

Use of the trademark “VIAGRA” with respect to repackaged imported pills constitutes infringement of the trademark right and unfair competition

“VIAGRA” case

2000 (Wa) No. 13904, decided on March 26, 2002

by Tokyo District Court

1. Facts

The plaintiff, Pfizer Products, Inc. is a US company which is a subsidiary of Pfizer Inc., a US company mainly manufacturing and selling erectile dysfunction drugs, namely “VIAGRA” pills and other pharmaceutical products, and mainly managing trademark rights and other intellectual property rights belonging to the Pfizer Group. The plaintiff owns trademark Reg. Nos. 4150713 “VIAGRA” (Goods: Pharmaceutical preparations in Class 5) and 4127593 “VIAGRA in Katakana” (Goods: Pharmaceutical preparations in Class 5) in Japan. Further, the trademarks “VIAGRA” and “VIAGRA in Katakana” have been very famous with respect to the “erectile dysfunction drugs” in relation to the business of the Pfizer Group, the plaintiff.

The defendant, Yasuido International is a Japanese company which imports and sells various types of daily use products. The defendant obtained orders for the “VIAGRA” pills from customers by mail, facsimile and the Internet and imported the “VIAGRA” pills (hereinafter called “defendant’s pills”), which were manufactured by the plaintiff, from Yoshida Corporation in U.S.A. and then sold them to the customers. The plaintiff used the trademark “VIAGRA” and “VIAGRA in Katakana” on its signboards, advertisements, trading documents, web page, etc. for said pills.

The plaintiff sought, based on the Trademark Law and Unfair Competition Prevention Law, to prohibit importing and selling of the defendants pills and use of the trademarks “VIAGRA” and “VIAGRA in Katakana” on the advertisements, trading documents and web page and

compensation for the damage the plaintiff suffered from such infringement .

The defendant insisted that it is merely acting as agent for personal importing “VIAGRA” pills instead of importing the products, and therefore it does not infringe the plaintiff’s trademark rights. However, taking the following facts into consideration, the court judged that the importation of the defendant’s pills is not considered to constitute acting as agent for personal importing or parallel importing of genuine products, and thus the use of the trademark “VIAGRA” with respect to the imported pills constitutes infringement of the plaintiff’s trademark rights and unfair competition;

(1) Yoshida Corporation obtained defendant’s pills from All International, a US company selling pharmaceutical products, and then repackaged them into a smaller package and sent them to Japan enclosed in envelopes.

(2) All International was not fully informed about the defendant’s customers when it provided the defendant’s pills to Yoshida Corporation.

(3) All International received payment for the defendant’s pills once a week from Yoshida Corporation. That is, it did not receive a payment per each customer.

(4) All International indicates in its web page that it never sells any products to individuals and requests that the name and address of the purchaser who orders the products be clearly indicated before it sells them.

(5) None of the customers of the defendant recognized that the seller of the products is All International.

(6) When there were shortfalls of or damage to products, the defendant take care of the same.

2. Decision

Consequently, the court decided as follows;

The defendant, together with Yoshida Corporation, purchased the defendant's products from All International, and then imported these products from U.S.A and sold them to their customers. Therefore, the acts by the defendant are not considered to constitute acting as agent for personal importing.

Further, since all the subject defendant's products were repackaged by Yoshida Corporation, the importing and selling of the defendant pills is not considered to be importing and selling of genuine products.

Therefore, use of the trademarks "VIAGRA" and "VIAGRA in Katakana" on the defendant's web page, signboards, advertisements and trading documents constitutes infringement of the plaintiff's trademark rights and further the importing and selling of the "VIAGRA" pills constitute unfair competition under the Unfair Competition Prevention Law.

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**A knock-off producer cannot request damages
from another knock-off producer.**

“HERMÈS - Birkin Bag” case

2000 (Wa) No. 26971, decided on August 31, 2001
by the Tokyo District Court

1. Facts

Plaintiff (Eastern Real Estate K.K. (a Japanese corporation)) is an importer and seller of leather goods such as handbags. Since around October 1997 the Plaintiff has been selling bags the shape of which is the same as that of the bag which is made by the worldwide famous manufacturer and seller of bags, scarves, footwear, etc., “HERMÈS” and which is called a “Birkin” bag and is very popular. The bags being sold by the Plaintiff bear the trademark “Eponine,” the Plaintiff’s own trademark.

On the other hand, Defendant (Jin Brothers K.K. (a Japanese corporation)) is a manufacturer and wholesaler of bags. The Defendant has also been selling bags the shape of which are the same as that of “HERMÈS”’s above “Birkin” bag since around July 2000 at the latest. The bags being sold by the defendant bear the trademark “Royal Grace,” the Defendant own trademark.

The Plaintiff sought, based on Article 2, Para. 1, Item 3 of the Unfair Competition Prevention Law¹, compensation for the damage the Plaintiff suffered from the selling of bags by the Defendant which are the same as the Plaintiff’s bags.

In the court, the Plaintiff asserted that the Defendant had copied their bags and sold them in the market, and thus such acts fall under Article 2, Para. 1, Item 3 of the Unfair Competition Prevention Law. To the contrary, the Defendant argued against the above assertion that the Plaintiff’s bags are knock offs of “HERMÈS”’s “Birkin” bags; in other words, said bags do not at all reveal the display of any originality and ingenuity by the Plaintiff, and thus the Plaintiff has no interest in and right to demand any compensation from the Defendant.

2. Decision

The court stated as follows. Article 2, Para. 1, Item 3 of the Unfair

Competition Prevention Law prescribes that the act of transferring, renting out, displaying for the purpose of transfer or delivery, exporting or importing the goods which copy the good produced by another person is unfair competition. In accordance with the spirit of the Article, the act of copying the goods produced by a person is prohibited in order to enable the person to recover the expenses incurred in developing their goods. Those persons protected by this Article must be persons that make an effort to develop their original goods by themselves, and defray expenses for development of such original goods.

The goods sold by the Plaintiff are mere knock offs of “HERMÈS”'s famous “Birkin” bags and therefore the Plaintiff should not be protected by this Article. Hence, the request of the Plaintiff shall be dismissed.

ⁱ Unfair Competition Prevention Law
Article 2

(1) As used in this law, the term “unfair competition” means any one of the following.

3. The act of transferring, renting out, displaying for the purpose of transfer or delivery, exporting or importing goods which imitate the shape (excluding a shape which is commonly used for goods of the same kind as those of another person (or, in the case where goods are not the same kind of goods, goods which have a function and use identical or similar to those of such other person)) of goods of another person (excluding goods for which 3 years have elapsed from the date that sales thereof first commenced).

Joint Trademark Right and Joint Litigation

“ETNIES” case

2001(Gyo-Hi)No.142, decided on March 22, 2002,
by the Supreme Court, the Third Petty Bench

The question whether a lawsuit against a trial decision regarding joint trademark rights must be lodged by all the owners jointly, or can be lodged by only one of the owners, has traditionally been disputed in Japan. Recently, the Supreme Court made a judgement on this question.

1. Summary of “ETNIES” case

KK Levante filed an application for “ETNIES” with respect to “Clothing, etc.,” in International Class 25 on December 17, 1992 with the Japan Patent Office (“JPO”) and said trademark was registered on January 31, 1996 under Reg. No. 3116038 (“The Trademark”). The Trademark right was partially assigned to X and said partial assignment was registered on January 21, 1999 on the Official Register¹. Since then, The Trademark right has been jointly owned by Levante and X.

On August 20, 1999, Y filed with JPO an invalidation trial against this registration for The Trademark. JPO issued a decision to invalidate the registration for The Trademark.

X solely lodged a lawsuit seeking the revocation of this JPO’s decision before the Tokyo High Court. The Tokyo High Court, judging as follows, simply dismissed X’s demand;

“A lawsuit against a trial decision as to a joint trademark right must be lodged jointly, because such a lawsuit should be settled as a consequence of just one right being owned by joint owners and thus it should be considered to be indispensable that it be a joint-litigation (hereinafter “indispensable joint litigation.”)”

X lodged a final appeal with the Supreme Court. The Supreme Court stated that just one member of the joint trademark right owners can lodge a lawsuit against a trial decision and thus reversed said Tokyo High Court’s judgement and remanded it thereto.

2. The Point at Issue

The Japanese Trademark Law provides that a trial against a registered trademark jointly owned by plural owners must be addressed to all the joint owners, and an appeal as to the joint right must be filed by all the joint owners (Article 56, being applied mutatis mutandis to Article 132, Paragraphs 2 and 3 of the Patent Law.) According to the Commentary published by JPO, this Article 132, Paragraphs 2 and 3 of the Patent Law is assumed to adopt the “indispensable joint litigation” doctrine regulated by the Japanese Code of Civil Procedure.

¹ Under the Japanese Trademark Law, registration is mandatory. An assignment of a trademark is effective only if it is registered. However, since the registration procedure at JPO takes around one or two month(s), a time-lag between a registration date and the time limit for taking an action against an appeal/trial decision at the Tokyo High Court has been causing much criticism.

However, as to the question whether a lawsuit seeking the revocation of a decision of JPO before the Tokyo High Court is an “indispensable joint litigation” or not, there are no provisions in the Patent Law (as well as the Trademark Law.)

Under the circumstances, should said lawsuit be considered to be an “indispensable joint litigation” by comparing the situation regarding said lawsuit with the aforementioned provisions of the Patent Law regarding trials? Or alternatively, in view of the silence of the Patent Law (Trademark Law) on this issue, should said lawsuit not be considered to be an “indispensable joint litigation”? Opinion is divided on this point.

3. Precedents

Traditional precedents construe a lawsuit against an appeal/trial decision regarding a joint right to be an “indispensable joint litigation” and thus when said lawsuit is lodged by one member of the joint owners solely, the Court dismissed the same as an illegal demand.

However, the general theoretical tendency of scholars, lawyers, etc. in the field of Intellectual Property Law has been very critical of this practice, because even if only one member of joint owners is against lodging a suit, it would be impossible for the other members to file a suit, which obviously is unreasonable. Most scholars cited the precedent regarding the real-estate property, in which the Supreme Court judged that a lawsuit lodged by one member of joint owners in order to exclude interference by a third party would be acceptable². This is called the protective action (hereinafter “preservation”) doctrine and became a popularly held opinion even in the field of intellectual property.

In 1995, there was a lawsuit seeking the revocation of the JPO’s decision for rejection of a utility model application lodged by only one member of joint owners. Said critics of the above practice expected the Supreme Court to take a new position. However, reiterating as follows, the Supreme Court dismissed the same.

“A suit against an appeal decision should be construed as being an “indispensable joint litigation” and thus must be lodged by all the joint right owners. This is because, the question whether a trial decision is revoked or not should be concluded unitarily with respect to all the joint owners.”³

4. Comments

At that time in 1995, we naturally believed that this judgement would effect not only appeals but also trials. In this connection, in Japan, the wording “appeal” generally means an appeal against an examiner’s decision of rejection, an appeal against an examiner’s decision to dismiss amendments, etc., whereas “trial” means an “inter-partes trial”, namely, a Trial in which a demandee is the patentee, such as an invalidation trial or cancellation trial.

However, the Supreme Court said definitely this “ETNIES” case is entirely different from the above 1995 case, and explained the reason for this as follows:

“Regarding a trademark right once registered, when JPO issues a decision invalidating said registration, if no lawsuit is filed against this decision, said trademark right shall be deemed never to have existed (Article 46 bis.) Filing a lawsuit is, therefore, equivalent to “preservation”, since filing a lawsuit is done to maintain the trademark

² Supreme Court, the First Petty Bench’s decision dated May 10, 1956

³ Supreme Court, the Third Petty Bench’s decision dated March 7, 1995

registration and thus only one member of the joint owners can lodge said lawsuit. Moreover, even if we interpret as stated above, there is no disadvantage to the other members who did not lodge said suit.

Having studied this “ETNIES” judgement, we realized for the first time the range of the effect of the 1995 judgement.

If only one member of joint owners is against lodging a suit, it thus impossible for the other members to file a suit, in view of the time limit for taking an action against a trial decision at the Court, which situation is obviously too severe. The writer, therefore, agrees with this “ETNIES” judgement.

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