McDonald's Case

(Protection of Well-known Mark; Unfair Competition Prevention Act)

Osaka District Court

Hei 5 (Yo) No.2289 (Oct.15,1993)

FACTS

Mark A1

Mark A2

Mark B1

Mark B2

The plaintiff, X, is a Japanese company that operates McDonald's restaurants in Japan. "McDonald's" or "マクドナルド" (Japanese "katakana" syllabary rendering of "McDonald") are famous abbreviations of X or "McDonald's USA" and are well known as an indication of X's business. Mark A1, shown above, is well known as an indication of X's business and goods. In addition to these indications, X has been using Mark A2 shown above as another indication of its business since it began operation in1971. Mark A2 is colored yellow in most cases, but in a few cases is colored with a color other than yellow.

The defendant, Y, is a company that operates pachinko parlors and mah-jongg

clubs. Y has been operating a pachinko parlor named "MINANO PART 2" at the location of its main office from about Dec. 1992. It uses the Mark B1 shown above as an indication of its business inside and outside the pachinko parlor. The Mark B2 shown above, which is a part of the Mark B1, is colored red and more than twice the size of the other letters.

X applied to Osaka District Court for a preliminary injunction to prohibit Y from using Mark B2 in indications of its business under Article 1(1)(i) of the Unfair Competition Prevention Act (*1) .

ISSUE

(1) Whether a mark that consists of only a single letter and is very simple and commonplace can be considered as lacking distinctiveness, and therefore should not be permitted to be exclusively used.

(2) Whether it is permissible to compare only a portion of a mark with a well-known mark used as an indication of business in judging identicality or similarity of indication and likelihood of confusion.

HOLDING

The court issues a preliminary injunction for the following reasons:

(1) Even if the mark is simply designed using a single letter of the alphabet, it should be protected as an indication as prescribed in Article 1(1)(i) on condition that it acquire distinctiveness or secondary meaning as an indication of its user's business by being stylized, continually used for a long time by a particular user, or effectively advertized even for a short time.

In this case, Mark A2 is a simple mark consisting solely of the letter "M". However, the letter is stylized. Therefore, it is reasonable to conclude that Mark A2 has acquired the distinctiveness necessary to be an indication of X's business by virtue of its long continual use and advertisement by X.

The color is a secondary element of the mark, and becomes a distinctive part of the mark only when the form of the mark lacks any defining features.

(2) The "mark" defined in the Article 1(1)(i) of the Unfair Competition Prevention

Act is an illustration of indication of business to be protected and does not limit the manner of infringement. The "use" prescribed in the said Article is any use that creates confusion over indication of business. Therefore, using another person's indication of business as a part of that of one's own falls under said "use".

(*1) The Unfair Competition Prevention Act of that time has been codified in Article 2(1)(i) of the present Act, which reads as follows:

Article 2 (1) The term "unfair competition" as used in this Act means any of the following:

(i) acts of creating confusion with another person's goods or business by using an indication of goods or business (which means a name, trade name, trademark, mark, or container or package of goods used in relation to a person's business, or any other indication of a person's goods or business; the same shall apply hereinafter) that is identical or similar to said person's indication of goods or business that is well known among consumers or other purchasers, or by assigning, delivering, displaying for the purpose of assignment or delivery, exporting, importing or providing through an electric telecommunication line the goods using such an indication;