

## Latest Court Decisions

**2020:**

**[January]**

- **Goodwear Case (Cancellation Suit)**

**IP High Court 2020.1.29 R1(Gyo-Ke)10105**

**[SUMMARY/INTRODUCTION]**

A Japanese corporation, Sakura International KK (Defendant), is the proprietor of the Japanese trademark registration for "Goodwear (logo)" (right) for the goods "clothing etc." in Class 25.



A US corporation, The Goodwear Corporation, Inc. (Plaintiff), filed an invalidation trial against the Japanese trademark "Goodwear" by the reason that the trademark "Goodwear" was originally the US corporation's trademark and the Defendant registered the trademark for the purpose of unfair competition provided under Article 4-1-7 of the Trademark Law.

However, the JPO dismissed the Plaintiff's petition. Then, the Plaintiff brought the case before the IP High Court. What was the Court decision ?

**[Court Decision]**

The IP High Court also dismissed the Plaintiff's petition.

The background history between the Plaintiff and defendant are as follows. The Plaintiff sold their T-shirts bearing the "Godwear" trademark in Japan around from 1990. The business relationship between the parties started in 1997. The Defendant imported from the Plaintiff "Goodwear" T-shirts and sold them in Japan.

The Defendant noticed in 1999 that the trademark "Goodwear" was not registered in Japan by the Plaintiff. Rather, they found that another Japanese corporation, Beegood Company KK, owned three registered trademarks for "Goodwear". The Defendant informed the Plaintiff thereof and advised that Beegood Company was ready to transfer their three trademark registrations depending on the monetary condition.

Then, the Plaintiff negotiated with Beegood Company about the trademark assignment and finally the Plaintiff offered to Beegood Company to pay USD30,000.00. However, Beegood Company refused it.

After that, Beegood Company started the negotiation with the Defendant and reached an agreement to transfer the three registered trademarks to Defendant at 15,000,000 Yen (= approx. USD143,000.00.). Thus, the three trademarks for "Goodswear" were transferred to the Defendant in December 1999.

Meanwhile, in July 1999 the Plaintiff filed a trademark application for the word mark "GOODWEAR" which was rejected by the JPO due to lack of distinctiveness since the trademark "GOODWEAR" described the nature of the specified goods "clothing".

In March 2002, the Plaintiff filed another trademark for Goodwear device mark (right) and it was registered in April 2003 irrespective of the Defendant's prior three trademarks since the new device mark had the distinctiveness on that appearance.



In 2011, the Defendant filed the cancellation trials against the Plaintiff's registered device trademark. However, these cancellation petitions were dismissed by the JPO.

In March 2012, the Defendant filed and registered the subject trademark. In December 2016, the Plaintiff filed an invalidation trial against the Defendant's trademark because the "Goodwear" trademark was well-known as the Plaintiff's trademark. However, the JPO dismissed this invalidation petition since the Plaintiff's trademark was not well-known in Japan.



In January and February 2017 during the trial procedures, the Defendant forwarded to the Plaintiff E-mails that the Defendant desired an amicable settlement and that since the discussing point was only the trademark assignment price, the Defendant offered the Plaintiff to pay US\$1,200,000.00 for the assignment consideration. However, there was no response from the Plaintiff.

In June 2018, the Plaintiff filed the subject invalidation trial by the reason that the trademark "Goodwear" was originally the US corporation's trademark and the Defendant registered the trademark for the purpose of unfair competition provided under Article 4-1-7 of the Trademark Law. However, the JPO dismissed the Plaintiff's petition and then, the Plaintiff filed the subject cancellation suit.

The IP High Court also dismissed the Plaintiff's petition and sustained the trial decision because the Defendant's trademark application and registration did not have any intention to gain unfair profits by transferring the Defendant's trademark to the Plaintiff.

The IP High Court showed the following reasons for the Court decision.

1. The Plaintiff did not file an application for their trademark "Goodwear" at the time when they started the business of their T-shirts in Japan in around 1990 and when the business relation between the Plaintiff and the Defendant started in 1997.
2. The Plaintiff did not file an application for their trademark even after the assignment negotiation with Beegood Company KK was unsuccessful.
3. In 2012, when the Defendant filed the trademark application for the subject trademark, 12 years had passed since the business relation between the Plaintiff and the Defendant finished.
4. The Defendant started using the subject trademark only after the trademark was officially registered and therefore, the Defendant had no intention to interfere the Plaintiff's business in Japan and to free ride to the Plaintiff's trademark.

In addition, we can assume the reasons that the Defendant stated to the Plaintiff that they did not want more disputes and that the Defendant informed the Plaintiff to assign all their "Goodwear" trademarks at US\$1,200,000.00 in view of the profits of the Defendant in the last 5 years. From these facts, it is speculated that the recognition of the Defendant's good faith had a great influence on the formation of the Court's mind.

We believe that the biggest problem would be the Plaintiff's negligence not to file a trademark application when the Japanese business started.