FRED PERRY Case

Supreme Court

Case H14 (Ju) 1100, Judgment on February 27, 2003 (H15)

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FACTS

(1) British entity D was the owner of a prominent brand name, the registered trademark "F," in 111 countries in the world, and B1, appellee of the final appeal, was the exclusive licensee of the trademark registered in Japan. Appellee B1 received the trademark right of this trademark from D and became a trademark owner of the right from May 27, 1996.

(2) From April 1, 1994 to March 31, 1997, the rightful trademark owner D made Singapore entity G a licensee of the trademarks registered in Singapore and some Asian countries, with a license scope limited to specific countries and which did not have China included. Then, the trademark licensor of each country was changed from D to Entity E (100% subsidiary of appellee B1) on Nov. 29, 1995.

(3) The appellant of this case imported products having the trademark "F" (the product) from March to July of 1996, and sold from June of 1996 in Japan. The product was manufactured in China by Singapore entity G under unrightful subcontract and imported by the appellant via Singapore entity H.

(4) The products were manufactured by subcontract of entity G in China without any consent of entity D, and this act by entity G is a breach of the license contract between D and G.

(5) Appellee B1 published an advertisement on a newspaper notifying that the products are infringing goods and filed a lawsuit stating that selling the products is an infringement of the trademark right.

(6) The appellant demanded compensation for the damage caused by appellee B1's newspaper advertisement resulting into obstructing the appellant's business or damage to credit. Conversely, appellee B1 demanded compensation for the damage caused by the appellant's act resulting into the infringement of the trademark right. Whereupon, the appellant asserted damage without wrongdoing since the importation of the products correspond to the so-called parallel import of genuine branded goods.

ISSUE

1. Conditions necessary for parallel imports of genuine branded goods regarding the trademark right of Japan.

2. When a licensee authorized by a rightful licensor of the trademarks registered in foreign countries imports a product having the same licensed trademark as the trademark registered in Japan, may this act be regarded as parallel import of genuine branded goods under circumstances such that the licensee manufactured the product and attached the trademark, while violating a provision of the licensing agreement without permission of the licensor.

HOLDING

1. When one other than an owner of the trademark registered in Japan imports appointed goods having the registered trademark under the following conditions:

(1) Genuineness of goods (the trademark is attached to the imported product by the owner or rightful licensee of the trademark registered in a foreign country);

(2) Identicalness of source (the trademark indicates an identical source to one indicated by the Japanese trademark because the trademark owner of the foreign country is the same as the Japanese trademark owner, or he/she has a relationship with the Japanese trademark owner such that both are legally or economically recognized as the same entity); and

(3) Identicalness in quality (there is substantially no difference in the quality between the imported product and the product of the Japanese trademark owner because the Japanese trademark owner can directly or indirectly control the quality of the product),

the importation may be regarded as parallel imports of genuine branded goods and never violate the Japanese trademark right.

2. In this case, the licensee authorized by the owner of the trademarks registered in foreign countries imported the product having the same licensed trademark as the trademark registered in Japan. The licensee violated a provision of the licensing agreement limiting subcontract manufacturing without permission of the licensor (trademark owner), and also manufactured the product and attached the trademark at a factory located in unpermitted country. From the above, importation of the products by the licensee is not permissible as parallel imports of genuine branded goods, and it violates the Japanese trademark right.

February 2015

Original document (Japanese):

http://www.courts.go.jp/app/files/hanrei_jp/352/052352_hanrei.pdf

English translation:

N/A