

## Latest Court Decisions

**2013:**  
**[July]**

- **CENTURY21 Case** (Injunction Suit)

**Tokyo District Court 2013.7.10 H24(Wa)7615**

The plaintiff, KK Century 21 Japan, was granted to use the service mark "CENTURY21" by the US company, Century21 Real Estate LLC. The Japanese trademark "CENTURY21" was registered by this US company.

However, the domain name "**CENTURY21.CO.JP**" was registered by the defendant, Century Housing Sales KK, a Japanese company.

Then, the plaintiff filed a law suit and demanded the defendant to stop using the domain name "CENTURY21.CO.JP" as well as to cancel the domain name registration under **the Unfair Competition Prevention Law, Article 2-1-12.**

«Article 2: Definitions»

(1) The term "**unfair competition**" as used in this Law means any of following:

12 – acts of acquiring or holding a right to use a domain name(s) that is identical or similar to **another person's specific identification of goods or services** (which means a name, trade name, **trademark**, mark, or any other identification of a person's goods or services), or the acts of using any such domain name(s), **for the purpose of acquiring an illicit gain or causing injury to another person.**

The domain name "CENTURY21.CO.JP" at issue was originally registered by the third party, Yokohama Real Estate, in 1998. The domain name registration was transferred to the defendant on June 21, 2011, on that very day, the defendant obtained franchisee license from the plaintiff for the real estate services. However, the franchise agreement was dissolved by the plaintiff due to the breach of the agreement caused by the defendant on December 27, 2011.

The defendant's old name was On-line Real Estate KK and they changed its name to "Century Housing Sales KK" when the franchise agreement was dissolved by the plaintiff.

In conclusion, the Court accepted the plaintiff's demands with the following reasons.

First of all, the Court judged that the defendant's domain name "CENTURY21.CO.JP" fell under the category of "another person's specific identification of goods or services" provided under the Unfair Competition Prevention Law. This is because the plaintiff was granted to use the service mark "CENTURY21" by the US company which was the proprietor of the Japanese trademark registration and the plaintiff had been using the service mark for the real estate services in Japan. (NB: it is not required as to Article 2-1-12 that the trademark at issue was well known in Japan.)

As to the second requirement of Article 2-1-12, "for the purpose of acquiring an illicit gain", the Court judged that the defendant had the unfair purpose of acquiring an illicit gain by enjoying a free ride on the goodwill of the trademark of the plaintiff because the defendant used the similar trade name and trademark even after the franchise agreement was dissolved due to the defendant's breach of the agreement and the defendant changed its registered company name to that similar to the plaintiff's name.

This is a very rare case of the application of Article 2-1-12 of the Unfair Competition Prevention Law regarding the domain names.

• **RATIOFIN Case (Injunction Suit)**

**Tokyo District Court 2013.7.25 H23(Wa)18317**

The plaintiff was the proprietor of the registered trademark "ratiofin" for clothing in Class 25 as well as for surf boards and their equipment in Class 28. Also they managed the surf board manufacturing business in collaboration with the defendant.

The plaintiff's business was transferred to the defendant. Apart from this, the assignment of the registered trademark "ratiofin" was recorded at the JPO but the plaintiff was not aware of this.

Then, the plaintiff demanded the defendant to cancel the assignment recordal and stop using the trademark "ratiofin" since the defendant was using the subject trademark without the plaintiff's approval.

The Court judged that there was no evidence showing that the trademark registration was assigned from the plaintiff to the defendant.

In addition, the Court stated that it was necessary for the defendant to use the trademark to continue the transferred business, however, it was not necessary for the defendant to hold the trademark registration for the continuance of the business. Therefore, the transfer of business would NOT naturally involve the assignment of trademark.

Thus, the Court ruled that the defendant should cancel the assignment recordal of the subject trademark at the JPO.

It is usual, as the Court stated, that the trademark proprietor transferred his business to others and collected the royalties for the use of the trademark without assigning the trademark registration itself.

However, we have a question in this case as to whether or not the plaintiff really signed the Deed of Assignment since the JPO always requires the original Deed of Assignment duly signed by the trademark proprietor for the recordal of the assignment.

In this case, it seemed that the plaintiff did not sign the Deed of Assignment and despite that, strangely enough, the assignment was recorded by the defendant.

Therefore, if the Deed of Assignment submitted to the JPO was forged by the defendant, the plaintiff might demand before the Court to cancel the assignment registration because the assignment recorded with the forged document was invalid.

As to the trademark infringement, as stated the above, the Court admitted that when the business was transferred, the plaintiff should have granted the defendant a license to use the registered trademark since it was necessary for the defendant to use the registered trademark to continue the transferred business.

This case gives us a lesson that the parties should make it clear whether the trademark is also assigned when the related business is transferred.