

## Latest Court Decisions

2019:

[July]

- EQ Case (Cancellation Suit)

IP High Court 2019.7.3 H31(Gyo-Ke)10004

### [SUMMARY/INTRODUCTION]

An International trademark "EQ" (right) filed by Daimler AG for "automobiles, two-wheeled motor vehicles" in Class 12 was rejected by the Japanese Patent Office due to the reason that the applied-for trademark consisted solely of **a very simple and common mark** as provided in Article 3-1-5 of the Japanese Trademark Law.



As practice, trademarks consisting of one or two Roman letters are regarded as "very simple and common mark". However, if the trademark has obtained distinctiveness by wide use, the trademark could be registered (Article 3-2 of the TM Law).

Daimler AG insisted application of Article 3-2 of the Law but the JPO rejected Daimler's petition. Then, Daimler AG brought the case before the IP High Court demanding cancellation of the JPO's trial decision. What was the Court decision ?

### [Court Decision]

The IP High Court admitted the following facts submitted by the Plaintiff, Daimler AG.

The Plaintiff Daimler adopted the trademark "EQ" as a comprehensive brand for electric vehicles (EVs), and has exhibited at the Frankfurt Motor Show and the Tokyo Motor Show in 2017, starting with the Paris Motor Show in 2016.

Thousands of fans visited these motor shows, which were featured in numerous car magazines and websites.

In addition, the plaintiff promoted "EQ" by publishing full-page advertisements on national newspapers such as the Yomiuri Shimbun, the Asahi Shimbun, and the Nikkei Shimbun on January 5, 2018. They also published an article introducing "EQ" in the periodic magazine of 170,000 copies per year for customers as well as on their website.

As for vehicles for sale, hybrid vehicles that were on sale since 2014 had been named "EQ @ POWER" since 2017 and a total of 1081 units were sold by April 2019.

The Court also took into account that the trademark "EQ" was registered in the UK and EUTM in 2016, and registered in the designated countries of the international registration in Australia, Norway, Russia, Switzerland, Mexico, India, Turkey and the United States.

As a result of the above fact finding, the Court judged that the trademark "EQ" of the present application was advertised focusing on the plaintiff who is a famous automobile manufacturer, traders and consumers who pay attention to the brand, and impressed that the trademark was a new electric vehicle brand of the plaintiff. As the result, the trademark "EQ" became widely known, and the Court found it applicable to Article 3-2 of the TM Law.

There are a point to note in this ruling. The general reasoning of Article 3-2 is that if the specific person used the trademark for a long time exclusively and exclusively without being used by others, the trademark exceptionally obtained a distinctiveness as a trademark. In addition to this general reasoning, the court stated that **< if the exclusive use by a particular person in the subject trade circle is virtually tolerated, from the viewpoint of public interest, there is little need to secure the opportunity for other traders to use such sign >**.

In other words, if other traders are not using "EQ", it is less necessary to open the use of the "EQ" mark for other traders.

In this respect, the Defendant, the JPO, pointed out the examples of uses such as the electric vehicle "eQ" of Toyota Motor before September 26, 2012, Hyundai's GENESIS brand ultra-large luxury sedan "EQ900 Limousine Model", Zhengzhou Nissan light truck "EQ1060", Laufenn's premium ultra-high performance summer tire "S Fit EQ", Alpine's car navigation system "EX11Z" - EQ ", TOWNIE's electric vehicles "7DEQ" and "3iEQ", and ALIBI's bicycle "ALIBI SPORT EQ".

The Court criticized saying that these uses of "EQ" merely indicated product codes or model numbers since they were used in combination with other letters or numbers and these uses were not considered as trademark use which should indicate the origin of the goods. Therefore, these use examples of the "EQ" mark by other companies should not be any reasons denying protection of the Plaintiff's mark "EQ" as a trademark.