

10 Research and Study on Interpretation of Requirements for Registrability of Trademarks and Practices thereof in Domestic and Foreign Trademark Laws

In practical examination of trademark applications, there has been increasing the cases when trademarks have been refused their registrations on the ground that they are against public order and morality, which the examiners consider as undesirable to be occupied and/or exclusively used (incompatible with the monopolization) only by specific persons. First of all, in this research and study, we discussed problematic issues regarding requirements for registration from the standpoints of distinctiveness and suitability for monopolization, and made some proposals for it. We reviewed it from the standpoint of the distinctiveness of trademarks in comparison with the practical examinations rendered in the U.S., and from the suitability for monopolization in comparison with the legitimate and political system in the U.S. and European Union and regulated by treaties and conventions.

Then, we examined the scope of rights for the “goods” which are the subject of protection under the Trademark Law. Specifically, we examined whether or not intangible computer software and immovable property such as condominiums should be regarded as the “goods”. We also reviewed retailing service that has not been recognized to fall into the “services” under the Trademark Law in practical examinations in Japan. Finally, we arranged to cope with the “goods” and “services” in the U.K. and the U.S.

I Distinctiveness and Suitability for Monopoly

The essential function of trademarks can be described as that of indicating the source of “goods” or “services”. Since to grant a trademark registration means to grant its exclusive use, marks shall be qualified to be registered as a trademark only when they have both “distinctiveness” indicating that they are clearly distinguishable from others, and “suitability for monopoly” allowing exclusive use.

With regard to requirements for registrability of trademarks, the requirements for “registrability of trademarks” are listed in Section 3 (1) of the Trademark Law, and “unregistrable trademarks” are listed in Section 4 (1) of the Trademark Law.

Recently, in the handling of trademarks considered to be unsuitable for monopoly, there have been some cases of trademarks being unavoidably registered since the reasons for refusal under the Trademark Law are listed as limitations. On the other hand, there are an increasing number of cases where trademarks not refused on the grounds of violation of Section 3 (1) of the Trademark Law are refused on the grounds of violation of Section 4 (1)(vii) (public order or morality) of the Trademark Law.

We consider that when refusing registration of trademarks that are unsuitable for monopoly, according to the nature of the trademarks, such trademarks to be refused based on the purport of requirements for registrability should be refused on the grounds of violation of Section 3 of the Trademark Law, and that the meaning of public

order and morality should not be easily broadly interpreted.

As for the actual situation of trademark registration, it can be classified as indicated in the following list.

It is considered that among the two requirements for registrability of trademarks, “distinctiveness” and “suitability for monopoly”, the presence of “suitability for monopoly” is more important in determining the propriety of trademark registration. Therefore, even trademarks with distinctiveness shall be refused registration if they are unsuitable for monopoly or should not be granted because of another reason.

	Original propriety of registration	Scope/limitation of use	Distinctiveness and suitability for monopoly
1	Refused	Any person should be able to use the trademark.	Without distinctiveness With suitability for monopoly ^(*)
2	Refused	No person should be granted use of the trademark. At least, exclusive use of the trademark should not be granted.	With distinctiveness Without suitability for monopoly
3	Refused except for specific person	Originally, specific person can use the trademark.	With distinctiveness With limited suitability for monopoly
4	Any person can register.	Any person can originally use the trademark regardless of whether or not it is registered; however, if the trademark is registered, it can be exclusively used.	With distinctiveness With suitability for monopoly

(*) Although there are both opinions in favor of granting and of not granting in cases with suitability for monopoly, the registration of the trademark shall be refused due to no distinctiveness in either case.

1 With regard to each Item of Section 3 (1) of the Trademark Law

(1) Actual Situation of Application of each Item of Section 3 (1) of the Trademark Law and Problematic Cases

Marks listed below are examples considered problematic in granting registration due to the reasons described in each item.

① Marks which consist solely of a mark used by everyone, such as map symbols, and which may cause trouble in social life if they are exclusively used.

- Map symbols such as “𠄎”(temple);
- Traffic signs;
- Names of national treasures;
- Names of stations (“Shin-Osaka”, “Shin-Kobe”, etc.);
- Names of bridges (“Seto-ohashi”, “Akashi-ohashi”, etc.);
- Names of airports (“Kansai International Airport” etc.);
- Figures such as displayed on the screens of cellular phones for indicating the strength of the radio wave.

② Marks which are not related to “goods” or “services” and lack distinctiveness, consisting solely of generic terms.

- “COMPANY”
- “MILLENNIUM”
- “Year 2000”
- “Football 2002”
- “World Gourmet”

③ Marks which consist solely of geographic names in foreign countries and are not related to “goods” or “services”, or geographical names in foreign countries which may be confused with the place of origin.

④ Marks which are little known domestically

but are generic names in foreign countries.

With regard to ①, marks should be refused by denying suitability for monopoly from a policy standpoint on grounds of unregistrability under Section 4 (1) of the Trademark Law or by applying each item of Section 3 (1) of the Trademark Law and regarding them as trademarks with distinctiveness but without suitability for monopoly. On the other hand, with regard to ②, it is possible to deal with such marks based on Section 3 (1)(iv), (v) and (vi) of the Trademark Law, and with regard to ③, it is considered possible to deal with such marks based on Section 3 (1)(iii) of the Trademark Law in terms of connection with “goods” or “services”.

With regard to ④, generic names in a foreign country, which are considered not common within Japan at the time of decision of registration may be granted registration; however, they should be considered as losing suitability for monopoly at the time when they come to be commonly used also in Japan and have lost their distinctiveness. With regard to this point, the existing Trademark Law only states that trademarks which have lost distinctiveness after registration can be used by any person as “Limits of trademark right” in Section 26, and trademark registrations themselves cannot be invalidated or revoked.

However, in Section 26 of the Trademark Law, it is not a focus of dispute whether a method of use is common use or use as a trademark, and it is not necessary to grant right for exclusive use to trademarks which have lost distinctiveness. For these two points, the grounds of revocation should be that trademarks have come to fall under Section 3 (1)(i) (exception of trademarks which consist solely of a generic name) or (ii) (exception of trademarks which are customarily used in respect of the goods or services). And, since it is

impossible to know in advance the time when a name will become common, the period for requesting a trial for revocation should not be limited.

(2) With regard to Composite Trademarks Including a Part Which Does not Have Distinctiveness

For example, considering the trademark right of the trademark “Year 2000 SONY” and “Year 2000” not each part but rather the single string of “Year 2000 SONY” is a registered trademark, and the issue becomes a matter of where distinctiveness exists. Therefore, trademarks with the shape of “Year 2000 XX” can be regarded as dissimilar even though the part “Year 2000” is common.

Also, as another response, it is possible to think of establishing a system to indicate the distinguishable part of a trademark to clearly indicate that the part “Year 2000” is not related to the distinctiveness.

There are also opinions that revival of the “system of non-claim of right” is worth considering with respect to parts without distinctiveness or suitability for monopoly in cases such as when whether or not effect extends is difficult to determine.

(3) Issues after Registration

The provision of Section 26 of the Trademark Law is set to enable the general public to freely use indistinguishable trademarks registered by mistake or registered trademarks which have lost their distinctiveness after registration.

Trademarks which have lost distinctiveness after registration do not become subject to an opposition or a demand for invalidation. It is also impossible to demand invalidation of an indistinguishable trademark registered by mistake once five years have passed from the date of registration of establishment of the trademark right for the reason that a trademark without distinctiveness was registered by mistake. Since maintenance of the trademark right of such a trademark will unfairly limit use by the general public, it is also necessary to examine abolishment of the period of exclusion and establishment of a new system of trial for cancellation.

2 With regard to Section 4 (1) (vii): Contravention of Public Order and Morality

(1) Scope of Application of Public Order and Morality

(i) Interpretation of actual situation

Trademarks liable to contravene public order or morality in this item are defined to include the following kinds of trademarks (Trademark Examination Guidelines: 5).

① Trademarks which are outrageous, obscene, discriminative or unpleasant to people in composition per se

② Trademarks which are liable to conflict with the public interests of society or contravene the generally-accepted sense of morality if used

③ Trademarks with their use prohibited by other laws

④ Trademarks which are liable to dishonor a specific country or its people or are generally considered contrary to the international faith

(ii) Addition of applicable types

Considering that the Trademark Law aims to maintain fair competition order for trademarks, there may be other kinds of trademarks considered to be liable to contravene public order or morality in addition to the above ①~④. This includes so-called plagiaristic applications, such as application for the trademark “Showa Buddha” and application for the trademark “Horohata”, while knowing it will be used for a movement to boost development of a town. Therefore, it is necessary to conduct examination in terms of taking so-called plagiaristic applications in the examination guidelines for contravention of public order or morality as a new type ⑤.

(iii) There is room for further examination in terms of applying Section 4 (1) (vii) of the Trademark Law to the following examples.

① Name of a famous dead person, etc.

When a trademark is the portrait of a famous dead person or the name, or famous pseudonym, professional name, pen name or abbreviation thereof and the spouse of the person is already dead, there may be some cases in which this should be considered as contravening public order or morality, although not necessarily in all cases. In that sense, the following trademarks require examination: “Picasso”, “Ieyasu Tokugawa”, “Nobunaga Oda”, etc. However, in this regard, there is the opinion that it is better to handle such trademarks not by (vii) but by (viii)^(*1), a

(*1) It is considered possible to protect the personal right of a dead person by legislation, and there are names that carry economic value such as the name of an entertainer. This value can be succeeded. Therefore, it is not necessary to limit application of Section 4 (1) (viii) of the Trademark Law to living persons, and we consider that the problem can be solved by adding “including dead persons whose bereaved family or administrator exists” after “another person” in article (viii) as a ground of unregistrability.

provision to protect personal rights.

② “XX white paper”

Trademarks consisting of the series of characters “XX white paper”, which give the impression of a government white paper, are considered as falling under type ②.

③ “Licensed XX”

Trademarks consisting of the series of characters “Licensed XX”, which give the impression of a qualification certified by a State or a local public entity or an agency thereof or organization working in the public interest, and trademarks consisting of the series of characters “XX head”, “XX certification” and “XX certificate examination” are considered as falling under type

③ in principle.

④ Publicity right for articles

Trademarks consisting of a name of a famous racehorse, etc. do not fall under any type mentioned above; however, it seems that Section 4 (1) (vii) of the Trademark Law should be applied to such trademarks by considering it contrary to fair competition order to grant a trademark registration without authorization of the owner despite the fact that the publicity right for the name shall be generally granted to the owner.

⑤ Copyright

It is considered necessary to examine trademarks conflicting with another person’s copyright generated before the date of trademark application (Popeye case) in terms of applying Section 4 (1) (vii) of the Trademark Law by considering that to obtain registration of the trademark without the copyright holder’s authorization contravenes fair competition order.

(2) Domain Names

Future careful examination is required regarding whether trademarks conflicting with another person’s domain name should be refused considering them as falling under Section 4 (1) (vii) of the Trademark Law. In particular, further examination is required on whether registration of trademarks including a well-known or famous domain name should be considered as falling under this item.

(3) With regard to Handling of Public Property

Names of eras, map symbols, road signs, pictographs, etc. should be considered as public property, and it is considered that suitability for monopoly should not be approved for those used for respective purposes. For these, an item of “public names, shapes, symbols or signs, or those of public things” should be added to Section 4 (1) of the Trademark Law as a ground of unregistrability, and their registration should be refused based on this item in the future.

Trademarks aiming for possession of a mark which everyone uses, trademarks of another

person’s name filed contrary to commercial ethics or trademarks filed to interfere with another person’s business do not fall under “trademarks” liable to contravene public order or morality provided in (vii).

Contravention of public order or morality mentioned here means the existence of an “intention to gain unfair profit, intention to cause damage to another person and other unfair intentions”, and it can be rephrased by saying that there is an “unfair intention”. As for handling of these cases, it seems appropriate to approve registrations and then think that there are grounds for a trial for cancellation according to Section 53bis of the Trademark Law. However, only when trademarks are “used contrary to fair and equitable principle”, can persons whose profits are damaged request for a trial for cancellation for this reason, lest granting the registration come to mean granting prior user’s right.

3 From the Questionnaire Conducted by the Trademark Committee of the Japan Intellectual Property Association

A questionnaire survey about each item of Section 3 (1) and Section 4 (1) (vii) of the Trademark Law was conducted targeting members of the Trademark Committee at the Japan Intellectual Property Association, and 24 companies answered the questionnaire.

The questionnaire entries covered the following three points: 1) whether there were any problematic cases in provisions or operations concerning each item of Section 3 (1) or Section (1) (vii) of the Trademark Law; 2) specific examples of problematic cases; and 3) whether there were any specific proposals as measures to resolve such problems. As a result, some opinions were presented concerning each item of Section 3 (1), including those for operations of the items.

(1) Important Problematic Matters Pointed out in the Questionnaire

① With regard to interpretation of “trademarks which consist solely of (a mark indicating in a common way)” in application of Section 3 (1) (iii) to (v) of the Trademark Law, some respondents have the impression that even when terms used in a mark seem to imply quality, function, etc. of the designated goods concerned, it is unlikely that each Item will be applied unless a specific fact showing actual use of those terms is indicated.

In particular, this trend is observed for so-called composite trademarks, which are combinations of two or more terms, and various cases can be found in which a composite trademark which has a problem in distinctiveness and consists of a generic name of goods and a

descriptive term has been registered.

② With regard to application of each item of Section 3 (1) of the Trademark Law, there are cases in which judgment criteria in examination was unclear such as cases where trademarks which had been refused in the past were registered for a later application or where trademarks were either registered or refused for the identical designated goods according to the words put in XX for trademarks such as “XX bottega” and “originating from XX”.

(2) Proposals for Resolution Extracted from the Questionnaire

① Marks may practically have distinctiveness for the reason that no one is using them at the present moment. Among such marks, it is desirable to refuse marks lacking potential distinctiveness which everyone is highly likely to desire using and marks for which exclusive use should not be granted to any individual person, even if there is no example of actual use of them.

② It is desirable to share information on examination judgments so that uniform judgments will be made in examinations for each item of Section 3 (1) of the Trademark Law.

③ While making examination on each Item of Section 3 (1) of the Trademark Law more severe, if a fact of use actually exists, marks on the boundary of falling under each item of Section 3 (1) may be granted registration based on loosened remedy in the existing Section 3 (2) of the Trademark Law.

④ In order to clarify a part of a trademark from which actual trademark right arises, there is room for examining introduction of the system of non-claim of right (aforementioned, 1(2)) for character parts which seem to not have substantial registrability, such as foreign countries.

⑤ It is desirable that even registered trademarks are considered to have a ground for demanding a trial for invalidation without period of exclusion or to become subject to a trial for cancellation when losing distinctiveness or becoming unsuitable for monopoly.

⑥ It is desirable to create a database for examination which is a collection of names of new substances, terms related to advanced goods and generic names in foreign languages which have not yet become generic names in Japan.

4 Comparative Examination

(1) “Distinctiveness” and “Suitability for Monopoly” of Trademarks in the U.S.

In the U.S., protection of generic names and descriptive indications as trademark is refused or limited, and the reason therefor is that they lack distinctiveness. For judging whether a mark falls

under an indistinguishable generic name or descriptive trademark specifically, the necessity to protect competitors' freedom of use is concerned, and the ultimate ground for denying protection of these indications is sought in lack of suitability for monopoly.

(i) Classification of trademarks according to degree of “distinctiveness” and the legal protection

① Basic framework and history of the trademark system in the U.S.

In the U.S., while the federal government has the authority to establish disciplines for the patent right and copyright, substantive disciplines for protection of trademarks are established by the common laws of each state.

Generation of trademark rights is based on the first to use system in which a person who has adopted a trademark with good intentions and started using it first is the holder of such right. However, a right generated by use cannot secure an exclusive right throughout the entire U.S., and it becomes an obstacle to developing businesses at a national level in some cases.

Therefore, the federal registration system was established for trademarks used for interstate and foreign commerce by the US Federal Trademark Act (Lanham Act). Under this law, when another person adopts a trademark identical with or similar to a trademark that has been granted federal registration, obtainment of the trademark right is prevented. Accordingly, registration virtually means security of a nationwide exclusive right.

In other words, the Lanham Act established a federal registration system for trademark rights generated under common laws, and disciplines of common laws are also reflected on requirements for federal registration.

② Classification of trademarks

(a) “Distinctiveness” of trademarks

There are two cases with respect to “distinctiveness”: 1) cases in which a trademark has inherent distinctiveness to distinguish “goods” or “services” produced or supported by a specific person and 2) cases of becoming distinguishable by acquiring secondary meaning, i.e. “although a mark is not inherently distinctive, it has come to be recognized by consumers as a distinctive indication as a result of use.”

(b) Four types of trademarks and requirements for protection

Trademarks are classified into four types according to degree of “distinctiveness”.

1) Generic marks: Indications which are recognized as indicating a name of goods, a generic category, etc. They cannot be protected as a trademark.

2) Descriptive indications: Indications which are

recognized as describing qualities or characteristics of the goods. They are not inherently distinctive and become eligible for protection only after acquiring a secondary meaning. The same applies to geographical indications and personal names.

3) Suggestive indications: Indications which are recognized as suggesting qualities or characteristics of the goods. They can be protected without secondary meaning. Consumers cannot reach the meaning of description of the goods without excising their imagination.

4) Fanciful indications and arbitrary indications:

Fanciful indications do not have any meaning, for example, meaningless spelling, and are so-called trademarks of coined term. Arbitrary indications are words having meaning per se, but do not describe or suggest the ingredients, characteristics, etc. of the goods for which they are used. These two types of indications are considered eligible for protection as a trademark without proof of secondary meaning.

(c) Relation corresponding to the Lanham Act

The provision regarding descriptive indications under the Lanham Act provides that trademarks which were once denied in their eligibility for registration but have acquired secondary meaning are registrable even if they are descriptive indications.

In the provision concerning the federal registration, inherently distinctive indications can be registered in the principal register without secondary meaning. Descriptive indications are registrable in the principal register only when having secondary meaning, and they are merely registrable in the supplemental register until acquisition of secondary meaning. Generic names are not registrable in any case.

Furthermore, even if an indication was registered once, the federal registration may be cancelled when it becomes a generic name.

(ii) Standard of determination of a "generic name"

① "Consumers" of the goods in question take the initiative in determining whether an indication is a generic name. Consumers concerned are determined with respect to each kind of goods for which an indication in question is used. For example, for a drug requiring a doctor's prescription, "consumers" are not general consumers but rather experts such as doctors and pharmacists are. If official names of such chemical component are recognized as generic names by these persons, they are treated as generic names, and their protection under the Trademark Law shall be denied.

② When recognition of a mark by "consumers" is separated into "a generic name" and "a trademark", the mark is handled according to

requirement of "primary significance". If a majority of consumers recognize the mark in question as a generic name, "primary significance" of the indication is considered as that of a generic name. However, although determinations are made in line with recognition of the majority in principle in case of separation of consumer's recognition, there is a more flexible solution in which primary significance is not firmly determined by the recognition of the majority and a balance between the plaintiff's and defendant's interests is achieved by a conditional injunction ordering the taking of measures for preventing confusion.

(iii) "De facto secondary meaning"

① Propriety of protection as a trademark

(a) When a supplying company monopolizes a market for a long time, an indication used by the supplier as a trademark may come to also have a meaning as a generic name for consumers. This is called "de facto secondary meaning". There had not been any generic name for the product, so that consumers are liable to use the trademark as the name of the goods.

(b) Propriety of protection

There are some court examples in which even an indication with functions of a generic name can be protected as a trademark according to the degree of "de facto secondary meaning". However, the majority theory is that as long as the indication has functions of a generic name, it shall not be protected as a trademark even if it has acquired "de facto secondary meaning".

③ Examination

Acquisition of "de facto secondary meaning" means that credit of a prior monopoly company is accumulated in the indication; however, when it is more necessary to give priority to competitors' freedom of use over protection of the prior user, protection of the indication as a trademark shall be denied. In other words, it is determined according to the degree of necessity of allowing the competitors to freely use the indication.

(iv) "Principle of law regarding notation in a foreign language"

① Significance

The "principle of law regarding notation in a foreign language" is a principle of law providing that words used as a name of goods in foreign countries cannot be protected as a trademark in the U.S. This denies protection of words as trademark even if the majority of consumers concerned do not recognize them as a generic name, such as when the majority of the U.S. consumers do not understand the foreign language. And this is positioned as exception of requirement of "consumers concerned" and that of "primary significance".

② Purport

This principle of law is explained by the comity of nations: since the U.S. government objects to trademark registration of generic names in English in foreign countries at all times, it should likewise deny registration of generic names in foreign languages. The principle can also be regarded as the principle of law based on the absence of suitability for monopoly placing importance on high necessity of allowing free use to competitors.

There are judgements which are skeptical of this principle of law, considering that words should be protected as a trademark as long as they are not recognized as name of goods by the great majority of consumers concerned in the U.S. and have inherent distinctiveness. In particular, it is insisted that as long as the Lanham Act provides that whether or not a word is a generic name should be determined based on "the public concerned", the standard should not be set meeting consumers familiar with a specific language.

③ Examination

For deciding handling of names of goods written in a foreign language, grounds for denying protection of generic names are questioned; however, the majority theory in the U.S. denies protection of names of goods written in a foreign language based on the principle of law regarding writing in a foreign language, and therefore, the approach from the standpoint of suitability for monopoly can be considered as the mainstream.

(2) Contravention of Public Order or Morality as a Ground for Refusal of Trademark Registrations

(i) Existence of clauses for public order and morality and effects of contravention in foreign countries

① International treaties

The Paris Convention provides handling of trademarks which contravene "public order or morality" by establishing, as a standard of protection to be at the very least observed in all Union members' domestic laws and ordinances which provide requirements for registration of trademarks, that registration of trademarks shall not be refused except in the cases when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public.

② U.S.

The Lanham Act includes a provision concerning public order and morality stating that a trademark "consisting of or comprising immoral, deceptive, or scandalous matter" shall be refused. Also, trademarks contrary to public order or morality are subject to cancellation at any time.

③ Europe

Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trade mark, which is effective in all of Europe, includes a provision concerning public order and morality stating that "trade marks which are contrary to public policy or to accepted principles of morality" shall not be registered. In addition, all member countries of the European Community set a similar provision in terms of their domestic trademark laws.

(ii) Scope of application of clauses for public order and morality

① International treaties

A proviso stating "a mark may not be considered contrary to public order for the sole reason that it does not conform to a provision of the legislation on marks" was added to the above-mentioned handling of public order and morality in the Paris Convention. Therefore, it is requested to put clauses for public order and morality into practice not as a general clause without limitation but as a substantial clause with limitation.

② U.S.

In terms of judicial precedents, "immoral" matters are also included in "scandalous" matters, and therefore, there have been extremely few examples in which registration was refused only for the reason of immorality. Whether a trademark is "scandalous" is not related to whether the goods are scandalous, rather it is judged only in consideration of the market for the "goods" and "services" specified in the application for the trademarks. In the judicial precedents, the word "scandalous" has been interpreted as "matters which lack good manners and are contrary to conscience and moral sensibility, and should be censured" in line with every day use. Therefore, application of the clause for public order and morality is limited to trademarks of which use is contrary to public policy so that nobody should be allowed to use them.

③ Europe

There are few documentary materials concerning the scope of application of the clause for public order and morality in the Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trademark.

Under the German Trademark Act, it is considered that the clause for public order and morality shall be applied for protection of the public interest. In addition, the concept of public order under the Act does not merely mean the entire legal order, and the scope of application is narrow. The concept of morality is also considered to be derived from social customs, morals or ethics, and it is not considered as contravention of

morality to merely be contrary to general prohibition, order, punishment or provision of public order other than that. However, use of the name of a now-deceased, significant figure as a trademark is considered contravention of morality as an abuse of a cultural asset of society.

(iii) Suggestions for Japanese law

As described above, a clause for public order and morality is included in both the Paris Convention and trademark laws of European countries and the U.S.; however, the scope of application of the clauses covers trademarks which are contrary to the general "public interest" of society so that neither applicants for the trademarks nor anyone else should use them. In other words, even if trademarks are contrary to private interest, that is, all competitors should be allowed to use them or a specified body should be allowed to use them, the registration thereof shall not be refused on the grounds of contravening public order or morality.

In conclusion, limiting the subject of the provision for public order and morality in Section 4 (1) (vii) of the Trademark Law to trademarks contrary to the general public interest of society shall prevent the clause from becoming a general clause without limitation and meet the international trend.

II "Goods" and "Services"

1 Separation of "Goods" and "Services"

(1) Definition of "Goods"

Although there is no definition of "goods" in the Trademark Law, a definition of "what are goods as a generally accepted idea or under the Trademark Law" has become almost fixed for interpretation and practice, including theories and judicial precedents.

① Goods refers to things which can be traded, especially movable property. (Kougyoshoyukenhou chikujo kaisetsu (Explication of Intellectual Property Law by Article))

② Theories, etc. concerning definition of "goods"

In the above ① and ②, some common features such as "being corporeal things", "being movable property", "having mass productivity (substitutability)", "being subjects of transaction" and "being part of the distribution process" were derived as requirements for "goods", and these are generally discussed.

It is understood that trademarks are used for the purpose of distinguishing one's own goods from another persons' goods, and by that, they exercise distinction function, generating value to be protected. From this essential function, the

"concept of goods" has been based on the idea that "trademarks are used in the trade market."

(2) Definition of "Service"

Although there is no definition of "service" under the Trademark Law, a definition for interpretation and practice, including theories and judicial precedents has been considered as follows since introduction of the service mark system in 1992.

① Service refers to labor or convenience provided for others which can be traded by itself. (JPO, Kougyoshoyukenhou chikujo kaisetsu (Explication of Intellectual Property Law by Article), 985 (2000))

② Theories concerning definition of "service"

Furthermore, since a service is an act provided for consumers in a commercial transaction, Kougyoshoyukenhou chikujo kaisetsu specially specifies the definition of service as being provided "for others", being "acts other than provision of goods which are distributed from place to place" and in order to be protected under the law, "being those which should be traded by itself."

2 Incorporeal Things/Software, Items Subject to Downloading

Due to the increase of Internet use, a new transaction form has emerged in which computer programs and music is obtained not through media but by direct download. It has been an issue whether these items subject to downloading can be considered "goods" under the Trademark Law. Also, it has been decided that computer programs and electronic publications which are subject to downloading will be added to "goods" in Class 9 for the eighth version of the International Classification of Goods and Services (scheduled to become effective on and after January 1, 2002).

(1) Computer Programs and Software

Since "goods" are understood to be corporeal things, in the case of trying to obtain a trademark registration for a computer program, etc., applications are usually filed by specifying the "medium" in which the computer program, etc. is stored as a designated good. On the other hand, in the case of trying to obtain a trademark registration for a computer program, etc. which is provided not through a medium but via the Internet, it is considered general practice to file an application for a name of a "service".

Also, since "software" itself is an "incorporeal thing", it has not been admitted as a suitable expression to express and indicate services until now. Only recently, have there been cases that demonstrate that "software" may be

used as an expression to indicate “goods” providing that it is used only for computers.

(2) Electronic Publications

“Electronic publications (which can be downloaded)”, which will be added as “goods” by a revision of the International Classification, are understood as novels, dictionaries, etc. distributed through networks. In addition, so-called “Web magazines”, which are composed in a form like a magazine and provide various information on Web sites, are also considered as falling under “items which can be downloaded” in the point that content thereof can be saved in files by using browser software.

In this manner, as for simply using the term electronic publications, since there are various unclear parts, it is necessary to specifically indicate “goods” which may be included in its scope. In the same way, since music data and film data may be provided by downloading, it is necessary to define handling thereof.

Furthermore, it is necessary to examine the act of “applying a trademark” to “goods” which are incorporeal things distributed via the Internet and the concept of “assignment and transfer”, etc.

3 With Regard to “Immovable Property”

(1) Characteristics of Immovable Property as Goods

Immovable property is considered to fulfil the two requirements of “being corporeal things” and “being subject to transaction;” however, it fails to fulfill three conditions, “being movable property”, “having mass productivity (substitutability)” and “being part of the distribution process.” Therefore, the conclusion was made that immovable property is not “goods” under the Trademark Law.

However, since names of condominiums that have become a series and detached houses for which business development is conducted with a unified name exist in Japan, there are viewpoints that recognize immovable property as having characteristics of goods.

(2) Problems Arising When Considering Immovable Property as “Goods”

① In case of considering names of condominiums, etc. that have become a series as “goods”, what is the reason for defining “a name of immovable property which has become a series”?

② In case of uniformly approving names of condominiums as having characteristics of goods, protection of condominiums with the same name under clearly different conditions by the Trademark Law may be an excessive regulation.

③ In case of selling condominiums, since the act of using a trademark is interpreted as ending with

sales, if the trademark is considered to be not in use after that, the trademark right holder may suffer a disadvantage.

“Names of condominiums” are indicated even after completion of sales, but they are only symbolizing the condominiums themselves as immovable property. It may be possible to position the names as special patterns of service marks; however, this is an issue requiring further examination on the characteristics of trademarks.

(3) Discussion on Characteristics of Immovable Property as Goods by Taking Condominiums as an Example

(i) With regard to distribution of condominiums

In the Village case at the Tokyo District Court on October 21, 1999, in which characteristics of condominiums as goods, etc. were affirmed, the plaintiff claimed “houses built for sale and condominiums are actually traded and are actively resold.” There are negative discussions against the claim; however, as long as they are actually traded in the market, existence of distribution itself may be approved.

(ii) With regard to substitutability of condominiums

In the above-mentioned Village case, the Tokyo District Court indicated a judgement that condominiums have “substitutability”. However, the part of the reasons for judgement stating that condominiums built at the same lot number are necessarily different in their geographical conditions, and that only one identical condominium exists, can be taken as accepting the position of not considering condominiums, etc. as having substitutability.

The judgement also stated “two or more things which compete with each other can be supplied.” With regard to purchase of condominiums, the substitutability is rather derived from equality, etc. concerning credit and reputation of constructors and executing constructors than from condominiums as articles themselves, and a fact that there are competing things does not seem to be directly linked to “substitutability” of condominiums themselves.

(iii) Whether or not protection of trademarks used for condominiums, etc. is necessary

Assuming that distributiveness and substitutability in broad sense can be approved, is it necessary to protect names of condominiums themselves and signs therefor as a “trademark”?

It is understood that when purchasing a condominium, consumers will choose one considering business activities of constructors, executing constructors, distributors, etc. and names and credits thereof.

This does not become a ground for the necessity of protection under the Trademark Law by registering names or signs of condominiums

themselves as trademarks. Preferably, it seems more appropriate to protect such names and signs of condominiums based on Article 2-1 (1) and (2) of the Unfair Competition Prevention Law.

In actuality, names or signs used for business activities in sales of condominiums have been protected by registration of service marks up to now.

(iv) With regard to legal relation over names and signs of condominiums, etc.

Legal relation of names/signs of condominiums, etc. is characterized by the fact that it is not uniform through processes from generation to extinction, such as planning, construction, advertisement, sales or purchase, maintenance, etc. of condominiums.

① At planning and construction stages, sellers, business owners, executing constructors, etc. possess the authority over names of condominiums.

② There are some cases where the ownership is transferred to each purchaser at the time of sales, and original business owners maintain and administer the names.

③ Different from ②, there may be some cases where another administrator maintains and administers the names of condominiums.

For the above mentioned ①, if trademark rights are approved, the business owners, etc. will be trademark right holders. For ②, individual purchasers have the ownership for each condominium; however, use of names, etc. applied to the condominiums is not related to a business. Therefore, even assuming that there are trademark rights for condominiums, individual purchasers will not become subjects of the rights.

In these cases, there is no legal "use of trademark", so the trademark rights will be terminated at this moment. If administrators of condominiums are identical to persons included in ① after selling of the condominiums, trademark rights will be possessed by them, and there will be no problem. However, when condominiums are maintained and administrated by another person like in ③, in the case that trademark right holders neither assign the trademark rights nor license use of the trademarks, the trademark right holders will come to abandon the trademark rights in question; however, no habitual practice is known of regarding this.

With regard to the legal relation over a name of a condominium after sales, two or more persons are involved, and variously different legal relations arise. If there is distribution after sales, the problem becomes further complicated.

Although examination was conducted by mainly taking condominiums as an example in the above, other immovable property is basically considered to have roughly the same problems.

Taking characteristics of immovable property as goods, necessity of protection as a trademark and complexity of succession of names into consideration, we think that there is neither theoretical necessity for nor actual profit from granting protection as a trademark for goods to names of immovable property in addition to current conditions where protection is sought by obtaining service marks concerning service businesses such as "offer of information, purchase and sale and administration of buildings and land."

4 With regard to Retail Business

(1) Points at Issue Regarding Retail Business

An international trend of recognizing retail business as "service" can be seen recently. Court cases for the purpose of obtaining such recognition are also being filed within Japan. However, the Japan Patent Office has adopted a judgement that retail business is not "service" under the Trademark Law up to now.

There is a tentative definition that "service" is "labor or convenience provided for others which can be traded by itself." The JPO concluded that retail business is "mere sales of goods" and the service included in the business is mere labor incidental to sales of goods and cannot be traded by itself.

(2) Changes in International Handling Regarding Retail Business

(i) GIACOMELLI/SPORT case

A trademark application for the designated services of "bringing together, for the benefit of others, of a variety of goods to enable consumers to view and buy the products; organization of exhibitions in halls and showrooms for commercial or advertising purposes" (in Class 35 of the International Classification) in Europe was refused by the examiner of the Office for Harmonization in the Internal Market (OHIM). However, the Board of Appeal pointed out that the judgement that the designated services are merely incidental services and are not registrable was false, and quashed the decision of refusal and remanded the application back to examination, stating that accurate indication of the kinds of retail services is necessary.

This attracts attention as a case in which the OHIM indicated a judgement of recognizing "retail services" as independent "services" for the first time.

(ii) Changes in handling regarding European trademark registration

It was announced in a draft published by the OHIM that "designation of retail services and that of similar sales services in Class 35 of International Classification can be registered if the

field of activities is properly limited or if characteristic of retail service is further limited.”

This is the opinion that if the field of activities is limited, the possibility of conflict between retail businesses can be reduced. In addition, with regard to conflicts between retail business and goods sold, the OHIM takes the opinion that the possibility of confusion is unlikely to exist except for specific cases.

(3) Practical Problems in Terms of Retail Services

(i) The standpoint that retail services are not approved is based on the following reasons.

① Existing general department stores, etc. have already been substantially protected by trademarks for goods, and there is no special request for approval of retail services.

② Most general retailers retain goods of their own private brand, and mixed existence of trademarks for goods and those for services for the same goods may cause increasingly complicated administration.

③ Assuming that use of trademarks designating retail services as “services” cannot be clearly distinguished from manufacturers’ acts of producing/selling the goods, there is concern that manufacturers will be forced to file defensive applications against ill-intentioned trademark applications similar to their own brands.

(ii) On the contrary, the standpoint that retail services should be approved is based on following reasons.

① Since general retail businesses originally need to file applications with respect to each classification of goods, they need to bear huge amount of expenses for application.

② If retail services are protected, it will be possible to define a trademark in use as one for goods or one for retail services according to the conditions of the business, and selection will be wider.

③ Electronic shopping malls, which are widely recognized on the Internet, have already been able to pull in consumers through brand power regardless of products handled.

④ With respect to retail services, trademarks could not be adopted unless rights for all goods handled have been adjusted; however, if it is possible to make retail services a designated classification, the way for adoption of trademarks will be wider.

⑤ At present, there is no legal means to prevent another person’s use of similar signs other than “well-known indication of business” under the Unfair Competition Prevention Law, and “well-known indication of business” is not certified unless the sign has become well-known.

⑥ In order to reduce expenses for distribution, trademarks may not be applied to individual

goods. It is irrational that such a necessary commercial activity may be considered as “non-use of trademark”.

(4) Items to be Examined for Recognition of Retail Services as Services and Opinions Thereon

(i) Examples of added value of retail services which “become subjects of economic transaction by itself”

- Guarantee for selecting goods of a certain quality
- Convenience by focusing and providing many goods in one place
- Advantage in price of buying specific articles in bulk and providing them at lower price than usual
- Advantage of unique sales methods (mail-order sales, door-to-door sales, closed-member sales, etc.)

In addition, assuming that a famous trademark for a retail business is sold, the counter value of the trademark shall be valued based on the mode and name recognition as a retail business, therefore, it is possible to interpret that retail businesses have already been practically recognized as “services”.

(ii) Similarity between trademarks for goods and those for services

Since use of trademarks for goods and leasing and repair services of the goods are handled as dissimilar under the current examination practice, it seems proper to consider retail services as dissimilar. Also, there is an idea that the similarity relation between trademarks for goods and those for retail services should be considered with respect to each type of goods. This is insisted based on the concern that mainly manufacturers would have trouble with their producing operations if another person acquired a trademark for retail services similar to the manufacturer’s own trademark for goods.

(iii) With regard to conflict of rights

Issue of infringement is determined in the same way as the relation between trademarks for goods and service marks.

Conflicts with trademarks for goods become an issue, for example, in the case of using a mark in question as a trademark for goods under the guise of retail services. Needless to say, in the case that a service mark is used only as a sign for services and is not used for goods as a trademark, even if there are goods in stores, it does mean use as a trademark for the goods.

(iv) On the occasion of conducting examination in direction of recognizing retail businesses as “services”, it seems necessary to examine the interpretation of “assigning, delivering” in Section 2 (3) (ii) of the Trademark Law.

It is necessary to make adjustments so that

retail services shall mean “services” of only selling without producing per se, and OEM, sales subsidiary within a group and sales at sales agencies are interpreted as being included in use of trademarks for goods.

Also, another conceivable way of handling this would be to first determine whether a used mark puts weight on being a mark for producing or a mark for selling, and in the case that the mark puts weight on being a mark for selling, it would be considered as use of a trademark for retail.

Furthermore, in the case of considering retail businesses as “services”, there will be some more related points to be examined such as differences between “producing retailers” and “general retailers”, whether to limit the scope of “retail business”, similarity between trademarks used by a retailer and those for the goods and cross search.

(v) Way of specifying the scope of right of retail services

With regard to socially approved forms, for example, indications such as department store and convenience store can be recognized. With regard to other specific specialty stores, indications should follow generally approved and available concepts, such as a “specialty retail store for men’s hats”.

When there is no retailing form socially approved, it is necessary to define the scope of right by specifically describing and expressing goods.

(5) Conclusion

In these days of approving international trademark registrations, we consider it necessary to actively work on introduction of the retail service marks system.

5 Comparative Examination

We examined opinions with respect to retail business, items subject to downloading, and immovable property up to now in the U.S. and the U.K.

(1) Scope of Registrable “Goods” and “Services”

(i) U.S.

The Lanham Act of 1946 provided the following.

As a definition of trademark, “used by manufacturers or merchants to identify and distinguish his or her goods from those manufactured or sold by others”

As a definition of service mark, “used for sales or advertisement of services to identify and distinguish the services of one person from the services of others”

And, with respect to the boundary between trademark and service mark, a line has been drawn based on whether a mark is a corporeal thing or incorporeal thing up to now.

With regard to retail business, retailers have been approved to register service marks for services such as “retail grocery store services” and “retail department store services” since around 1958, considering that “it consists of performance of services to put various products together to secure a place for consumers to choose goods and to provide all the other methods necessary for consumption and buying behaviors.”

(ii) U.K.

The Trade Marks Act of 1994 provided that services and goods should be handled as identically as possible, and the term “trademark” has come to be used for both goods and services. Hereby, it has become sufficient to examine only what category the subject of a contestable trademark belongs to in classification of goods.

Triggered by applications for trademark registration of “DEBEBHAMS” and “DEWHURST”, the U.K. changed its practice in August 2000, and clearly expressed that “retail services” should become “services” to be registered. However, concepts such as “retail services”, “department store services”, “mail order”, etc. were considered too ambiguous and overbroad. Therefore, cases in which the goods handled are specified by using expressions such as “assorting various goods for the convenience of others and offering convenience for customers to see and to purchase these goods ‘in a department store’” were introduced.

(2) Items Subject to Downloading

If at least downloading, an act of distributing software and data, falls into services under the Trademark Law, considering conventional practices in both the U.S. and the U.K., there is small necessity to examine whether downloading can obtain a trademark for goods.

(3) Immovable Property

In the U.K., being movable property is not discussed as a requirement for a trademark for goods; however, being “movable” is required in a definition of “goods” in the Sale of Goods Act. Also, immovable property is entirely classified as services in classification of the Act of 1994.

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