

Latest Court Decisions

2020:

[June]

- [moto Case \(Infringement Appeal Suit\)](#)

[IP High Court 2020.6.4 H31\(Ne\)10024](#)

[SUMMARY/INTRODUCTION]

A Japanese corporation in Tokyo, **Moto Design KK** (Plaintiff), is the proprietor of the Japanese trademark registration for “**moto** (logo)” (right) for the goods “clocks and watches” in Class 14.



A Japanese corporation, **KK Sanko Creative Life** (Defendant), sold smartwatches (wearable watches) bearing the trademarks “**moto**” and “**moto360**” manufactured by Motorola Mobility LLC.

Moto Design filed a lawsuit with the Tokyo District Court for damages of 550,000 Yen as well as an injunction against Sanko Creative Life. However, the Tokyo District Court ordered Sanko to pay in damages of only 31,743 Yen and dismissed the other claims.

Then, Moto Design appealed to the IP High Court demanding cancellation of the decision of the Tokyo District Court. What was the IP High Court decision ?

[Court Decision]

The biggest issue was whether the specified goods, the Plaintiff Moto Design’s “clocks and watches” in Class 14 and the Defendant Sanko’s “smartwatches (wearable watches)” in Class 9 as “personal digital assistants in the shape of a watch” were similar or not.

The Tokyo District Court decided that “smart watches” in Class 9 were similar to “clocks and watches” in Class 14 considering the facts that manufacturers of these goods, uses of these goods, recognition of consumers, and especially the initial screen of the smartwatch was a watch.

Meanwhile, Motorola Trademark Holdings LLC cancelled “wrist watches” among the specified goods “clocks and watches” in Class 14 of Moto Design through cancellation trial for non-use for the three years. And the Tokyo District Court decided that after the cancellation of “wrist watches”, the remaining watches of Moto Design were dissimilar to

Sanko's smartwatches. Therefore the claim for damage may be accepted until before such cancellation.

Next, the Tokyo District Court judged the amount equivalent to trademark royalties. In the "Royalty Rate Data Handbook", the royalty of the Class 14 goods was stated as 7%, but the basic data was only 2 cases. Since the plaintiff Moto Design's trademark "moto" was not recognized as having great goodwill in Nagoya, where the defendant Sanko's store was located.

In view of these facts, the Tokyo District Court judged that the royalty rate was 5%, out of the defendant Sanko's sales of about 530,000 yen, 26,743 yen was the amount of profit that the plaintiff Moto Design should receive, and the attorney's fee of 5,000 yen was added to this, for the total of 31,743 yen was ordered to pay to Moto Design.

The IP High Court dismissed Moto design's appeal with almost the same reasons by the Tokyo District Court.

Regarding the specified goods "clocks and watches (excluding wrist watches)" after cancellation, Moto Design insisted that the Sanko's "smartwatches" were also used as a "desk clock (table clock)". They were the same as a "pocket watch" as a portable clock and "smartwatches" were similar to "clocks and watches (excluding watches)".

However, the IP High Court dismissed Moto Design's allegation since the user guide for the Sanko's smartwatches stated that they could also be used as a desktop clock, but it merely stated that it could have a function as a desktop clock when placed on the desktop. Therefore, this did not affirm the similarity between desk clocks and smartwatches.