

CONTENTS OF THIS ISSUE	PAGE
PARODY TRADEMARK CASE Plaintiff: Hokkaido Design K.K. Defendant: Puma SE (former “Puma AG Rudolf Dassler Sports”) Case Number: (Gyo-Ke)10454/2012, IP High Court, June 27, 2013	1

PARODY TRADEMARK CASE

Plaintiff: Hokkaido Design K.K.

**Defendant: Puma SE
(former “Puma AG Rudolf Dassler Sports”)**

**Case Number: (Gyo-Ke)10454/2012,
IP High Court, June 27, 2013**

1. Introduction

An interesting case in relation to “parody” was issued recently. The more famous a brand is, the more parody of the brand mark is attractive to consumers. Many trademark owners of famous brand marks have taken actions to cancel or invalidate registrations for such parody marks in the past.

However, if the mark is a famous brand mark and consumers understand a mark as a parody of the famous brand mark, it means that consumers might not confuse the source of the goods bearing the parody mark with that of the famous brand mark. In some cases in the past, for that reason, registrations for parody marks were not cancelled or invalidated.

This case will be a good reference for owners of famous marks who are considering filing an opposition or an invalidation trial against a parody mark of such famous marks.



2. Background (KUMA vs. PUMA case)

The defendant filed with the Japan Patent Office (hereinafter, “JPO”) an invalidation trial against a registered mark as shown in Fig. 1 (composed of a design of a bear with two KUMA words, one in block letters and the other in designed letters, hereinafter, “Plaintiff’s Mark”), originally owned by Nihon Kanko Shoji K.K., and was assigned to the plaintiff, who is their license managing company, on the ground (i) that the Plaintiff’s Mark is detrimental to public order or morality (Article 4.1(vii)) and (ii) that the Plaintiff’s Mark is likely to cause confusion with the business of the defendant (Article 4.1(xv))*¹, in view of the fame of the defendant’s mark as shown in Fig. 1 (composed of a design of a puma with the designed word PUMA, hereinafter, “Defendant’s Mark”) in Japan.

The Appeal Board of the JPO recognized the fame of the Defendant’s Mark in Japan and made a decision to invalidate the registration on the grounds of the above (i) and (ii) in view of the fame of the Defendant’s Mark.

The plaintiff filed an appeal with the IP High Court to reverse the JPO decision.

Fig. 1

[Plaintiff's Mark*2]	[Defendant's Mark]
<p style="text-align: center;">KUMA</p>  <p>Reg. No. 4994944 Goods and services: Class 25: Non-Japanese style outer clothing, coats, sweaters and the like, shirts and the like, underwear, aprons, socks, scarves, gloves, neckties, mufflers, headgear for wear, belts for clothing, clothes for sports, special footwear for sports, and so on*3 (hereinafter "Plaintiff's Goods")</p>	

3. Decision of the IP High Court

The IP High Court held that both of the above grounds (i) and (ii) are reasonable because of the following reasons and consequently upheld the decision at the Appeal Board of the JPO.

3.1 Likelihood of confusion (Article 4.1(xv))

Taking into account the following circumstances entirely which the IP High Court found in the case, the IP High Court held that consumers and traders notice the outstanding combination of the alphabet letters and silhouette design and associate it with the well-known or famous mark of the defendant, and consequently the Plaintiff's Mark is likely to cause confusion with the business of the defendant.

a. Fame of Defendant's Mark

According to the facts that the IP High Court found, the Defendant's Mark was well-known or famous among Japanese consumers and traders in relation to "sports shoes, clothing, bags" and so on (hereinafter "Defendant's Goods") at the filing of the Plaintiff's Mark and the fame of such mark continues.

b. Similarities between Plaintiff's Mark and Defendant's Mark

The Plaintiff's Mark and the Defendant's Mark are common in the four alphabet letters being shown

sideways in a large and dominant way and in that they show the silhouetted sides of animals having four legs with their forefeet outstretched towards the alphabet letters. The Plaintiff's Mark and the Defendant's Mark are also common in their use of the same alphabet letters except the first letter "K" and "P". In addition, since the designed form of the letters of the Plaintiff's Mark is very similar to that of the Defendant's Mark and both marks are shown in a logo as if the alphabet letters form an oblong square shape, both the Plaintiff's Mark and the Defendant's Mark give consumers and traders a common impression. The position of the alphabet letters and silhouette designs of both marks are the same.

On the other hand, both marks differ in that the word "KUMA" is also shown in the upper part in the Plaintiff's Mark and the registered trademark symbol is shown in the Defendant's Mark. However, such differences are small and are shown in a low-profile way. Therefore, such differences do not affect the overall impression of consumers and traders.

Because of the common impression arising from the above common composition of the Plaintiff's Mark and the Defendant's Mark, both marks give consumers and traders the impression that they are very similar to each other in appearance when consumers and traders see both marks at different times and places.

c. Trade circumstances

The Plaintiff's Goods are identical to, or have a very close connection with the Defendant's Goods in view of use, purpose, quality, sales place and so on. In addition, consumers of the Plaintiff's Goods and the Defendant's Goods are general consumers who do not have detailed knowledge regarding the mark and brand and do not pay close attention to such details in selecting and purchasing goods.

In the prevailing trading field of clothing, shoes and so on, a mark is often used as a one point mark. In this case, the mark is shown very small, and therefore consumers understand only the overall impression of the mark and do not take notice of such small differences.

The Plaintiff asserted that the goods of the Plaintiff's Mark are sold as souvenirs for sightseeing at souvenir shops. However, souvenirs for sightseeing are also sold at department stores and shopping malls as well as souvenir shops. In addition, clothing - not as a souvenir - is actually sold in the same place where goods bearing the Plaintiff's Mark are sold. Therefore, both goods are common in sales place.

3.2 Detrimental to public order

Taking into account the following "a through d" facts entirely, the IP High Court held that the original owner of the Plaintiff's Mark, namely Nihon Kanko Shoji K.K. adopted the Plaintiff's Mark with an unfair purpose free-riding on the trust, reputation and goodwill of the Defendant's Mark and obtained the registration for the Plaintiff's Mark and the plaintiff obtained assignment of the Plaintiff's Mark whilst being aware of these circumstances, and that use of the Plaintiff's Mark will be likely to dilute the Defendant's Mark and to destroy the trust, reputation and goodwill of the Defendant's Mark.

a. Fame of Defendant's Mark

According to the facts that the IP High Court found, the Defendant's Mark was well-known or famous amongst Japanese consumers and traders and the

goods of the Plaintiff's Mark included the goods for which the Defendant's Mark has been used.

b. Actual use of Plaintiff's Mark

On the website where the goods bearing the Plaintiff's Mark are sold, the following phrases are seen;

- i) that the Plaintiff's Mark is a parody;
- ii) that the Plaintiff's Mark is not PUMA;
- iii) that the Plaintiff's Mark is similar to the Defendant's Mark.

c. Existence of other applications filed by Nihon Kanko Shoji K.K.

The original owner, Nihon Kanko Shoji K.K. filed many applications for marks comprising of four alphabet letters and a design replacing the PUMA design, with a horse design or pig design and so on, and parody marks in relation to other famous marks. The plaintiff is a company managing licenses for Nihon Kanko Shoji K.K.

d. Existence of warning letter

Though it is not related to this case, there is the fact that in the past, Nihon Kanko Shoji K.K. received a warning letter based on an alleged infringement of copyright against sales of the goods.

Based on the above facts, the IP High Court held that since the Plaintiff's Mark merely imitates the characters of the Defendant's Mark with the intent of obtaining an unfair profit from the trust, reputation and goodwill of the Defendant's Mark, it is against the purpose of the Trademark Act and is also against business morality.

4. Another case in relation to PUMA in the past (SHI-SA vs. PUMA case (Case No. (Gyo-Ke)10404-2009, IP High Court, July 12, 2010))

In the past, there was another court case in relation to a parody case of the PUMA mark. To compare this case with the KUMA vs. PUMA case, the case is referred to here.

In the opposition case returned from the IP High Court^{*4}, the Appeal Board at the JPO held that a registration for the mark “SHI-SA and a design of an OKINAWA traditional lion” as shown in Fig. 2 (hereinafter “SHI-SA mark”) owned by a Japanese individual should be cancelled based on the ground that the SHI-SA Mark is likely to cause confusion with the business of Puma AG Rudolf Dassler Sports (hereinafter “Puma AG”), in view of the fame of the mark “PUMA and the design of a puma” as shown in Fig. 2 (hereinafter “PUMA mark”) in Japan (Article 4. 1 (xv)) or that the SHI-SA mark is similar to the PUMA mark which is well-known or famous in Japan or abroad and is used with an unfair intention to gain an unfair profit from the trust and reputation of the PUMA mark (Article 4.1 (xix))^{*5, 6}

The IP High Court held that there is no likelihood of confusion between the SHI-SA mark and the PUMA mark, taking into account the differences between both marks in pronunciation, idea and appearance, the fact that a company managed by the owner of the SHI-SA mark sells the goods bearing the SHI-SA mark mainly in stores in Okinawa and online and that the scale of their sales is very small^{*8}. Furthermore, the IP High Court denied the ground provided by Article 4.1(xix) because of dissimilarity of the marks in appearance.

Consequently, the IP High Court reversed the decision made by the Appeal Court at the JPO.

5. Remark

It is interesting that the different decisions were made in

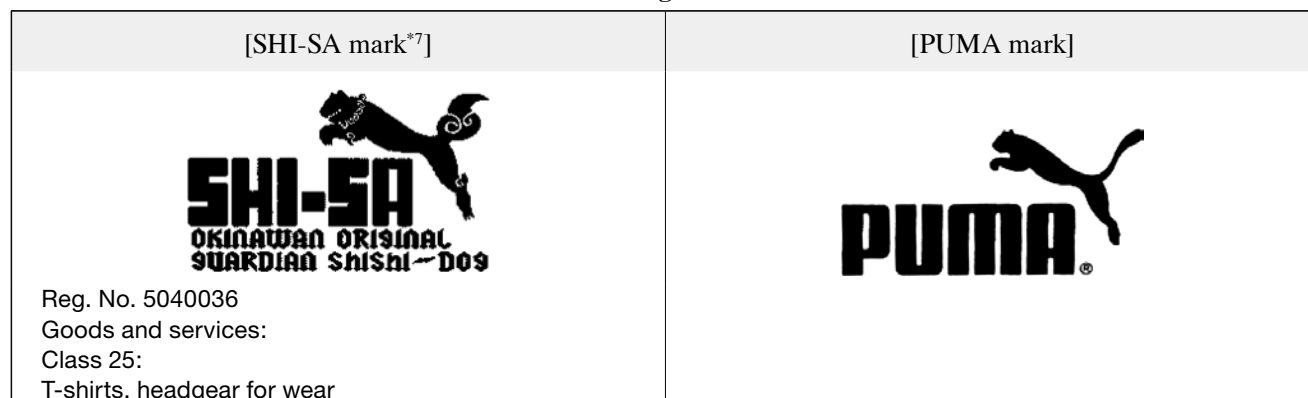
the KUMA vs. PUMA case and the SHI-SA vs. PUMA case, though the cited mark in both cases is the same. A comparison of both cases is given below.

5.1 Article 4.1 (xv)

In the KUMA vs. PUMA case, in review of Article 4.1(xv), the IP High Court emphasized the similarity in appearance of the outstanding parts of the Plaintiff’s Mark and the Defendant’s Mark comprising of four alphabet letters and silhouette designs as stated in the above 3.1.b. It did not refer to the differences between both marks in regard to pronunciation and idea. On the other hand, in the SHI-SA vs. PUMA case, the IP High Court emphasized the following differences in appearance between both marks, though it also referred to differences in pronunciation and idea between both marks.

- a. The SHI-SA mark has the words “OKINAWAN ORIGINAL GUARDIAN ShiShi-Dog” under the alphabet letters “SHI-SA”, while the PUMA mark does not have such an indication.
- b. The forms of the alphabet letters “SHI-SA” and “PUMA” are different.
- c. Since the head and tail of the silhouette design of the SHI-SA mark is large, the design gives consumers a blocky impression. On the other hand, the silhouette design of the PUMA mark shows a puma having a slim body and gives consumers a sleeker impression. In addition, the silhouette design of the SHI-SA design has a necklace, teeth and curled legs and so on.

Fig. 2



Additionally, in the SHI-SA case, the IP High Court did not refer to the trade circumstances in the field of “clothing” and so on that a mark is often used as a one point mark and consumers are usually unaware of small differences in the appearance of marks, and such trade circumstances have not been taken into account in the SHI-SA vs. PUMA case, unlike the KUMA vs. PUMA case.

The KUMA vs. PUMA case showed the possibility that even if a mark is a parody of a famous mark, if the appearance of the parody mark is similar to that of the famous mark, the mark can be invalidated on the ground of likelihood of confusion.

5.2 Article 4.1 (vii) or (xix)

The Japanese Trademark Act provides Article 4.1(xix) as the ground to reject, cancel or invalidate the mark which free-rides on the trust, reputation and goodwill of a well-known or famous mark which can dilute marks even in circumstances where there is no likelihood of confusion between them.












The KUMA vs. PUMA case showed the possibility that Article 4.1(vii) (detrimental to public order or morality) can be also applied for the same purpose as Article 4.1(xix).

In relation to Article 4.1(vii) of the KUMA vs. PUMA case, the IP High Court stated that the original owner of the Plaintiff’s Mark filed a lot of applications for marks considered as a parody of other well-known or famous marks. For your reference, some of their applications considered as a parody of PUMA, ADIDAS and NIKE are shown in Fig. 3

On the other hand, in relation to Article 4.1(xix) in the SHI-SA vs. PUMA case, the IP High Court denied an unfair intention to gain profit from the fame of the PUMA mark and possibility that the SHI-SA mark is a parody, in view of the history and intention of the creation of the SHI-SA mark explained on the website of the owner of the SHI-SA mark.

I think that the differences in such circumstances as well as the appearance of both marks affected the judg-

Fig. 3

(Rejected) BUTA 	(Rejected) UUMA 	(Withdrawn) BUTA 	(Withdrawn) UUMA 
(Withdrawn) GOYADES 	(Withdrawn) KANIDAS 	(Withdrawn) SAKEDAS 	(Withdrawn) ASHIDAS 
(Withdrawn) KANI 	(Withdrawn) HABU 	(Withdrawn) KANI 	

ment of both cases.

Through the above comparison between the KUMA vs. PUMA case and the SHI-SA vs. PUMA case, I think that to cancel or invalidate a registration for a parody mark on the ground of Article 4.1(vii) or (xix), it is important to submit evidence showing the unfair intention of the owner of the parody mark.

For your reference, in examination of the marks, the above “BUTA and a pig design^{*9}” (hereinafter “BUTA mark”), the mark “UUMA and a horse design^{*10}”(hereinafter “UUMA” mark) filed by the original owner of the Plaintiff’s Mark, the Appeal Board at the JPO issued decisions that the applications should be rejected on the ground that the marks contravene public order or morality (Article 4.1(vii)) based on the fame of the PUMA mark, close appearance of the marks and the PUMA mark and the fact that the goods bearing the marks were sold as parody goods. It is noteworthy that these marks were not rejected on the ground of likelihood of confusion, unlike the Plaintiff’s Mark.

However, Article 4.1(vii) is provided to reject an application or cancel or invalidate a registration for public purpose and is known as the “last resort”. Therefore, I think that under the circumstances to which Article 4.1(xix) can be applied, such as the KUMA vs. PUMA case, BUTA vs. PUMA case and UUMA vs. PUMA case, the application of Article 4.1(vii) should have been denied.

Emi Aoshima (Ms);
Patent Attorney of the Trademark & Design Division

- *1 ...trademark registration shall not be effected in the case of the following trademarks:
(vii) trademarks liable to contravene public order or morality.
(xv) trademarks which are liable to cause confusion with goods or services connected with another person’s business....
- *2 “KUMA” means “bear” in Japanese.
- *3 The registration was cancelled voluntarily in relation to “clothes for sports, special footwear for sports” and so on by Nihon Kanko Shoji K.K. at the stage of the Invalidation Trial before the JPO. However, such voluntary cancellation does not affect the decision either in the JPO or IP High Court, because an invalidation action against a trademark registration is targeted as “right or wrong” at the time of registration.
- *4 The original decision canceling the registration in question in relation to the opposition was reversed by the IP High Court (Case No. (Gyo-Ke) 10311-2008, IP High Court, February 10, 2009) and remanded to the Appeal Board at the JPO. Since in the original opposition and the appeal lawsuit, the applied article is different from this KUMA vs. PUMA case, and so the original cases are not referred to here.
- *5 ...trademark registration shall not be effected in the case of the following trademarks:
(xv) trademarks which are liable to cause confusion with goods or services connected with another person’s business...;
(xix) trademarks which are well-known among consumers in Japan or abroad as indicating the goods or services as being connected with another person’s business, and trademarks identical to or similar thereto, and which are used by the applicant with an unfair intention (intention to gain an unfair profit, intention to cause damage to such another person and other unfair intentions...) (other than the trademarks mentioned in each of the preceding paragraphs) in respect of such goods or services.
- *6 In this case, a prior registered mark owned by a third party was also cited. However, this subject is omitted here.
- *7 SHISA means “Okinawan traditional lion (Shishi-dog)” in Japanese.
- *8 The owner of the SHI-SA mark did not dispute the fame of the PUMA mark.
- *9 “BUTA” means “pig” in Japanese.
- *10 “UMA” means “horse” in Japanese and “U” is considered to be added to become closer to the appearance and pronunciation of “PUMA”.

YUASA_{AND}HARA

LAW, PATENT, TRADEMARK & DESIGN and ACCOUNTING

Section 206, New-Ohtemachi Building, 2-1, Ohtemachi 2-chome
Chiyoda-ku, Tokyo 100-0004, Japan

HOME PAGE ADDRESS: <http://www.yuasa-hara.co.jp>

Chief editor: YABE, Kozo

Assistant editor: TERACHI, Takumi

Editorial staff: ITO, Reiko; OKAMOTO, Yoshinori;
HIROSE, Shinobu; ARAI, Noriyuki;
TAKEYAMA, Naoharu;
AOSHIMA, Emi; NAKAMURA, Shogo;
UEDA, Mitsuru

This newsletter pertains to general information and should not be taken as offering either legal advice or opinion relative to specific situations. The newsletter is intended to inform our clients and friends about matters of recent interest in the field of Intellectual Property Laws. If readers have any questions regarding topics in the newsletter, please contact the editor-in-chief, at the Law Division of our firm.