

**American Intellectual Property Law
Association**

IP Practice in Japan Committee

October 17-18, 2006

**Recent Cases Re: Post-
Sales Trademark**

Infringement

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Topics/Issues

- n **Risograph Case (The Tokyo High Court, August 31, 2004)**

- n **Recycling**

- n **Cartier Case (The Tokyo District Court, December 20, 2005)**

- n **Modification**

Risograph Case

(Tokyo High Ct. Aug. 31, 2004)

n Facts:

- n Plaintiff (Riso Kagaku K.K.) sold bottles filled with ink.
- n The ink-bottles were recycled.
 - n After all the ink was used, the ink-bottles were collected and refilled with ink by Plaintiff.
- n Plaintiff's trademark



Risograph Case, Cont'd

n Facts (Cont'd):

- n Defendant collected the used ink-bottles, filled them with ink, and
 - n (a) returned them to the original customers and
 - n (b) sold them to new customers

Risograph Case, Cont'd

n Conclusion:

- n The Tokyo High Court found trademark infringement.
 - n Cf. the Tokyo District Court did *not* find infringement.
- n The Supreme Court refused to hear the appeal by the defendant.

Risograph Case, Cont'd

n Reasons:

n The fact-finding of the district court was corrected.

n The district court found that:

n (a) Defendant collected used bottles from the customers of Plaintiff's products; and

n (b) returned the refilled bottles to the same customers.

n The district court found that there was a "one-on-one" relationship between Plaintiff's original products and the recycled products provided by Defendant.

n A "one-on-one" relationship: the customer who first used Plaintiff's ink-bottle receives the same ink-bottle refilled by Defendant.

Risograph Case, Cont'd

n Reasons (Cont'd):

n The Tokyo High Court found that:

- n based on the fact that there was no such “one-on-one” relationship,

- n the Plaintiff’s trademark printed on the products functions as a source identifier

- n the trademark created a likelihood of confusion among customers (i.e., it is likely that customers may mistakenly believe that the ink provided by the Defendant was the Plaintiff’s.)

- n Cf. District Court: no likelihood of confusion where there is a one-on-one relationship.

Cartier Case

(The Tokyo District Court, Dec. 20, 2005)

n Facts:

- n Plaintiff (Cartier) sold watches (e.g., Pasha), etc. without diamonds.
 - n Plaintiff also sold watches and other products with diamonds, which were more expensive than those without diamonds.
- n Defendant purchased Plaintiff's products and added diamonds to them.

Cartier Case, Cont'd

n Facts (Cont'd):

- n Defendant indicated “After Diamond” on its advertisement of the products.

Cartier Case, Cont'd

- n Conclusion:

- n The Tokyo District Court found trademark infringement.

Cartier Case, Cont'd

n Reasons:

- n (A) Defendant damaged the quality guarantee function of Plaintiff's trademark.
 - n Plaintiff conducted its own quality control.
 - n Plaintiff also sold watches with diamonds, which were more expensive than those without diamonds.
 - n Diamonds put on the Plaintiff's genuine products were larger than those added to Defendant's products.
 - n The quality of the diamonds used by Defendant were not good.

Cartier Case, Cont'd

n Reasons:

- n (B) Defendant damaged the source-identification function of Plaintiff's trademark.
 - n Defendant put indication of "After Diamond" on the advertisement of its products.
 - n This indication was not sufficient to eliminate the damage to the source-identification function and quality guarantee function of Plaintiff's trademark.

Considerations

- n Recycle case:
 - n The “one-on-one” relationship is the key fact.
 - n whether there is a likelihood of confusion
 - n whether Plaintiff’s trademark affixed on the products functions as a source identifier
 - n A trademark cause of action should be considered where sales of recycled goods are at issue.

Considerations, Cont'd

- n After modification case:
 - n The quality guarantee function is emphasized to a greater extent than the source-identification function.
 - n Whether there is a competing/equivalent product to the plaintiff's genuine product is important.
 - n The quality of the defendant products is also relevant.

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