

Case Summary of

**Kabushiki Kaisha Miyake Design Studio vs. Kabushiki Kaisha Meitetsu Department Store
and Kabushiki Kaisha Rurudo**

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For AIPLA-JTA joint meeting

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Court: Tokyo District Court

Date: June 29, 1999

FACTS:

A plaintiff, Kabushiki Kaisha Miyake Design Studio (MDS), is a Kabushiki Kaisha (corporation) doing a business of creating designs of clothing and accessories etc. by affiliated designers including a famous designer, Mr. Issey Miyake as a main designer. MDS grants a license to Kabushiki Kaisha Issey Miyake to manufacture and sell clothing embodying such designs and receives royalties from it. MDS is a parent company of Kabushiki Kaisha Issey Miyake and they are constituting a company group that is substantially run by Mr. Issey Miyake and managing a clothing brand "Issey Miyake."

MDS created designs of a series of female clothing under the brand of Pleats Please (Plaintiff Products), including products shown as Items 1 to 5 (Plaintiff Products 1 to 5) in the attached Article List 2. Kabushiki Kaisha Issey Miyake has manufactured and sold the Plaintiff Products under the license of MDS since February 1993.

A defendant, Kabushiki Kaisha Meitetsu Department Store (Meitetsu) is a Kabushiki Kaisha (corporation) running a department store, while the other defendant, Kabushiki Kaisha Rurudo (Rurudo) is doing a business of manufacturing and selling female clothing.

Rurudo manufactured and provided a series of female clothing under the brand of Rurudo Elegance (Defendant Products), including products shown as Items 1 to 5 (Defendant Products 1 to 5) in the attached Article List 1, with Meitetsu. Meitetsu has sold the Defendant Products at its main store in Nagoya since April 13, 1994.

ISSUES:

I. Unfair competition under Art. 2, Par. 1, Item 1 of Unfair Competition Law

- 1) Whether the Plaintiff Products called Pleats Please constitute well-known product source identifier.
- 2) Whether the Defendant Products are similar to the Plaintiff Products in their configurations and there is likelihood of confusion therebetween.

II. Unfair competition under Art. 2, Para. 1, Item 3 of Unfair Competition Law

- 1) Whether the Defendant Products are substantially identical with the Plaintiff Products in configuration.
- 2) Whether the Defendant Products are dead-copy of the Plaintiff Products.

III. Copyright Infringement

- 1) Whether the Plaintiff Products are copyrightable.
- 2) Whether the ownership of copyright of the Plaintiff Products belongs to MDS.
- 3) Whether the defendant's conduct of manufacturing and selling the Defendant Products constitute the reproduction or infringement of copyright of MDS.
- 4) Whether the defendant's conduct of manufacturing and selling the Defendant Products constitute the transformation or infringement of copyright of MDS.

IV. Monetary Damages

Whether MDS is entitled to the recovery of damages under either Unfair Competition Law or Copyright Law.

V. Measures for Recovery of Reputation

Whether MDS is entitled to measures for recovery of reputation under either Unfair Competition Law or Copyright Law.

HOLDINGS:

- I. Meitetsu shall pay 100,000 yen with the annual interests of 5% since July 29, 1995 to MDS.
- II. Rurudo shall pay 100,000 yen with the annual interests of 5% since July 30, 1995 to MDS.
- III. The other claims made by MDS are dismissed.
- IV. The one-fifth of litigation costs shall be borne by MDS and the rest thereof shall be jointly borne by the defendants.
- V. The above I and II are provisionally enforceable.

REASONING:

- I. Defendants' conduct of selling the Defendant Products 1 to 5 constitutes the unfair competition under Art. 2, Para. 1, Item 1 of the Unfair Competition Law.

1) Well-known Product Identifier

A product configuration is inherently adopted to exhibit product function/utility or enhance product aesthetic appearance. And it is not adopted to identify the source of products. However, in case that a particular product configuration has the peculiar features to distinguish it from the same kind of other products, and such product configuration is used exclusively for a substantially long time period, or for a relatively short time period with very concentrated advertisement efforts, then such product configuration acquires the function as product source identifier and is well known among consumers as the product source identifier. In that case, if such

product configuration is not derived from the product's technical functionality, it falls under "a product identifier of other products that is well-known among consumers" of Art. 2, Para. 1, Item 1 of the Unfair Competition Law.

Now, it will be studied whether the featured product configuration of the Plaintiff Products has acquired the function of product identifier.

a) Peculiarity of the Configuration of the Plaintiff Products

The plaintiff asserted that the Plaintiff Products have the following features that are in common among items, and the combination of such features constitutes the peculiar design attractive to female consumers.

- Fine random pleats are applied to a lining cloth containing 100% of polyester in its longitudinal direction. Here, the term "random" means that the widths of pleats are not uniform. This resolves the problem of massive appearance of conventional pleated products and provides peculiar luster and lightweight appearance like a paper.
- The fine random pleats are applied to the whole parts of seams at edges of the cloth in addition to the rest parts of clothing. After sewing cloth up the pleats are applied. By adopting such manufacturing method the pleats are overlapped each other at every edges of clothing. In particular, at seams of shoulder lines, the applied pleats are overlapped each other so that the front and rear bodies are exactly overlapped each other. Thereby the Plaintiff Products give rise to an impression of flat products like a cutout piece of pleated cloth when they are displayed flatly.
- The Plaintiff Products have a geometrical line due to linear cutting. In the Plaintiff Products, except neckline and armholes of some jackets, the draping is not used; i.e. the linear cutting is only used. In addition, no adjustment through ordinary sewing tectonics for providing beautiful silhouette of the clothing when they are put on is used. Thus, the linear and geometrical finishing like that provided by cutting two pieces of papers out and sewing them up.
- The transit part between body and sleeve has a peculiar form. With respect to jackets having sleeves, after sewing cloth up and folding such sewed cloth the pleats are applied. Therefore, there is no seam between body and sleeves and instead very smooth transit portion provided, and there is a peculiar triangle portion provided between body and sleeves.

On the other hand, the defendants assert that the configuration of the Plaintiff Products alleged by the plaintiff shall not be recognized as the plaintiff's well-known product source identifier for the following reasons.

- The application of random pleats was widely used in the field of female clothing very prior to the sales of the Plaintiff Products. It was often adopted to use polyester as raw materials of pleated products. The conventional female clothing have the features of the Plaintiff Products; i.e. providing impression of flat and linear appearance. Accordingly, none of the features of the Plaintiff Products alleged by the plaintiff is an original design, so that the configuration of the Plaintiff Products does not have peculiarity.
- The advertisement made in connection with the Plaintiff Products put emphasis on the utility, low price,

and capability of combination and wearing one over another. There has been no advertisement made with emphasis on the configuration features. The plaintiff alleged that the configuration of the Plaintiff Products was recognized as a well-known product identifier thereof at the time of around February 1994. However, at the time of February 1994, it has only passed about one year from the release of the Plaintiff Products to the market. The Plaintiff Products were started to sell, from March 2, 1994, in Nagoya City where the main shop of Meitetsu Department Store selling the Defendant Product is located. In view of the above circumstances the configuration of the Plaintiff Products was not recognized as the product identifier thereof among the consumers of the Defendant Products.

- In case that a product configuration is necessarily derived from the adoption for the purpose of enhancing technical function in the field of the product, then such product configuration is not deemed as product identifier. Each feature of the Plaintiff Product configuration alleged by the plaintiff results from adopting the application of pleats to the whole clothing for the purpose of enhancing function such as lightness, being unlikely crumpled, being unlikely deformed, easiness for cleaning, absorption of sweats, and being unlikely stained, which are required in female clothing. Thus, the Plaintiff Product configuration is necessarily derived from the above technical functions, so that it shall not be the product identifier.

In view of the evidence methods and whole contents of arguments submitted by the plaintiff, there were the Plaintiff Products composed of a series of female clothing of seventeen items in thirteen single colors, including the Plaintiff Products 1 to 5 (tank-top, polo shirt, pants, cardigan). Disregarding the principal forms (e.g. armholes or necklines of jackets) which each item inherently comprises, the Plaintiff Products commonly have the features that “in female clothing made of smooth polyester the fine and linear random pleats are uniformly applied to the whole clothing including seams such as shoulder line, cuff and hem, and, as a result, they have a thin thickness to provide a flat design like a piece of cloth.”

In view of evidence methods submitted by the plaintiff it is recognized that prior to the sales of the Plaintiff Products, applying the linear and fine random pleats in the longitudinal direction to female clothing was generally known and female clothing made of polyester was existing prior to the sales of the Plaintiff Products. However, the features of the Plaintiff Products resides in that the random pleats are applied, after cutting and sewing cloth to form clothes, in order to provide flat appearance like a piece of cloth with the formed clothes. Such method of applying pleats was invented by Mr. Issey Miyake and filed as a patent application on April 7, 1989 that was published on June 1, 1994 and matured to a patent. Namely, the Patent Office recognized such method of applying pleats is a novel method. In addition, there was no product configuration having the above features in other products existing from about 1980 to 1994 in view of the evidence methods. As mentioned below, the Plaintiff Products were regarded as popular products within the short time period from their release to the market of female clothing in which consumers attach importance to novel and beautiful appearance of products. Accordingly, the above features of the Plaintiff Products are deemed as those distinguishable from those of other products at the time of about April 1994.

a) Fame of the Configuration of the Plaintiff Products

In the light of evidence methods submitted by the plaintiff and the whole contents of plaintiff arguments the following are recognized.

i) History of release and sales of the Plaintiff Products

Mr. Issey Miyake, for the first time, published his work product in which pleats are applied throughout clothing of polyester, at the “Issey Miyake Spring/Summer Collection in 1989” held in October 1988. Thereafter, he has published various clothing having pleats in his collections held twice a year, and he has acquired high appreciation in the industry in Japan and foreign countries.

The Plaintiff Products were created based on such work products of Mr. Issey Miyake and published for the first time at an exhibition for buyers held in November 1992. Thereafter, Kabushiki Kaisha Issey Miyake started to sell the Plaintiff Products at several shops in Tokyo from February 1993.

Thereafter, the Plaintiff Products were sold in major department stores. The markets thereof expanded from Tokyo Metropolitan Area to Kinki District (a western part of Japan). From March 2, 1994, Mitsukoshi department store in Nagoya started to sell the Plaintiff Products. Due to such expansion of sales activities, the average monthly wholesale proceeds were increased to 150,000,000 yen in May 1994 from 40,000,000 yen to 50,000,000 in the summer of 1993.

In addition, the Plaintiff Products were published in the “Issey Miyake Spring/Summer Collection in 1994” held in October 1993 in Paris and November 1993 in Tokyo, respectively.

ii) Appearance of the Plaintiff Products in magazines and newspapers

The Plaintiff Products were introduced in articles of or advertised in industry and general newspapers and magazines for female fashion as those belonging to the brand “Issey Miyake” from February 1993 to April 1994. Most of articles include pictures showing the Plaintiff Products. Some of such articles introduced the Plaintiff Products as noticeable or significantly successful products.

In addition, some facts as to receipt of awards show that the Plaintiff Products were generally recognized as nationally successful products in the field of female clothing.

Taking the above into consideration, the Plaintiff Products is recognized as being acquired distinctiveness for distinguishing themselves from other products at the time of April 1994. In addition, since the Plaintiff Products were recognized as nationally successful products and promoted and introduced as products belonging to the brand “Issey Miyake,” the configuration of the Plaintiff Products was recognized as product identifier for the business running the brand “Issey Miyake” and well-known as such product identifier.

In addition, as mentioned above, the brand “Issey Miyake” was run by the company group comprising the plaintiff company and Kabushiki Kaisha Issey Miyake, so that the configuration of the Plaintiff Products was

well known as product identifier of such company group. Thus, it was the well-known product identifier of MDS; one of companies constituting the company group.

The defendants alleged that the configuration of the Plaintiff Products was necessarily derived from technical function. However, there is an alternative configuration for achieving the same technical function. It is apparent that the configuration of the Plaintiff Products was adopted from the viewpoint of providing aesthetic appearance that takes the most important position in the field of female clothing. Accordingly, the configuration of the Plaintiff Products is NOT necessarily derived from the technical function.

2) Likelihood of Confusion

As mentioned above, the peculiar features of the Plaintiff Product Configuration reside in that “fine and linear pleats are applied uniformly throughout a whole parts, including seam parts such as shoulder line, cuffs and train, of female clothing made of smooth polyester, so as to provide a flat design like a piece of cloth.” Such peculiar features became the well-known product identifier distinguishing the Plaintiff Products from the other products. Comparing the Defendant Products 1 to 5 with the Plaintiff Products 1 to 5, both of them have the above peculiar features in common. There are differences of minor nature therebetween. However, such differences cannot negate the common impression given by the common features mentioned above of the Plaintiff Products 1 to 5 and Defendant Products 1 to 5. Thus, the configuration of the Defendant Products 1 to 5 is recognized as being similar to that of the Plaintiff Products.

Since the configuration of the Defendant Products 1 to 5 is recognized as being similar to that of the Plaintiff Products, the former is likely to cause confusion with the latter among traders or consumers.

In addition, 1) both the Plaintiff Products and Defendant Products were sold at shops of department stores; 2) the logo mark “PLEATS PLEASE” was displayed at the shop of the Plaintiff Products while the logo mark “THE PLEATS” was displayed at the shop of the Defendant Products; and 3) both of the Plaintiff and Defendant Products were displayed by rolling at least a part thereof. The sales price of the Defendant Products 1 to 5 is about 8,000 yen to 15,000 yen while that of the Plaintiff Products 1 to 5 is about 12,000 yen to 20,000 yen. Therefore, the price range of the former is similar to that of the latter. In view of the above that enhances the likelihood of confusion, consumers of the Defendant Products 1 to 5 are apparently likely to cause confusion with the Plaintiff Products.

Thus, the defendant’s conducts of selling the Defendant Products 1 to 5 falls under the unfair competition prescribed in Art. 2, Para. 1, Item 1 of the Unfair Competition Law.

II. Monetary Damages

It is recognized that when they sold the Defendant Products 1 to 5, the defendants knew or neglected to know their conduct of selling the Defendant Products 1 to 5 constitutes the unfair competition under Art. 2, Para. 1, Item 1 of the Unfair Competition Law. In view of submitted evidence methods, the defendants enjoyed at

least the profit of 100,000 yen by selling the Defendant Products 1 to 5 from April 13, 1994 to about June 1994. Under Art. 5, Para. 1 of the Unfair Competition Law the profits enjoyed by the defendants is deemed as damages suffered by the plaintiff. Thus, it is reasonable for MDS to claim the damages to each defendant under Art. 4 and Art. 2, Para. 1, Item 1 of the Unfair Competition Law.

III. Measures for recovery of reputation

The plaintiff alleges that the Defendant Products are inferior to the Plaintiff Products in quality, so that the marketing of such low quality products caused damages to the good will of the Plaintiff Products, to a general image of pleated products held by consumers, and finally to the plaintiff business.

However, there is no evidence enough to prove such damage to the plaintiff good will caused by the defendant's sales conducts. Even if there is such damages to the plaintiff good will, it is too much demanding to the defendants to make measures for recovery of reputation, in addition to compensation for the monetary damages, in view of the fact that their sales conducts are geographically limited only to the main shop of Meitetsu in Nagoya and limited only to a relatively short time period of about two months.

Accordingly, the plaintiff's demand of the defendant's making the apology attached herewith as measures for recovery of reputation shall be deemed as groundless.

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