

Latest Court Decisions

2013:

[October]

- **D'Angelico Guitar Case** (Damage Suit)

Tokyo District Court 2013.10.10 H21(Wa)37962

[SUMMARY/INTRODUCTION]

After the death of a famous hand-made guitar manufacturer in USA, Mr. D'Angelico, the Japanese replica model manufacturer (Plaintiff), who alleged that they were the lawful successor of the "D'Angelico" brand, demanded 200,000,000 Yen (about USD 200 million) in damages from the US company, D'Angelico Guitars of America LLC (Defendant), before the Tokyo District Court under the Japanese Civil Code due to the torts made by the defendant regarding the European business. **Who would be the real successor of D'Angelico brand and could the Japanese Court make a decision on the torts committed outside Japan ?**

[CASE]

The plaintiff, **Vestax Corporation**, a Japanese company, the proprietor of the Japanese trademark registration for "D Angelico (logo)" (right) for musical instruments in Class 15, demanded 200,000,000 Yen in damages from the defendant, **D'Angelico Guitars of America LLC**, a US company, for the torts provided in Article 709 of the Civil Code in Japan.



[Article 709: Damages in Torts]

A person who has intentionally or negligently infringed any right of others, or legally protected interest of others, shall be liable to compensate any damages resulting in consequence.

John D'Angelico who was known as the manufacturer of high quality handmade guitars, was born in 1905 in New York as an Italian-American family. He manufactured 1164 guitars in total until he died at age 59 in 1964.

The plaintiff Vestax's web-site says that they started manufacturing the replica models of D'Angelico guitars since about 1989 in Japan after Mr. Shiino, the founder of Vestax, obtained the rights of D'Angelico brand and design in 1988 from Mr. Jerry Barberine, the president of D'Angelico Guitars. At the same time, they agreed that Vestax manufactured the re-issue models of D'Angelico guitars.

Vestax filed the trademark application for the D Angelico logo in 1992 in Japan and it was registered in 1995.

The defendant D'Angelico Guitars of America LLC was established by the defendant's related person in 1999 as a New Jersey corporation to import and distribute Vestax replica models in USA. In fact, 900 Vestax replica model guitars were imported and sold in USA and Canada since April, 2000.

In 2003, the defendant D'Angelico Guitars of America LLC filed the D'Angelico logo (right) and it was registered in 2005 as a community trademark (CTM) for the goods in Classes 9, 15 and 16 under No. 3165404.



The Vestax replica models were distributed in Europe and D'Angelico Guitars of America LLC dispatched warning letters in 2009 to the Vestax sales agents in England and France demanding the cease of the sales of the Vestax models based on their CTM trademark rights. They also forwarded copies of these warning letters to the Japanese manufacturer, Terada Musical Instruments, of the Vestax models.

In 2009, as a countermeasure, Vestax filed an invalidation action against the CTM registration which was dismissed and the appeal thereto is pending.

Under these situations, Vestax filed the subject damage suit with the Tokyo District Court according to Article 709 of the Japanese Civil Code. You may see that the cause of the suit arose in Europe outside Japan and that there was the basic issue as to whether or not the Japanese court could make a judgment on the case relating to the overseas issues by applying the Japanese laws (international jurisdiction).

The court admitted that the Tokyo District Court had the jurisdiction in view of the facts that the defendant D'Angelico Guitars of America LLC forwarded the copies of the warning letters in Europe to a manufacturer, Terada, in Japan for the Vestax models and that Terada stopped manufacturing of the Vestax models. As the result, the plaintiff Vestax damaged since they could not sell their guitar model thereafter.

As to the main issue, the Court found that the plaintiff Vestax did not obtain in 1988 all the rights on the brand and design regarding D'Angelico guitars in the world from Mr. Jerry Barberine, the president of D'Angelico Guitars.

This was because that the US trademark registrations for D'Angelico were transferred from **D'Merle Guitars, Inc.** to **D'Angelico D'Merle** which was dissolved in 1984. At that time, all the assets of D'Angelico D'Merle including the trademark rights were succeeded by **GHS Corp.** in Michigan as the pledge for the borrowed money. Therefore, Mr. Jerry Barberine, the president of D'Angelico Guitars, had no rights in 1988 and could not grant any right to the Vestax's founder.

On the other hand, the defendant D'Angelico Guitars of America LLC was granted a trademark license by GHS Corp. in 2003 and they obtained the trademark rights in December 2009. Therefore, the defendant's CTM registration was lawful and this was a reason why OHIM dismissed the cancellation action filed by the plaintiff.

Since the CTM registration was lawful, it was also lawful for D'Angelico Guitars of America LLC to dispatch the warning letters to the Vestax sales agents in England and France as well as to the Japanese manufacturer, Terada.

Furthermore, it was not necessary for D'Angelico Guitars of America LLC to obtain Vestax's approval so that they manufactured their replica models. It was no wonder that the plaintiff's and the defendant's guitars were similar because both guitars were replica models.

Thus, the defendant did not commit the torts provided by Article 709 of the Civil Code and the plaintiff's petition has been dismissed.