

## Latest Court Decisions

**2022:**

**[February]**

• **BOAST Case (Cancellation Suit)**

**IP High Court 2022.2.10 R2(Gyo-Ke)10114**

**[SUMMARY/INTRODUCTION]**

A US citizen, W.P.S.J. (Plaintiff) , was a proprietor of the Japanese trademark registration for “**BOAST** (designed)” (right) for the goods in Int. Classes 18 and 28.



His Japanese trademark registration was cancelled by a cancellation trial for non-use filed by Boast Brands Group LLC, a US corporation (Defendant).

W.P.S.J. responded against the cancellation trial saying that the cancellation trial was filed illegally and should be dismissed. However, W.P.S.J. did not submit any proof of use showing the registered trademark “BOAST” had been used within the last three years.

The JPO issued a decision cancelling the “BOAST” trademark registration because use of the trademark in Japan was not proved.

Then, the Plaintiff (= W.P.S.J.) brought the case before the IP High Court demanding cancellation of the JPO’s Trial Decision.

What was the Court decision ?

**[Court Decision]**

The Plaintiff insisted as follows. The “BOAST” brand was created in 1973 by the Plaintiff and his related company in USA. Their business was transferred to Branded Boast Company in 2010.

Subsequently, a dispute arose between the two parties, and in November 2015, in the Federal District Court of Florida, Branded Boast Company agreed not to interfere with the Plaintiff and the Plaintiff’s BOAST trademark rights protected by registration worldwide (The Settlement Agreement).

In October 2017, the Defendant (Boast Brands Group LLC) acquired from Branded Boast Company the BOAST brand business in the United States and received the assignment of the US trademark rights.

In December 2017, the Defendant made a purchase offer for the Plaintiff's BOAST brand trademark rights in Japan and other countries. In 2018, the Defendant and the Plaintiff had a negotiation for the purchase of the above trademarks, as well as concluding a non-disclosure and trademark non-use agreement. However, the negotiations did not reach an agreement, and it was suspended since March 2018.

In September 2018, the Defendant filed cancellation trials for non-use with the JPO against four registered trademarks of the BOAST brand owned by the Plaintiff.

Based on the above fact-finding, the IP High Court found that, by receiving the transfer of the US "BOAST" registered trademarks from Branded Boast Company, the Defendant had an obligation of fulfilling The Settlement Agreement including the obligation not to interfere with the Japanese "BOAST" registered trademarks owned by the Plaintiff.

This court ruling is based on the background that the Defendant did not appear on the hearing date and did not submit an answer or any other brief. Thus, the IP High Court considered that the Defendant did not dispute the facts of the cause of the claim submitted by the Plaintiff, recognizing it as a so-called "**fictitious confession**".

In addition, the Defendant was negotiating with the Plaintiff for the purchase of the trademark rights, recognizing that he was responsible for fulfilling the obligation of The Settlement Agreement.

Then, the Defendant filed this cancellation trial for non-use as soon as the negotiation was suspended, knowing that the trial would be a breach of duty posed by The Settlement Agreement.

Therefore, this trial was intended only to injure the Plaintiff by attempting to use the Trademark without any financial burden and by using the trademark article providing that anyone can file the cancellation trial for non-use.

Thus, the IP High Court made the decision cancelling the trial decision issued by the JPO because the Defendant act should be "abuse of rights".

The conclusion of a non-use cancellation trial is usually either to cancel the trademark registration or to maintain the trademark registration, but the subject case is a rare case where the JPO's trial decision was cancelled because the trial petition itself was an abuse of rights.