***In re* Manhattan Portage Device Mark**

(Invalidity of Unauthorized Registration of Foreign Well-known Mark)

Tokyo High Court

Case H14 (Gyoke) No. 514 (November 20, 2002)

FACTS

Present Trademark A

Registration Number:	2325691
Date of Registration:	July 31, 1991
Date of Application:	November 8, 1988
List of Goods:	Bags, other goods in this class (Japanese Class 21)

Present Trademark B

Registration Number:	2527329
Date of Registration:	April 28, 1993
Date of Application:	September 3, 1990
List of Goods:	Bags, other goods in this class (Japanese Class 21)

Cited Mark

The defendant, M, a U.S. corporation, manufactures and sells bags in the United States and owns the trademark shown above (hereinafter “Cited Mark”), which it registered in the U.S. on July 1, 1997 for bags and the like. April 25, 1983 was claimed as the date of first use in commerce of the Cited Mark.

On a trip to the United States in September, 1988, the plaintiff happened to come across a product of the defendant; he thus paid a visit to P, representative of the defendant, in the following month with an offer to import and sell M’s products in Japan. This offer was not reduced to an agreement in writing, however. The plaintiff also recommended that an application for the Cited Mark be filed in Japan, in which P displayed no interest either. After returning to Japan, the plaintiff sent P an order for goods, but in a letter dated November 3, 1988 P replied that he would be unable to accept the order. The plaintiff subsequently filed applications for the Present Trademark A on November 8, 1988 and for the Present Trademark B on September 3, 1990, although no reference had been made to the filing of such applications in the earlier correspondence with P.

Meanwhile, the plaintiff started to sell “MANHATTAN series” bags bearing trademarks that were identical with the Present Trademarks around April 1989 through a Japanese company, of which he was the Representative Director.

M, owner of the Cited Mark in the United States of America, filed invalidation appeals in 2001 against the registrations of the Present Trademarks A and B under Article 4(1)(xix) of the Japanese Trademark Law.* The registrations of these trademarks had been granted for applications filed earlier in 1988 and 1990 to X, representative of a Japanese company. The Appeals Board of the Japan Patent Office granted the appeals

of M and invalidated both trademark registrations. X filed this lawsuit to revoke the appeals decisions.

ISSUE

Whether a registered trademark for which an application was filed by a Japanese company without prior consent from the trademark owner in a foreign country where the trademark had become well known constitutes a “trademark used for unfair purposes” and is thus unregistrable under Article 4(1)(xix) of the Japanese Trademark Law.

HOLDING AND REASONING

Given the facts established above, the plaintiff was in a position to know the Cited Mark by October 1988, when the applications for registration of the present trademarks had not yet been filed. At that time, the defendant and the plaintiff had negotiated details of the trading of the defendant’s goods and as a result reached a basic consensus on the plaintiff’s purchasing of the defendant’s goods; however, no firm agreement had apparently been reached as to the plaintiff’s acquisition of exclusive distribution rights in Japan for the defendant’s goods.

Moreover, the plaintiff sees himself as conversant with the bag industry and is believed to have known the reputation of the defendant’s goods to a considerable degree. However, no evidence indicates that the plaintiff had informed P, or any other interested parties, of the applications that had been filed for registration of the Present Trademarks.

The plaintiff realized from P’s letter of November 3, 1988 that a business deal with the defendant would not be possible; as a result, the plaintiff had bags mimicking the defendant’s product manufactured in Korea and sold them using the trademark featuring the outline of buildings and the words “Manhattan / Passage” on the red label. While the date of receipt of the above letter by the plaintiff cannot be determined, the temporal proximity of these two events would make it plausible that the receipt of the letter had prompted the plaintiff to file the application for the Present Trademark A on November 8, 1988.

The fact that the plaintiff himself had attempted to import the defendant's goods to Japan serves to support the holding that the plaintiff did file the applications for registration of the Present Trademarks without the defendant's authorization and with the knowledge that the Cited Mark, which closely resembles the Present Trademarks, had been used for the defendant's goods and was well known among traders and consumers of bags in the United States. This act of the plaintiff was for 'unfair purposes' in that applications were filed in Japan for the Present Trademarks that were visually (and phonetically in the case of the Present Trademark A) similar to the Cited Mark in the knowledge that he was not authorized to use the mark, which had already become well known in the United States.

Therefore, this court affirms the appeals decisions to the effect that the plaintiff's filing of the applications for the Present Trademarks was for 'unfair purposes.'

*Article 4 (Unregistrable trademarks)

(1) Notwithstanding the preceding Article, no trademark shall be registered if the trademark:

(xix) is identical with, or similar to, a trademark which is well known among consumers in Japan or abroad as that indicating goods or services pertaining to a business of another person, if such trademark is used for unfair purposes (referring to the purpose of gaining unfair profits, the purpose of causing damage to the other person, or any other unfair purposes, the same shall apply hereinafter) (except those provided for in each of the preceding items).