts described in the above (A), it is acknowledged that "QR Code" and "QR コーﾄﾞ" are a type of standard for two-dimensional codes. On the other hand, the Defendant owns the Trademark, and as described in the above (A), the Defendant has made it widely known that the Defendant owns the trademark, by indicating that "QR Code is a registered trademark of Denso Wave Incorporated" and placing the indication, "®". Also, by taking into consideration the fact that, as described in the above (A), companies other than the Defendant, including the Plaintiff, indicate on their

websites and in ads that "QR Code" or "QR コード" is a registered trademark of the Defendant, it cannot be acknowledged that "QR Code" or "QR コード" is always recognized only as a type of standard for two-dimensional codes, and it should be said that it is likely that "QR Code" or "QR コード" may be used in a manner that works as a function of distinguishing the relevant product from products of others.

- (C) The Used Trademark 3 is shown in a manner described in the above (1)A(A), independently from other descriptions. In the Used Trademark 3, the right edge of the character, "Q", and the left edge of the character, "R", overlap, and the trademark is designed, albeit slightly, and colored in red, so that it cannot be acknowledged as merely providing explanation on "QR コードリーダー" [the part in katakana characters meaning "Code Reader"] or "Q", but is acknowledged as describing the aforementioned products as an indicator that distinguishes the relevant product from products of others, and it is acknowledged that consumers and dealers who look at the Catalogue will recognize as such as well.

Accordingly, it is acknowledged that the Used Trademark 3 has a function of distinguishing the Product 2 from products of others.

The character parts in Icons on Exhibit Ko 52 are completely different from the manner in which the Used Trademark 3 is shown, and thus the existence of the Icons on Exhibit Ko 52 does not influence the above determination that the Used Trademark 3 has a function as an indicator that distinguishes the relevant product from products of others.

- (D) The Plaintiff argues that the characters, "QR コード", and the characters, "QR Code", only generate the recognition that they refer to a QR Code standard, which is a type of standard for two-dimensional codes, as consistently recognized by the JPO in the Notice of Reasons for Refusal and the Decision of Refusal covering 15 cases. However, these JPO decisions concern cases which are different from the present case, and they do not influence the above determination that the Used Trademark 3 has a function as an indicator that distinguishes the relevant product from products of others.

Also, although the Plaintiff argues that the indication, "'QR Code' is a registered trademark of Denso Wave Incorporated", falls under a false indication (violation of Article 74, paragraph(1) of the Trademark Act),

it cannot be said, as described later in D, that the indication is a false indication on the grounds that the Trademark is identical to "QR Code" from common sense perspective.

- (E) The Plaintiff argues that [i] the trademark used in the Catalogue is "DENSO WAVE" or its Japanese equivalent, "デンソーウェーブ", [ii] the Used Trademark 3 is used in the pages in the Catalogue which explain about QR code standards and not in places where the Defendant's products are introduced, so that general consumers and dealers would merely understand that the two-dimensional code is a "two-dimensional code which is based on a QR code standard", and not as an indicator that distinguishes the relevant product from products of others, [iii] according to the Used Trademark 3, and the description, "Download (for free) from here!", and the positioning of a two-dimensional code based on a QR code standard, it is impossible to understand that the Used Trademark 3 is used in a way which is specifically related to the app of the Product 2, and [iv] the Product 2 is only described in a corner among the technical explanation and introduction about QR code standards on page 78 of the Catalogue, which means that the Catalogue is not something that introduces the Product 2, so that the Catalogue does not fall under an ad of the Product 2.

However, as already recognized and determined, the Used Trademark 3 is used as an ad for the Product 2 in the Bottom Part on Page 78, and this fact is not deterred by the fact that "DENSO WAVE" or its Japanese equivalent, "デンソーウェーブ", is used as a trademark for the Catalogue, or the fact that the Used Trademark 3 is shown on the page on "Basic Knowledge" in the Catalogue. Furthermore, based on the descriptions in the Bottom Part on Page 78, as determined in the above (1)A(A), it is clear that the Used Trademark 3 is used in a way that is specifically related to the Product 2, and thus the above assertion made by the Plaintiff is groundless.

- D. Next, whether or not it can be said that the Used Trademark 3 and the Trademark are identical from common sense perspective shall be considered.

- (A) First, the Trademark is, as shown in Attachment 1, a two-tier trademark with "QR コード" written on top and "QR Code" written on

bottom, with the part, "コ一卜" ["Code" in katakana characters], in the top tier being understood as a katakana version of the part, "Code", in the bottom tier, so that the pronunciation of "qr code" is generated, and the concept of a two-dimensional code based on a QR code standard is generated.

On the other hand, the Used Trademark 3 also generates the pronunciation of "qr code" and the concept of a two-dimensional code based on a QR code standard.

As described above, the Trademark and the Used Trademark 3 share the same pronunciation and concept.

- (B) Secondly, comparison of the appearances of the Trademark and the Used Trademark 3 shows that the Used Trademark 3 has the same spelling as "QR Code" in the bottom tier of the Trademark, and has a reciprocal relationship with the "QR コ一卜" in the top tier, with one being written in katakana characters and the other in Roman alphabets, and thus it is acknowledged that the two trademarks have commonalities in these respects. However, the Used Trademark 3 and the Trademark are different in the following respects; namely, [i] the Trademark is a two-tier trademark consisting of the standard characters, "QR コ一卜" on top and "QR Code" on bottom, whereas the Used Trademark 3 consists only of "QR Code", [ii] in the Used Trademark 3, the right edge of the character, "Q", and the left edge of the character, "R", overlap, and the overlapped part is designed to double as a part of the two characters, and [iii] the Used Trademark 3 is indicated in red.

However, as described in the above (A), it is understood that the "QR コ一卜" is the same as the "QR Code" with the part, "Code", being written in katakana characters, and since "QR コ一卜" and "QR Code" are identical in pronunciation and concept, it should be said that the existence of the difference in the above [i] should not influence the determination of whether or not it can be said that the Used Trademark 3 and the Trademark are identical from common sense perspective.

Also, considering that the overlapped part of the character, "Q", and the character, "R", is slight so that the two characters can be recognized as two independent characters, and that the degree of design is likewise slight, it should not be said that the existence of the difference in the above [ii] should influence the determination of whether or not the

Used Trademark 3 and the Trademark are identical from common sense perspective.

Furthermore, since it cannot be said that coloring a trademark is a change that would normally cause a trademark to lose its identicalness to some other trademark, it should be said that the existence of the difference in the above [iii] should not influence the determination of whether or not the Used Trademark 3 and the Trademark are identical from common sense perspective.

(C) From what is described above, it is acknowledged that the Used Trademark 3 and the Trademark are identical from common sense perspective.

(D) Regarding this point, the Plaintiff argues that "QR コーﾄ" in the top tier of the Trademark conjures something other than the "QR Code" in the bottom tier, and the "QR Code" in the bottom tier conjures something other than the "QR コーﾄ" in the top tier. However, the Trademark is a two-tier trademark consisting of "QR コーﾄ" at the top and "QR Code" at the bottom, and considering that, as described in the above C, "QR コーﾄ" and "QR Code" are also known as a standard for two-dimensional codes, it is difficult to say that "QR コーﾄ" and "QR Code" conjure something else other than themselves. This fact is not influenced by the fact that the Defendant has filed applications for trademark registration of "QR コーﾄ" and "QR Code".

Accordingly, the above assertion made by the Plaintiff cannot be accepted.

E. Next, whether or not the Product 2 falls under "goods" as prescribed by the Trademark Act shall be considered.

(A) According to the evidences presented later, the following facts are acknowledged.

a. The website operated by the Defendant indicates the following dated November 6, 2014 (Evidence Ko 61).

(a) "Denso Wave and Repica form a capital and business alliance/As a first step for utilizing "Q-revoTM", a cloud service based on QR コーﾄ®,/began providing "Traceability" services for food and industrial products."

(b) "Repica operates a smartphone business through its subsidiary, Arara Inc., and runs 'ARAPPLI', an AR (abbreviation

for "augmented reality") platform app triggered by QR codes, for consumers. The two companies have jointly worked on a project for developing more precise QR code reader app for smartphones, and Denso Wave has decided to invest in Repica in order to further utilize the know-how of both companies and develop a more value-added business."

- (c) "In future, the two companies will utilize 'Q-revo' and 'QR Code Reader "Q"' and operate services which take advantage of the know-how of both companies for food and industrial products, with 'traceability' as the key word."
- b. The website for "payment navi" contains the following descriptions dated November 10, 2014 (Exhibit Otsu 16).
 - (a) "Denso Wave and Repica join hands in providing a cloud service based on QR codes."
 - (b) "As a first step in partnership, the two companies have developed 'Q-revo', a next-generation service which utilizes a cloud server for producing/distributing, reading, and accumulating data of, advanced QR codes such as SQRC and Frame QR. In future, the two companies will operate services which take advantage of the know-how of both companies for food and industrial products, with 'traceability' as the key word."
 - (c) "A specific sales target will be announced once the traceability system is verified further and be ready to be provided as a service."
- (B) In order to be called "goods" as prescribed by the Trademark Act, the goods must be the subject of a commercial transaction. For that purpose, the goods concerned need not be transferred in exchange for payment; even in the case where the goods themselves are transferred for free, if there is a system for gaining profit as a result of the transfer of the goods, and if the goods are provided for free as part of the system, it should be said that the goods have an exchange value and can be acknowledged as the subject of a commercial transaction.

Based on the facts recognized in the above (1)A(A), it is acknowledged that the Product 2 can be downloaded for free, but based on the descriptions of a website recognized in the above (A), it is acknowledged that the Defendant plans to develop, jointly with Arara

Inc., a service which utilizes the Product 2. Since it is necessary to have downloaded the Product 2 on a smartphone in order to use said service, it is believed that the free distribution of the Product 2 would contribute greatly to the development of the service, and thus the free distribution of the Product 2 can be evaluated as being part of a business model in which provision of a service, which uses the Product 2, generates profit.

Accordingly, it is acknowledged that the Product 2 has an exchange value, and it should be said that the Product 2 may be the subject of a commercial transaction.

It should be noted that, as described above, even in a business model in which profit is gained by providing a service which utilizes the Product 2 after distributing the Product 2 for free, the subject of a commercial transaction upon free distribution of the Product 2 is just the Product 2, and the Used Trademark 3 is placed in an ad for the Product 2 and not used as a trademark for the above service.

- F. Based on the above, it is acknowledged that the Defendant distributed, within the Period Requiring Evidence, an ad for the Product 2 which falls under "goods" as prescribed by the Trademark Act and which bears the Used Trademark 3, which is acknowledged as being identical to the Trademark from common sense perspective.
- G. The Plaintiff argues the following, among other things; namely, that the Used Trademark 3 is merely a part of the Trademark No. 197 [the Defendant's trademark registration for a two-tier trademark having the same constituent parts as the manner in which the Used Trademark 3 is indicated in the Catalogue, which is a two-tier indication consisting of the QR Icon and the Used Trademark 3], so that it is unlikely that the Used Trademark 3 is recognized independently, and that since the Defendant has been granted trademark registration for the QR Icon, it is the QR Icon alone which may be an indicator for distinguishing the Product 2 from products of others, and that, once registration is granted for the Trademark No. 197, the act of showing the Trademark No. 197 in regards to the Trademark 2 mainly constitutes use of the Trademark No. 197, so that the trademark shown in the Catalogue is the Trademark No. 197 and not the Used Trademark 3.

However, the Used Trademark 3 is, as described above in (1)A(A),

shown in the Bottom Part on Page 78, and it is clear that the Used Trademark 3 is completely independent from the QR Icon, so that, irrespective of whether or not the Trademark No. 197 is a registered trademark or whether or not the Trademark No. 197 has been granted registration, the Used Trademark 3 can be recognized as an independent trademark.

Also, since it is allowed to place multiple trademarks as trademarks for the same product, there is no reason for not being able to use the Used Trademark 3, which is a part of such trademarks, as a trademark after registration is granted for the Trademark No. 197.

Accordingly, the above assertion made by the Plaintiff is groundless.

- H. The Plaintiff argues that since the free app pertaining to the Product 2 has been provided by Arara Inc. and not by the Defendant, even if the Defendant distributes the Catalogue, which contains the description of the Product 2 and which has the Used Trademark 3 placed thereon, it does not fall under "use" as prescribed in Article 50, paragraph(1) of the Trademark Act.

However, advertisement in the Catalogue is made by the Defendant as part of the business model recognized in the above E, and even if the Product 2 is provided by Arara Inc., the fact of "use" of the Trademark as recognized above shall not be influenced.

Accordingly, the above assertion made by the Plaintiff is groundless.

2. Illegality of procedures of the Trial

The Plaintiff argues that the procedures of the Trial [i] involved procedures which are in violation of Article 153, paragraph(2) of the Patent Act which is applied mutatis mutandis in Article 56 of the Trademark Act, and that [ii] the failure of accepting a request by Arara Inc. for the examination of a witness was in violation of the law concerning cases involving one and only proof. However, as described in the above 1, use of the Used Trademark 3 is allowed, and the above assertion made by the Plaintiff does not influence in any way the conclusion that the use of the Used Trademark 3 shall be allowed, so that it cannot be said that the procedures of the Trial contain illegality due to which the Trial Decision should be rescinded.

3. Deviation and abuse of discretionary power

Even in light of all evidences of the present case, it cannot be acknowledged that the Trial Decision was made with an illicit motivation, and it cannot be

acknowledged that the procedures of the Trial involved any deviation or abuse of discretionary power.

As for the interview which the Plaintiff asserts was held between the Defendant and the administrative judge, there is not enough evidence to support such claim.

4. In view of the above, the Plaintiff's assertion is groundless and shall be dismissed, and the court renders a judgment in the form of the main text.

Intellectual Property High Court, Second Division

Presiding judge: MORI Yoshiyuki

Judge: SANO Shin

Judge: KUMAGAI Daisuke

Attachment 1

1. Registered trademark

QR コード

QR Code

2. Registration No. 4075066
3. Application date June 16, 1995
4. Registration date October 24, 1997
5. Classification of goods and designated goods

Class 9

"Laboratory apparatus and instruments; Measuring or testing machines and instruments; Power distribution or control machines and apparatus; Batteries and cells; Electric or magnetic meters and testers; Electric wires and cables; Photographic machines and apparatus; Cinematographic machines and apparatus; Optical machines and apparatus; Spectacles [eyeglasses and goggles]; Processed glass [not for building]; Telecommunication machines and apparatus; Electronic machines, apparatus and their parts; Rockets; Rotary converters; Phase modifiers; Electric flat irons; Electric hair-curlers; Electric wax-polishing machines; Vacuum cleaners; Electric buzzers; Fire boats; Magnetic cores; Resistance wires; Electrodes, other than welding electrodes or medical electrodes; Exposed cinematographic films; Exposed slide films; Slide film mounts; Recorded video discs and video tapes"

Attachment 2

Used Trademark		Product		Evidence
Used Trademark 1		Product 2	Application software jointly developed by the Defendant and Arara Inc.	Exhibit Ko 98-1
Used Trademark 2-1		Product 4	Software ("QRdraw Jr"), "QRdraw Ad", "QRmaker Ad", and "QRmaker JV")	Exhibit Ko 92-1
Used Trademark 2-2	DENSO WAVE, the inventor of 	Same as above	Same as above	Same as above
Used Trademark 2-3		Same as above	Same as above	Same as above
Used Trademark 2-4	www..com/	Same as above	Same as above	Same as above
Used Trademark 3		Product 2	Application software jointly developed by the Defendant and Arara Inc.	Exhibits Otsu 1 and 27 (Exhibit Ko 81)

Used Trademark 4		Product 2	Application software jointly developed by the Defendant and Arara Inc.	Exhibits Otsu 1 and 27 (Exhibit Ko 81)
Used Trademark 5		Product 2	Application software jointly developed by the Defendant and Arara Inc.	Exhibits Ko 85-1 and 85-2
Used Trademark 6	セキュリティ機能搭載QRコード SQRC®(セキュリティ機能搭載QRコード)	Product 5	A new two-dimensional code with a function to control data read	Exhibit Ko 118-2
Used Trademark 7		Product 4	Software ("QRdraw Jr", "QRdraw Ad", "QRmaker Ad", and "QRmaker JV")	Exhibit Ko 81 and Exhibit Otsu 27 (Exhibit Otsu 1)