

10 Legal Protection of Design or Applied Art - With the focus on the comparison of the Korean and Japan legal approaches to design law, unfair competition law and copyright law for design -^(*)

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This report focuses on comparative study and analysis of the Korean and Japanese legal systems that were constructed to protect works of applied art and designs, from the perspective of comparative law. This report particularly purports to conduct comparative study on the Copyright Acts of the two countries, the Design Protection Act of Korea and the Design Act of Japan as well as the Unfair Competition Prevention Acts of the two countries, and to survey the legislative stance and status of the application of legal protection of works of applied art, thereby to infer points at issue while taking into account the judicial precedents of the two countries.

An overall review of the Korean laws and the Japanese laws concerning protection for works of applied art reveals that those works are protected by the Design Protection Act and the Design Act, and by the Copyright Act. In addition, those works are protected in a supplementary manner by the Unfair Competition Prevention Acts of both countries. With regard to overlap protection by the Copyright Act, Korea provides protection for works of applied art by expressly mentioning such works in its Copyright Act. In contrast, the Japanese Copyright Act does not clearly indicate whether such works are protected, and judicial precedents show that such works are protected as works of art only in limited cases. Therefore, it can be concluded that Korea is more willing to provide overlap protection by the Copyright Act than Japan.

For protection of works of applied art under the Copyright Acts of both countries, especially with regard to criteria for judging copyrightability of those works, the Korean Copyright Act needs to clearly establish criteria for originality, and Japanese judicial precedents need to clearly establish criteria for originality that are identifiable with those for works of fine art.

The Unfair Competition Prevention Acts of both countries protect, for instance, containers or packages, etc. of products by the provisions concerning acts of causing confusion, including acts of causing confusion with another person's goods and acts of causing confusion with another person's commercial facilities or activities, acts of diluting famous trademarks or acts of abusing famous indications. The Unfair Competition Prevention Acts also protects product shapes by provisions concerning restrictions on dead copies which provide that acts of unfair competition are to include acts of imitating the product shapes of another person's goods and transferring or otherwise handling them. Those provisions play an important function and role in protecting unregistered works of applied art and design. However, the protection for works of applied art, especially for product shapes, tends to be limited in terms of the protection period, the nature of protection, which takes the form of granting the right to exclude imitations, and applicability, which is narrowed by provisions about exemption of application. In conclusion, in both countries, the protection provided under the Unfair Competition Prevention Acts for works of applied art can be considered similar in general but different in details, such as the criteria for protection and the remedies against infringement.

I Introduction

In order to protect intellectual property rights to works of applied art, both the Korean and Japanese current legal systems have taken two approaches. One approach is the grant of intellectual property rights (the Copyright Act, the Design Protection Act/Design Act) with the aim of

giving incentives in the form of motive or compensation to those who have obtained results through creative or competitive activities. The other approach is the grant of the right to seek an injunction (the Unfair Competition Prevention Act) with the aim of giving indirect incentives to those people through restrictions on the use of works of applied art. Under these intellectual property

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protection systems, it is important to strike a balance between an anticompetitive effect and a competitive effect. An anticompetitive effect is produced through the grant of exclusive rights and other legal rights that will achieve similar effects as exclusive rights through restrictions on the use of intellectual property to creators and those who have obtained results through competitive activities (e.g., the right to seek an injunction), whereas a competitive effect is produced by leaving such results of creative activities and competitive activities in the public domain in order to let consumers and the public as a whole use and enjoy those results. In recent years, design protection-related laws were revised in the Republic of Korea and Japan. These revisions were made to address difficult issues related to the legal protection of designs and objects of applied art, such as the issue of protecting them either under a registered design protection system or an unregistered design protection system, the issue of establishing either an examination design registration system or a non-examination design registration system, or the parallel use of both systems, the issue of adopting either the system of granting rights or the system of restricting acts to protect unregistered designs, and the issue of whether to permit overlap protection by the Design Act and the Copyright Act.

The purpose of this report is to conduct a comparative study of law between the Republic of Korea and Japan while focusing on the Design Protection Act/Design Act, the Copyright Acts, and the Unfair Competition Prevention Acts of the two countries in order to suggest a desirable future direction of design protection.

II Protection for Objects of Applied Art in the Republic of Korea

1 Protection of objects of applied art under the Design Protection Act of the Republic of Korea

(1) According to Article 2, subparagraph (i) of the

Design Protection Act of the Republic of Korea, designs must fulfill the following criteria in order to receive design protection: (i) embodiment in an article, (ii) representation of a configuration, (iii) visibility, and (iv) aesthetic sense.^(*1) Any work of applied art that cannot be concretely expressed on the exterior of an article is not subject to the Design Protection Act. Under the Design Protection Act, since a design shall be inseparable from the article on which it is expressed, if two articles are not identical, the designs expressed thereon must be considered as non-similar.^(*2) One of the aforementioned criteria, “embodiment in an article,” has been gradually relaxed by modifying the definition of “design.” In the revised Act of 2001 (enforced on July 1, 2001), the definition was expanded to cover partial designs. Furthermore, in the revised Act of 2004 (enforced on July 1, 2005), the definition was broadened to cover styles of calligraphy (typefaces) through constructive application of the criterion “embodiment in an article.” The newly introduced partial design system has been viewed as useful in obtaining a design registration for a character as a type of work of applied art.^(*3) The partial design system has also contributed to expanding the scope of protection to cover image designs.^(*4)

(2) Designs and objects of applied art must be registered in order to receive protection under the Design Protection Act. In order to be protected under said Act, a design must be (a) industrially applicable (the main text of Article 5), (b) novel (Article 5, subparagraphs (i) through (iii)), and must not be (c) easily creatable by any person with ordinary skill in the art (Article 5, paragraph (2)). Any design that falls under the definition of “unregistrable design” specified in Article 6 of the Design Protection Act may not be registered. The purpose of imposing the criterion of “industrial applicability” is to clarify that only mass-producible articles are subject to said Act^(*5) and to make industrially inapplicable objects, such as works of fine art and artistic crafts produced only as a single item, unregistrable under the Design Protection Act.^(*6) In general, “works of

(*1) 윤선희(Yun Sunhee), 『지적재산권법(9정판)』 (Intellectual property laws, the 9th edition), (세창출판사(Sechang Publisher), 2007), p. 198-219.

(*2) 『지적재산소송실무』 (Intellectual property judicial proceedings), 특허법원 지적재산소송실무연구회(Patent Court Study Group of Intellectual Property Proceedings), (박영사(Pakyungsa), 2006), p. 253.

(*3) 박성호(Park Sungho), 『저작권법의 이론과 현실』 (Theory and reality of the Copyright Act), (현암사(Hyeonamsa), 2006), p. 394-395.

(*4) 송영식(Song Youngsik), 이상정(Lee Sangjeong), 황중환(Hwang Jonghwan), 『지적소유권법(제9판)(상)』 (Intellectual property laws, the 9th edition (First volume)), (윅법사(Yukphubsa), 2005), p. 770-772.

(*5) Supreme Court Judgment 2004 후(Hu) No.2123 of September 15, 2005.

(*6) 송영식(Song Youngsik), 이상정(Lee Sangjeong), 황중환(Hwang Jonghwan), 『지적소유권법(제9판)(상)』 (Intellectual property laws, the 9th edition (First volume)), (윅법사(Yukphubsa), 2005), p. 748.

applied art” refers to aesthetic creations applied to useful articles for industrial mass production.^{(*)7} In this sense, “works of applied art” are expressed as the shapes of mass-producible articles and are therefore industrially applicable.

Consequently, the concept of works of applied art itself could induce overlap protection by the Design Protection Act and the Copyright Act.^{(*)8} Meanwhile, according to precedents,^{(*)9} one of the registration criteria, “novelty” (Article 5, paragraph (1), subparagraphs (i) through (iii)), has been interpreted as objective creativity in an ordinary sense. In contrast to such an absolute concept of “novelty” within the framework of the Design Protection Act,^{(*)10} “novelty” within the framework of the Copyright Act is a relative concept because creativity is conditional under the Copyright Act.^{(*)11(*)12} A judgment on similarity with a publicly-known design must be made based on the similarity in the sense of beauty experienced by general consumers.^{(*)13(*)14} With regard to the criterion “not easily creatable by any person skilled in the art” (Article 5, paragraph (2)), a comparison with the former Design Act prior to the revision of 2004 reveals

that the Act has broadened the definition of a design that could be easily creatable by any person with ordinary skill in the art by refusing to register any design that could be easily created by combining publicly-known designs (that fall under either subparagraph (i) or (ii) of paragraph (1)).^{(*)15} A design would be considered to be easily creatable by any person skilled in the art if the design could be easily created by a designer with an average level of knowledge and skills in the industry to which the design pertains at the time of the filing of the design application, i.e., a person skilled in the art.^{(*)16}

(3) A design right takes effect only after an application for the design is filed, examined, and registered. Protection is provided for the design on and from the design registration date. The owner of a design right has the exclusive right to commercially and industrially work the registered design and a similar design (Main text of Article 41). The creator of a work of applied art that satisfies the criteria for the establishment and registration of a design prescribed in the Design Protection Act is entitled to obtain an absolute

(*7) 이해완(Lee Haewan), 『저작권법』 (Copyright Act) (박영사(Pakyoungsa), 2007), p. 64 and 정상조(Jeong Sangjo), 『지적재산권법』 (Intellectual property laws) (홍문사(Hongmoonsa), 2004), p. 239-240, Nobuhiro Nakayama, *Chosakukenhou* (Copyright Act) (Yuhikaku, 2007), p. 139, Fumio Sakka, *Chosakukenhou seido to seisaku, Dai 3 han* (Intellectual property law systems and policies (third edition)) (Japan Institute of Invention and Innovation, 2008), p.567, Masao Handa, *Chosakukenhou gaisetsu (Dai 12 han)* (Introduction to the Copyright Act (12th edition)), (Hougakushoin, 2005), p. 87-88.

(*8) 김원오(Kim Wonoh), 「지적재산권 중첩보호체제의 문제점과 해결원리-응용미술품의 의장법과 저작권법에 의한 중첩보호를 중심으로-」 (Issues and solutions related to the overlap protection of intellectual property rights - With the focus on the overlap protection provided by the Design Act and the Copyright Act for works of applied art), (산업재산권(Industrial Property Rights)) no.15, (사단법인 한국산업재산권법학회(Korean Society for Legal Studies of Industrial Property Rights), 2004.5), p. 127.

(*9) Supreme Court Judgment 2000 후(Hu) No.3388 of June 29, 2001 (공(Public) 2001, 8. 15. (136), 1778).

(*10) The former Design Act enforced in Germany in 2004 was regarded as a copyright-type intellectual property law. In connection with the former Design Act, the German Supreme Court (BGH) adopted relative and objective criteria for judging novelty (Neuheit). (For further details, refer to Catharina Maracke, *A Delimitation of Design Protection and Copyright*, Tokkyochou itaku heisei 17 nendo sangyou zaisanken kenkyu suishin jigyou houkokusho (Patent Office-commissioned report on projects to promote research on industrial property rights in 2005), (Institute of Intellectual Property, 2006), p. 3-4).

(*11) Supreme Court Judgment 94 도(Do) No.2238 of November 14, 1995 (공(Public) 1996, 1. 1. (1), 117), Seoul District Court Judgment 2002 가합 (Ga-Hap) No.79435 of December 26, 2003.

(*12) 오승중(Oh Seungjong), 이해완(Lee Haewan), 『저작권법(제 4 판)』 (Copyright Act, the 4th edition) (박영사(Pakyoungsa), 2005), p. 25 and 송영식(Song Youngsik), 이상정(Lee Sangjeong), 황종환(Hwang Jonghwan), 『지적소유권법(제 9 판)(하)』 (Intellectual property laws (the 9th edition) (Second volume)), (육법사(Yukphubsa), 2005), p. 525-526.

(*13) For more information on how to make a judgment on similarity between designs, please refer to Supreme Court Judgment 2000 후(Hu) No.129 of May 15, 2001 (공(Public) 2001. 7. 1., 1416).

(*14) A judgment on whether a design satisfies the registration criterion of novelty specified in Section 171 of the U.S. patent law (35 U.S.C. §171) must be made based on an “ordinary observer” test in principle (Gorham Co. v. White, 81U.S. (14 wall) 511, 528, 1871).

(*15) 특허법원 지적재산소송실무연구회(Patent Court Study Group of Intellectual Property Proceedings), op.cit., 2, 지적재산소송실무 (Intellectual property judicial proceedings), p. 253.

(*16) Nonobviousness is one of the criteria for registration of a design patent in the United States. A judgment as to whether said criterion is satisfied is made from the viewpoint of an “ordinary designer,” i.e., a “person having ordinary skills in the art.” Nonobviousness is determined in consideration of Graham’s Factors, which are also used in the case of utility patents. (Graham v. John Deere Co. of Kansas City, 15 L. Ed. 2d, 545, 556, 148 USPQ 459, 467 (1966)).

exclusive right that is effective for 15 years from the registration date (Article 40, paragraph (1)).

(4) One of the characteristics of the design registration procedure of the Republic of Korea is the parallel use (referred to as the double track) of the examination registration system and the non-examination registration system. A registered design right has the same effect and enjoys the same scope of protection regardless of which procedure the design has undergone (Article 41). A non-examination design registration system (Article 2, subparagraph (v)) was introduced under the former Design Act (enforced on March 1, 1998) in order to handle particular articles that were strongly affected by trends (e.g., textile designs, wallpaper designs).^(*17) Under the recently revised Design Protection Act (enforced on July 1, 2007, Act No.8187), if the design claimed in an application for unexamined design registration can be easily created by means of designs that are widely known in the Republic of Korea, a decision must be made to refuse registration of the design (Article 26, paragraph (2)).^(*18) Furthermore, the articles belonging to Class A1 (Processed foods and snacks) and image designs were newly added to the subjects eligible for unexamined design registration.

2 Protection for works of applied art under the Copyright Act of the Republic of Korea

(1) Recent revisions of the Copyright Act of the Republic of Korea

The Copyright Act of the Republic of Korea revised in 2006 (revised by Act No.8101 of December 28, 2006 and enforced on June 29, 2007) defines “works” as “creative productions in which the ideas or emotions of human beings are expressed” (Article 2, subparagraph 1). Regarding the interpretation of the aforementioned new definition of works, some people argue that it is

unnecessary to use the comprehensive concept of intellectual and cultural works in interpreting the definition of works, whereas others argue that it is still inevitable to use such a concept.^{(*19)(*20)}

On the other hand, works of applied art are defined in Article 2, subparagraph 15 as “artistic works that may be reproduced in the same shape on articles and whose originality is distinguishable from the articles used, and shall include designs, etc.” This definition remained the same in the revised Act of 2000, but it was repositioned from Article 2, subparagraph 11-2.

(2) Works of applied art subject to the original Copyright Act of 1957 (works created by June 30, 1987)

Under the original Copyright Act (established in 1957, Act No.423), which was in effect until 30, 1987, only works of industrial art were recognized as works. Objects of applied art and works of applied art were not covered by said Act (Article 2 of said Act). Some people point out that it was basically interpreted that the objects of art protected under the Copyright Act of 1957 were limited to such objects of fine art as paintings and scriptures and that, while objects of applied art were excluded from the scope of copyright protection, artistic crafts produced only in a single item were protected as an exception.^(*21)

(3) Works of applied art subject to the revised Copyright Act of 1986 (works created by June 30, 2000)

The revised Copyright Act of 1986 (revised by Act No.3916 and enforced on July 1, 1987) specifies that “works” shall include paintings, calligraphic works, designs, sculptures, crafts, objects of applied art, and other artistic works (Article 4, subparagraph 4). Consequently, the issue of overlap protection by the Copyright Act and the Design Protection Act (the former Design Act) became a subject of vigorous debate. Academic theories and judicial precedents were

(*17) 윤선희(Yun Sunhee), *op.cit.*, 1, 지적재산권법(9 정판)(Intellectual property laws, the 9th edition), p.219.

(*18) 고이화(Ko Ihwa), 「한국의 디자인보호법」 (Revision of the Design Act of the Republic of Korea), AIPPI vol. 52, no.7, International Association for the Protection of Intellectual Property, July 2007, p. 476-478.

(*19) 오승중(Oh Seungjong), 『저작권법』 (Copyright Act), (박영사(Pakyoungsa), 2007), p. 40.

(*20) 이호흥(Lee Hoheung), 『저작권법과 디자인법의 교차영역에 관한 연구』 (Study of the cross region between the Copyright Act and the Design Act), 저작권위원회(Copyright Committee), 2007, p.10, 이해완(Lee Haewan), *op.cit.*, 7, 작권법(Copyright Act), p. 24.

(*21) 오승중(Oh Seungjong), 이해완(Lee Haewan), 『저작권법(제 4 판)』 (Copyright Act (the 4th edition), (박영사(Pakyoungsa), 2005), p.174, 심재필(Sim Jaepil), 「응용미술작품의 지적재산권적 보호」 (Intellectual property protection for works of applied art), 대전지방법변호사회(Taejeon Regional Bar Association) (First issue), June 2000, p. 207. The same interpretation was presented in the “rosary ring” case (Seoul Central District Court Judgment 2005 노(No) No.3421 of February 9, 2006) (각공(Public) 2006.4.10 (32), 1135).

divided on this issue. ^(*)22)

One of the famous cases is the Taihan Textile case concerning the unauthorized use of a flower-patterned textile design, where the court held that, “All objects of applied art created for the purpose of industrial mass production are not necessarily protected as copyrightable works under the Copyright Act. Copyright protection shall be provided to objects only if the objects themselves are considered to have artistic characteristics and value and are recognized as creative productions that belong to the aforementioned artistic fields.” ^(*)23) In another precedent of the Supreme Court, concerning a style of calligraphy (typeface), the copyrightability of a work of applied art was denied based on the same criterion. ^(*)24) Regarding said criterion applied by the Supreme Court, some people expressed the criticism that, although the criterion seemed reasonable and concrete, it was, in fact, extremely subjective and too vague to be regarded as a criterion. ^(*)25) In the aforementioned Taihan Textile case, the Supreme Court was cautious about providing overlap protection for works of applied art by holding that, if such works became eligible for overlap protection, i.e., protection by both the Copyright Act and the Design Act, people would forget why the Design Act had various restrictive provisions concerning such matters as the novelty criterion, registration requirements and a short protection period and that the industrial circles, which were usually accustomed to protection under the Design Act, would be greatly confused by such overlap protection.

(4) Works of applied art to which the revised Act of 2000 is applied (works created on or after July 1, 2000)

In this revised Act (revised by Act No.6134 of January 12, 2000 and enforced on July 1, 2000), the term “objects of applied art” used in the revised Act of 1986 was replaced with “works of applied art.” Furthermore, the Act of 2000 newly established Article 2, subparagraph 11-2 to define works of applied art. In addition, Article 4, paragraph 1, subparagraph 4 listed works of applied art in addition to paintings, calligraphic works, sculptures, and crafts, as artistic works. ^(*)26) The possibility of introduction of the separability theory of the United States was vigorously discussed. For instance, in the course of devising the revised Copyright Act of 2000, said theory was presented as a bill without modifications. ^(*)27) Said theory also affected the interpretation theories of the revised Act of 2000. ^(*)28)

In one of the famous cases regarding this issue, i.e., the “Hiddink’s tie” case (Supreme Court Judgment 2003 도(Do) No.7572 of July 22, 2004) concerning the design of “Hiddink’s tie,” which consists of our traditional *taiji* pattern and the *bagua* pattern reproduced repeatedly in both vertical and horizontal directions, the court held that “If said design is recognized as a type of object of applied art, said design should be regarded as an ‘artistic work that can be reproduced in the same shape on articles.’ Furthermore, if said design is found distinguishable separately from the article (a tie in this case), said design should be regarded as a work of applied art under Article 2, subparagraph 11-2 of the Copyright Act.” However, the Court did not address the definition of “originality” and simply left the task of

^(*)22) For further details of the academic theories, please refer to 차상욱(Cha Sangyook), 「응용미술의 저작물성 판단기준」 (Criteria for judging copyrightability of works of applied art), 창작과 권리(Creation and Rights), Winter issue of 2006, 세창출판사(Sechang Publisher), 2006, p. 81-83.

^(*)23) Supreme Court Judgment 94(도(Do))No.3266, February 23, 1996 (공(Public) 1996.4.15(8), 1170).

^(*)24) Supreme Court Judgment 94(누(Nu))No.5632, August 23, 1996 (공(Public) 1996.10.1(19), 2867).

^(*)25) 이상정(Lee Sangjeong), 「이른바‘히딩크 넥타이’의 도안의 저작물성-대법원 2004.7.22.선고 2003 도 7572 판결-」 (Copyrightability of the so-called ‘Hiddink’s tie’ design - Supreme Court Judgment 2003 도(Do) No.7572 of July 22, 2004), 창작과 권리(Creation and Rights), Sprint issue of 2006 (no. 42), 세창출판사(Sechang Publisher), March 2006, p. 62.

^(*)26) Regarding the legislative purpose, please refer to 김태훈(Kim Taehoon), 「개정저작권법 해설」 (Introduction to the revised Copyright Act), 계간저작권(Quarterly Copyrights), Spring issue of 2000 (Regular issue, no. 49), 저작권심의조정위원회(Copyright Deliberation and Arbitration Committee), March 2000, p. 8.

^(*)27) Regarding the separability test conducted within the framework of the U.S. copyright law, please refer to 이해완(Lee Haewan), op.cit., 7, 저작권법(Copyright Act), p. 67-74, 이상정(Lee Sangjeong), 『산업디자인과 지적소유권법』 (Industrial designs and intellectual property laws) (세창출판사(Sechang Publisher), 1995), p.146-173, Naoki Koizumi, *Mohou no jiyuu to fuseikyousou* (Freedom of imitation and unfair competition), (Yuhikaku, 1994), p. 61-63, Shira Perlmutter, *Conceptual Separability and Copyright in the Designs of Useful Articles*, The Journal of The Copyright Society of U.S.A., No.37 (1990), p.372-379.

^(*)28) 심재필(Sim Jaepil), op.cit., 21, p. 234, 오승중(Oh Seungjong), 이해완(Lee Haewan), 저작권법 (Copyright Act), p.184, 조원희(Jo Wonhee), 「응용미술저작물의 보호기준에 대한 소고」 (Study on the criteria for protection of works of applied art), 계간저작권(Quarterly Copyrights), no. 70, (Summer issue of 2005), p. 29.

establishing concrete criteria for originality to the future accumulation of court decisions. ^(*29) ^(*30)

3 Protection of works of applied art under the Unfair Competition Prevention Act of the Republic of Korea

(1) Overview of legal provisions

Under the Unfair Competition Prevention and Trade Secret Protection Act of the Republic of Korea (hereinafter referred to as the “Unfair Competition Prevention Act”), the acts related to the protection for designs and works of applied art are: an act of causing confusion with another person's goods or with another person's commercial facilities or activities (Article 2, subparagraph 1가 (Ga) and나 (Na)), an act of diluting a famous trademark (다 (Da) of said subparagraph), and an act of imitating the shape of the goods produced by another person (자 (Ja) of said subparagraph). As civil remedies, said Act provides a “person whose business interest is injured or threatened” with the right to file a claim for prohibition or prevention (the right to seek an injunction) (Article 4) and specifies that a “person who intentionally or negligently causes damage to another person’s business interest is liable for payment of compensation of damages” (Article 5). Meanwhile, as a criminal remedy, any person who commits an act of unfair competition will be subject to criminal punishment (Article 18 and Article 19). However, no criminal punishment will be imposed on any person who commits an act of imitating the shape of goods (자 (Ja) of said subparagraph). Unlike the Trademark Act and the Design Protection Act (the former Design Act), which have adopted a rights-granting system, in other words, a system to protect works of applied art by granting monopolistic and exclusive rights, the Unfair Competition Prevention Act has adopted the “behavior-regulation system.” The Unfair Competition Prevention Act handles both

unregistered trademarks and unregistered designs. In the case of an unregistered trademark, said Act regulates an act that is likely to cause confusion with a well-known or famous trademark, trade name, or any other sign of business. In the case of an unregistered design, said Act regulates an act of transferring goods whose shape has been copied from the goods produced by another person. In order to maintain the order of fair competition, said Act examines the details of each act and prohibits the act on a case-by-case basis. A study of right-granting systems for unregistered designs from the perspective of comparative law reveals that some countries have adopted a system to protect such designs by granting the right to prohibit imitation. For example, the United Kingdom grants unregistered design rights. In the European Community, unregistered Community design rights are granted under the European Community Design Regulation.

In the meantime, in order to protect unregistered trademarks, the United States has established the doctrine of trade dress in Section 43(a) of the federal Trademark Act of 1988 (the Lanham Act). Trade dress protection is provided on the condition that the trade dress is nonfunctional, distinctive, and is likely to cause confusion. ^(*31) The famous precedents regarding the criterion of distinctiveness include the Wal-Mart case and the Two Pesos, Inc. v. Taco Cabana, Inc. case. ^(*32)^(*33) A famous precedent regarding the criterion of non-functionality is the Traffix case. ^(*34) In connection with the system to protect famous trademarks, the United States newly established Section 43(c) of the U.S. Trademark Act (Lanham Act) on January 16, 1996, which eliminated the need for trademark holders to prove a likelihood of confusion or the existence of a competitive relationship. However, according to recent precedents of the United States Supreme Court, the Court held that it would be necessary to prove actual dilution and objectively prove actual injury to the economic value of the famous trademark in question. ^(*35)

(*29) No clear definition of originality was given in Seoul Central District Court Judgment 2005 가합 (Ga-Hap) No.102770 of April 11, 2007 (“Pet dog” case).

(*30) Based on relevant precedents in the United States, some people in industrial circles consider it difficult to protect objects of applied art under the Copyright Act based on the separability theory (Perry J. Saidman, “The Crisis in the Law of Designs,” The Journal of the Patent and Trademark Office Society (JPTOS), Vol.89. No.4, April 2007, p. 306~310).

(*31) Naoki Koizumi, op.cit., 27, *Mohou no jiyuu to fuseikyousou* (Freedom of imitation and unfair competition), p. 70-79.

(*32) Wal-Mart Stores, Inc., v. Samara Brothers, Inc., 529 U.S. 205 (2000).

(*33) Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992).

(*34) Traffix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001).

(*35) Moseley v. V Secret Catalogue, Inc., 123 S. Ct. 1115, 537 U.S. 418 (2003).

(2) Protection of works of applied art from acts of causing confusion

The protection provided to the shape of a product against an act of causing confusion has the following characteristics: (i) The protection is not to protect the value of the shape of a product per se but to protect the shape of a product that has a source-indicating function, i.e., that displays distinctiveness and (ii) the purpose of prohibiting an act of imitating the shape of a product as an act of unfair competition is to prevent the imitation of the design that is likely to cause confusion as to the source of products.^(*36) There are two types of act of causing confusion: an act of causing confusion with another person's goods prescribed in Article 2, subparagraph 1, 가 (Ga) and an act of causing confusion with another person's commercial facilities or activities prescribed in Article 2, subparagraph 1, 나 (Na). Either type of act is considered to be committed only if the work of applied art in question is (i) recognizable as a sign of goods or a sign of business, (ii) "well-known," (iii) "identical or similar," and (iv) "likely to suffer confusion."^(*37)

According to relevant precedents, a product package, container, or design could be recognized as an indication of the product "only if the pattern, color, or design displayed on a package or container has been used, in addition to the trademark thereon, as a means to give the product unique characteristics and has come to attain a superior position thanks to the differentiated features of the color, design, etc., which have become so distinctive, as a result of its long-term, continuous, monopolistic, or exclusive use or continuous advertisement, that traders and consumers would presume that any product sold in said package or container has a certain quality level and came from a certain source."^(*38)

(3) Protection of works of applied art from acts of diluting a famous trademark (Article 2, subparagraph 1, 다)

This provision, which was newly established

in the Unfair Competition Prevention Act revised on February 3, 2001, is applicable to an act of unfair competition, even if the act does not cause confusion of sources, that unjustly causes damage to the distinctiveness and reputation of a famous trademark without any justifiable reason. Since this act of unfair competition differs from other acts of unfair competition that cause direct damage to consumers, this provision specifies that a person who commits such an act shall be made liable for damages and recovery of the reputation.^(*39) In a relevant precedent, the court presented the criteria for judging an act as an act of diluting a famous trademark by holding that, "A person shall be considered to be committing an act of unfair competition that damages the distinctiveness and reputation of a sign of another person only if (i) the product sign or the business sign in question is widely known within the country, (ii) the person uses a sign that is identical or similar to the product sign or the business sign, and (iii) the person consequently damages the distinctiveness and reputation of another person's sign. The person shall be regarded to be committing an act of unfair competition even if there are no competitive relationships between the parties concerned and there is no likelihood of confusion." The court's ruling for this case showed that it would be possible to request an injunction without concrete evidence for the occurrence of dilution as long as there is a likelihood of dilution.^(*40)

(4) Protection of works of applied art from acts of imitating the shape of goods (Article 2, subparagraph 1, 자 (Ja))

The establishment of a provision to prohibit the imitation of the shape of goods was meaningful in that it provided protection even to the shapes of goods that were not recognized as "well known." In the precedents concerning Article 2, subparagraph 1, 가 (Ga) and 나 (Na), it was considered to be extremely difficult, in practice, to prove that the shape of a product in dispute can be recognized as a "sign of goods"

(*36) 황보영(Hwang Boyoung), 「부정경쟁방지법상 상품형태의 보호」(Protection for the shapes of goods under the Unfair Competition Prevention Act), (Translation, Professor Collection of Papers to Commemorate the 60th Birthday of 김 명신(Kim Myeongshin), Current and future intellectual property systems), 한국산업재산권법학회(Korean Association of Industrial Property Laws), (법문사(Bobmunsa), 2004), p. 344.

(*37) 황보영(Hwang Boyoung), op.cit., 36, p. 344, 안원모(Ahn Wonmo), 「디자인에 대한 부정경쟁방지법적 보호문제」(Design protection under the Unfair Competition Prevention Act), 『상표법 및 부정경쟁방지법』(Trademark Act and Unfair Competition Prevention Act), (대한변호사협회 변호사연수원(Korean Bar Association Research Center), 2008), p. 117-118.

(*38) Supreme Court Judgment 2003 도 (Do) No.7827 of April 13, 2006 (unpublished).

(*39) 송영식(Song Youngsik), 이상정(Lee Sangjeong), 황중환(Hwang Jonghwan), op.cit., 12, 지적소유권법(제 9 판)(하)(Intellectual property laws (the 9th edition) (Second volume)), p. 427.

(*40) Seoul District Court Ruling 2003 카합 (Ka-Hap) No.1488 of August 7, 2003.

and “well known.” Regarding an act of dead-copying the shape of goods, Article 2, subparagraph 1, ㄱ (Ja) was newly established by Act No.7095 of January 20, 2004 (enforced on July 20, 2004) in order to prohibit such copying and the transferring of such copies. The term “shape of goods” includes the shape of a prototype and the shape of a product presented in a brochure featuring the product. Said provision provides three-year protection from the date on which the shape of goods is determined, such as the date on which a prototype of the goods is produced. Such protection would not be provided to the ordinary shapes of similar goods.

In a relevant precedent, the court held that, in order to determine whether the plaintiff is entitled to file a claim, “We presumed that ‘Another person’ specified in Article 2, subparagraph 1, ㄱ (Ja) of the Unfair Competition Prevention Act refers not to the person who has created the shape of a product, but to a person who has made an investment or taken a risk in commercializing the product. A person who has an exclusive right to import and sell the product and makes efforts to develop and maintain marketing channels has business interests deserving of protection. Such a person may be recognized as a person entitled to make a claim under this provision if the person can prove that (i) the preceding party commercialized the product and (ii) the preceding party gave the person an exclusive sales right.”^(*41)

III Protection of Objects of Applied Arts in Japan

1 Protection of Objects of Applied Arts by the Design Act in Japan

(1) Features of the Protection of Objects of Applied Arts under the Design Act as Compared to Their Protection under the Copyright Act

The Japanese Design Act includes objects of applied art in the definition of design and stipulates the protection of objects of applied art as design. The following five points distinguish the protection of objects of applied art under the Design Act as compared to the protections under the Copyright Act: (1) the right that is granted under the Design Act is an absolute right (which means that the right

does not require the proof of reliance on another person’s works that is required for cases of copyright infringement); (2) the term of protection is shorter than the term for copyrights (this is because if long term protection, like the protection for copyrights, is granted to designs, then monopolization of a design is likely to preserve a gap with the competitive conditions of other parties concerning the function of articles and is therefore not reasonable.); (3) the protection is based on a principle of registration (which means that the registration is granted only to a design with novelty and creativity that is not easily created or is difficult to create by an examination of the application for registration and it is essential to make public notification of the establishment of the right); (4) the design is individualized by an article to be worked on (which means that the creator of a design creates a design for each article, but not for the shape itself; therefore, it is different from the Copyright Act that provides a right regardless of what article is worked); and (5) industrial applicability is required for registration (which is in order to eliminate the shape of single, unique articles, such as artistically-crafted works, from protection under the Design Act; the objects of applied art are usually created in the shape of articles for mass production so that they meet the requirements of industrial applicability).^(*42)

(2) Requirements for Establishment and Registration of a Design

Under the amended Design Act of 1998 (hereinafter referred to as the “Former Design Act”), the definition of a design included part of an article and introduced the partial design system. Under the amended Design Act of 2006 (hereinafter referred to as the “New Design Act”), the definition of a design was amended again in order to enhance the protection of screen designs (Article 2, paragraph (2) of the New Design Act). According to the definition of the New Design Act (Article 2, paragraph (1)), designs subject to protection are required to meet with the following requirements: (1) being an “article”; (2) having a certain configuration; (3) being visual; and (4) sensuousness. It is considered to be a feature of the Japanese Design Act to have defined aesthetic impression as one of the elements of a design as it is defined under the Design Protection Act in Korea.^(*43)

(*41) Seoul South District Court Judgment 2006 가합 (Ga-Hap) No.6288 of February 8, 2007

(*42) Tatsuki Shibuya, *Chosakukenhou/Ishouhou, in Chitekizaisanhou kougi II (dai 2 han)* (Copyright Act and Design Act, Lectures on Intellectual Property Rights Law II (second edition) (Yuhikaku, 2007), at 32-33

(*43) Shibuya, op. cit. 42, *Chosakukenhou/Ishouhou* at 556.

The Design Act requires registration for industrial applicability (Article 3, paragraph (1), except each item); novelty (Article 3, paragraph (1)); and creativity that is not easily created (Article 3, paragraph (2)). This protection of objects of applied art by the principle of registration allows the establishment of an absolute right. For example, a design consisting solely of a shape that is indispensable for securing the functions of the article may not be registered (refer to Article 5, item (i) to (iii) inclusive). And, where two or more applications for design registration are filed for identical or similar designs on different dates, only the applicant who filed the application for design registration on the earliest date shall be entitled to obtain a design registration for the design (Article 9, paragraph (1); first-to-file system). In short, a registration shall be granted only to the designs that have novelty and creativity that is not easily created as examined by a substantive examination when filing a registration and the established right shall be published.

The design shall basically protect the form represented in articles produced by industrial means and have objective creativity that is recognized by evaluating the creator's own subjective creation of the design. Consequently, the registration is granted only to designs that are difficult for a person skilled in the art to create easily based on a publicly known shape in Japan and overseas before the filing of the design registration. Creativity that is not easily created means a subjective creativity that corresponds to the "inventive step" stipulated in Article 29, paragraph (2) of the Patent Act and the standards for creativity that is not easily created are based on all standards in Japan and overseas. With regard to provisions on exceptions to the lack of novelty in a design (Article 4), stipulating that the design shall not lack novelty if the person concerned applies for a design registration within six months from the date on which the design becomes publicly known, the New Design Act of 2006 extends the term of submission for certification, which was previously stipulated as within 14 days from the application, to within 30 days.

(3) The Effect of Design Rights and Duration thereof

The holder of a design right shall have the exclusive right to work the registered design and designs similar thereto (Article 23). Therefore, the design right is an exclusive and absolute right so that an act of working a design identical or similar to the registered design without obtaining the agreement of the holder of the design right infringes the design right, except in cases where it is based on a statutory non-exclusive license (Articles 29 to 32 inclusive) or where the effect of the design right is restricted (Article 36). Consequently, the holder of a design right may seek for an injunction of said act and demand compensation for damages.^(*44) In addition, where a registered design or a design similar thereto uses another person's registered design, etc. for which an application is filed prior to the date of filing of the application for said design or is in conflict with another person's copyrights, etc. which arose prior to the date of filing of the application for said registered design, the holder of said design right, etc. may not work said registered design as a business (Article 26). Therefore, in case of working, the agreement of said other person is required.

The New Design Act of 2006 stipulates in Article 24, paragraph (2) that "Whether a registered design is identical with or similar to another design shall be determined based upon the aesthetic impression that the designs would create for the eye of their consumers" and clarified the subject of who makes a judgment on the scope of similarity of designs. With regard to the interpretation of the court decisions on judgments of similarity, such as the judgment of the Supreme Court of Japan in the "Flexible Coil Retractable Hose Case" (judgment of the Third Petty Bench of the Supreme Court, March 19, 1974; *Minshu* (The Supreme Court report on civil cases) vol.28, No.2 at 308)^(*45) or the judgment of the Supreme Court with the same intent as the other judgment in the "Hat Design Case" (the judgment the Second Petty Bench of the Supreme Court, February 28, 1975; *Minshu* vol. 114, at 287; *Hanrei Taimuzu* (The Law Times Report) No.320 at 160), there was basically a conflict

(*44) Etsuji Kotani and Yoichiro Komatsu, ed. *Ishou/design no houritsu soudan* (Legal Consultation on Designs) (Seirinshoin, 2006) at 153 (the portion written by Shigeki Chaen).

(*45) Kazufumi Dohi, "Douitsu/Ruiji no buppin no ishoushou to ishoushou 3 jou 2 kou no tekiyou (Katou shinshuku housu jiken) (Identical or Similar Design of an Article and Application of Article 3, Paragraph (2) of the Design Act thereto (Flexible Coil Retractable Hose case))", *Shouhyou/Ishou/Fuseikyoso Hanrei Hyakusen (Bessatsu Jurisuto No.188)* (100 selected cases on trademarks, designs, unfair competitions (Separate volume of Jurist No.188)) (Yuhikaku, November 2007) at 100 – 101.

between the Confusion Theory^(*46) and the Creation Theory.^(*47)

Under the Former Design Act, the duration of the design right ended after a period of 15 years from the date of registration of its establishment (Article 21), while under the New Design Act of 2006, it is amended to end after a period of 20 years (Article 21, paragraph (1)). Related Design rights shall end after a period of 20 years from the date when the establishment of the design right of the Principal Design is registered (paragraph (2) of the same Article).

(4) Protection of Objects of Applied Art and Discussion of the Introduction of a Non-Substantive Examination System

Discussion of the introduction of the non-substantive examination system or duplicating substantive and non-substantive examination systems was a problem during the amendment of the Design Act in 1998. In the amendment of the Design Act in 2006, with regard mainly to objects of applied art for which the lifecycles are short, as concrete system models, the utility model type, examination request type, Act on Layout-Design of Semiconductor Integrated Circuits type, and Copyright Act type have been proposed. However, it was strongly requested for stabilization of rights as an overall opinion, in light of the costs required of companies for monitoring rights or responses to a trial for invalidation. Therefore, the introduction of a non-substantive examination system was suspended. The climate of current practice questions the necessity of introducing a non-substantive examination system while considering the point that Article 2, paragraph (1), item (iii) of the Unfair Competition Prevention

Act functions sufficiently.

(5) Possibility of Protection of Typeface by the Design Act, etc.

With regard to the protection of typeface in Japan, it has not been protected as a design right. It may be said that there are few court decisions that protect typeface by the Copyright Act, except cases where a settlement has been reached between parties. As an example of court decisions, there are (1) the Yagi Bold Case,^(*48) (2) the Morisawa vs. S.I.C. Case,^(*49) (3) the Shaken vs. Morisawa Case,^(*50) etc. On the other hand, with regard to protection under the Unfair Competition Prevention Act, there is a case where the court recognized that a dial plate for a typesetting machine was publicly known.^(*51)

2 Protection of Objects of Applied Art under the Copyright Act in Japan

(1) Provisions of the Copyright Act in Japan

The current Copyright Act stipulates in Article 2, paragraph (1), item (i) that a “work” means a production in which thoughts or sentiments are expressed in a creative way and which falls within the literary, scientific, artistic or musical domain.” In Article 2, paragraph (2) of the Act, it stipulates that an “artistic work as used in this Act includes artistically-crafted works (bijutsukougeihin).” And in Article 10, paragraph (1), item (iv), it stipulates as examples of these works: “paintings, engravings, sculptures and other artistic works.” However, it has been pointed out that these provisions do not clarify whether the Copyright Act sets objects of applied art as subject to its protection.^(*52) The current Copyright Act in Japan was established by full

(*46) Masabumi Suzuki, “*Ishou no ruihi handan kijun (Ishou keesu jiken)*, (Criteria for judgment on similarity of design (Simplified Wardrobe Case))”, *Shohyo/Isho/Fuseikyoso Hanrei hyakusen (Bessatsu Jurisuto No.188)* (100 selected cases on trademarks, designs, unfair competitions (Separate volume of Jurist No.188)) (Yuhikaku, November 2007) at 103.

(*47) Riichi Ushiki, *Ishouhou no kenkyu* (Study of the Design Act) (Hatsumei kyokai, 4th revised edition, 1994) at 128 – 131 and Riichi Ushiki, *Dezain, kyarakutaa, paburishithii no hogo* (Protection of designs, characters, and publicity), (Yuyusha, 2005) at 137 – 147.

(*48) Judgment of the Tokyo District Court, March 9, 1979: dismissal, *Mutaishu* (Collection of Court Decisions of Intangible Property) vol.11, No.1 at 114, or *Hanrei jihou* (Judicial Reports) No.934 at 74; judgment of the Tokyo High Court, April 26, 1983: dismissal, *Mutaishu* vol.15, No.1 at 340; *Hanrei Taimuzu* (The Law Times Report) No.495 at 238, or *Hanrei jihou* No.1074 at 25; and settlement by the Supreme Court, April 1, 1985

(*49) Judgment of the Osaka District Court, March 8, 1989: dismissal, *Mutaishu* vol.21, No.1 at 93, or *Hanrei jihou* No.1307 at 137; settlement by Osaka High Court, March 20, 1990.

(*50) Judgment of the Osaka District Court, June 24, 1997: dismissal, *Hanrei Taimuzu* No.956 at 267; judgment of the Osaka High Court, July 17, 1998: dismissal (1997 (Ne) No.1927); and judgment of the First Petty Bench of the Supreme Court, September 7, 2000: dismissal, *Minshu* vol.54, No.7 at 2481, *Hanrei jiho* No.1730 at 123, or *Hanrei Taimuzu* No.1046 at 101.

(*51) Judgment of the Tokyo District Court, January 22, 1988: upholding; judgment of the Tokyo High Court, January 24, 1989: dismissal of appeal; and judgment of the Supreme Court, July 20, 1991: dismissal of final appeal.

(*52) Fumio Sakka, *Shokai Chosakukenhou (dai 3 pan)* (Detailed Explanation: The Copyright Act (3rd edition)), (Gyousei, 2006) at 135.

amendment of the former Copyright Act (Act No.39 of 1899) in 1960; however, it is said that “the way of protecting works of applied art under the Copyright Act is an issue inherent in the current Copyright Act.”^(*53)

With regard to theories on interpretation of Article 2, paragraph (2) concerning the scope of protection of objects of applied art, the following theories are opposed: the first, a theory that understands Article 2, paragraph (2) of the Copyright Act as recognizing only artistically-crafted works as works and, therefore, other objects shall not be works, which only allows artistically-crafted works to have protection under the Copyright Act (Restriction Theory);^(*54) the second, a theory that considers Article 2, paragraph (2) of the Copyright Act to be a provision of illustration and that in addition to the illustration, other produced articles of utility shall be protected as art works only when those articles fall under the category of pictures, sculptures, etc. as fine art (Illustration Theory);^(*55) and the third, an opinion that avoids trying to regard objects of applied art as fine art or artistically-crafted works, considers objects of applied art as works that are not illustrated in the list, and states that objects of applied art are in the shape of mass production goods, the shape of mass production goods does not deny copyrightability, and there are no provisions denying their copyrightability in the Copyright Act.^(*56)

(2) The Problem of Overlapping the Protections of the Copyright Act and the Design Act

It may be said with regard to objects of applied art that “the question of which protection under the Copyright Act or the Design Act is

preferable results in the issue of what kind of protection system is the most preferable in light of the differences between both Acts, such as the differences of effect, etc. including personal rights, protection period, existence of examination, existence of public notice and registration, scope of protection, etc.”^(*57) In addition, these oppositions of opinions may cause major differences with the interpretation of legal relationships in cases where the copyright for objects of applied art in question is executed in practice after the design right is extinguished due to expiry, or where the design right and the copyright of an identical object of applied art belong to different people. The two following theories are considered to be opposed: a negative opinion on overlapping application^(*58) which takes a negative standpoint since the overlapping application requires adjustment between the Design Act and the Copyright Act; and a positive opinion on overlapping application^(*59) which is based on the idea that adjustment between the Design Act and the Copyright Act is not necessary. Moreover, among Japanese court decisions, in the Street Light Design Drawing Case (judgment of the Osaka District Court, June 6, 2000 (not yet reported in the Court Reports)) and its court of second instance (judgment of the Osaka High Court, January 23, 2001), the court held that the adjustment of the subject of the protection is necessary, while it took a negative attitude to the duplicating application.^(*60)

(3) Specific Criteria for Characteristics of Works with Objects of Applied Art under the Court Decisions in Japan

The court decisions in Japan are considered to recognize copyrightability in cases where the object of applied art has creativity that is

(*53) Michinari Enokido, “*Chosakukenhou niyoru ouyoubijutsu no hogo* (Protection of works of applied art under the Copyright Act),” in Toshiaki Makino, et al. ed., *dai 4 hen Chitekijaisanhou no riron to jitsumu dai 4 kan (Chosakukenhou/Ishouhou)* (Part 4, Theory and Practice of Intellectual Property Act, volume 4 (Copyright Act/Design Act)), (Shinnihonhouki shuppan, 2007) at 34.

(*54) Moriyuki Kato, *Chosakukenhou Chikujoukougi (5 tei shinpan)* (Clause-by-Clause Lecture on the Copyright Act (5th new and revised edition)), (Copyright Research and Information Center, 2006) at 66.

(*55) Handa, op. cit. 7 *Chosakukenhou* at 88.

(*56) Tatsuki Shibuya, *Chitekizaisankenhou kougi II (Chosakuhou, Ishouhou)* (Lecture of the Intellectual Property Right Law II (The Copyright Act, the Design Act)), (Yuhikaku, 2005) at 26.

(*57) Nakayama, op. cit. 7 *Chosakukenhou* at 142.

(*58) Nakayama, op. cit. 7, *Chosakukenhou* at 140-142; Yoshiyuki Tamura, *Chosakukenhou gaisetsu (dai 2 han)* (Overview of the Copyright Act (2nd edition)), (Yuhikaku, 2001) at 36; and Riichi Ushiki, *Ishouhou no kenkyu (4 teiban)* (Study of the Design Act (4th revised edition)), (Japan Institute of Invention and Innovation, 1994) at 389.

(*59) Shibuya, op. cit. 41, *Chitekizaisankenhou kougi II*, at 32-37.

(*60) As court decisions in the same intent, there are the Hakata Doll Case (order of the Nagasaki District Court, Sasebo Branch, February 7, 1973, Mutaishu vol.5, No.1 at 18); the Sculpture of Buddhist Alter Case (judgment of the Kobe District Court, Himeji Branch, July 9, 1979, Mutaishu vol.11, No.2 at 371); and the Furby Case (judgment (criminal) of the Yamagata District Court, September 26, 2001, Hanrei jihou No.1763 at 212).

identifiable with fine art (such as, high creativity or high artistic quality or sensuousness).^(*61) To that extent, they are considered to affirm the overlapping application of the Copyright Act and the Design Act.^(*62)

The court decisions concerning specific criteria as to whether the object is identifiable with fine art are as follows: first, court decisions that presented the standard that if it is found that the characteristics of a creator are strongly expressed during the process of creation and high creativity is recognized, the copyrightability is recognized, and if it is not found, the copyrightability is not recognized (the Case of Figures as Free Gifts for Snacks (the second instance), or the Choco Egg Case (the second instance)^(*63)); however, this standard is seemingly similar to the “theory of high creativity” in the former Design Act in Germany from the perspective that the standard requires high copyrightability in the object itself.^(*64) Second, a court decision that presented a standard that when eliminating the subjective purpose of an object for manufacturing and looking at the object objectively and externally, the object is required to be an aesthetic creation which is only found in a creation that is created with the sole aim of an expression of beauty (the T-shirt Case^(*65)); since this standard eliminates the subjective purpose of manufacturing, it is significant in that there is no risk of causing unforeseen damages to a third party by the purposes of creation of a designer. Third, court decisions that presented a standard that the object may not be restricted substantively in the expression of beauty for a practical purpose (the Street Light Design Drawing Case^(*66)); and fourth, a court decision

that presented a standard that the object shall have sensuousness to the extent that it can be a subject of aesthetic appreciation as well as fine art (the second instance of the Furby Case^(*67)).

3 Protection of Objects of Applied Art under the Unfair Competition Prevention Act in Japan

(1) Overview

Under the Japanese Unfair Competition Prevention Act, acts of unfair competition “related to the protection of objects of applied art or designs are acts of creating confusion (Article 2, paragraph (1), item (i)), acts of using another person’s famous indication without authorization (item (ii) of the same paragraph) and acts of assigning, etc. goods which imitate the configuration of another person’s goods (item (iii) of the same paragraph).” Protection as an “indication of goods or business,” protection as a “famous indication” and “regulations on the imitation of the configuration of goods (dead copy)” are carried out respectively based on these provisions.^(*68) The Unfair Competition Prevention Act grants the right to seek an injunction to a person whose business interests have been infringed upon or are likely to be infringed upon by said acts and imposes a liability for damages on the infringer (Articles 3 and 4). In addition, the Act imposes criminal punishment for a person who, for a wrongful purpose, commits an act of unfair competition and a person who has committed an act that harms the public interest (Articles 21 and 22). The propriety of introduction of general provisions was discussed; however, negative opinions were presented^(*69) and the

(*61) With regard to a positive opinion toward this attitude of court decisions, please refer to Yoshiyuki Tamura, *Chosakukenhou gaisetu dai 2 han* (Overview of the Copyright Act 2nd edition), (Yuhikaku, 2001) at 33-36. For a negative opinion, please refer to Masao Handa, “*Furby ningyou ni tsuite chosakuken no seiritsu wo mitomenakatta jirei* (Case study of where the establishment of copyright for Furby dolls was not allowed),” *Chizai kanri* (Intellectual Property Management) Vol. 52, No.12,” (Japan Intellectual Property Association, December 2002) at 1865.

(*62) *Ouyou bijutsu iinkai* (Applied Art Committee) ed., “*Chosakuken to Ishouhou tonou kousakumondai nikansuru kenkyu* (Study on Duplication Issue of the Copyright Act and the Design Act) (the portion written by Kunitoshi Oka), (Japan Copyright Institute of Copyright Research and Information Center, March 2003) at 122-153.

(*63) Judgment of the Osaka High Court, July 28, 2005, *Hanrei jihou* No.1928 at 116.

(*64) Catharina Maracke, “*A Delimitation of Design Protection and Copyright*,” entrusted project by the Japanese Patent Office, Fiscal Year 2005 Intellectual Property Right Study and Research Report, (Institute of Intellectual Property, 2006) at 84-90.

(*65) Judgment of the Tokyo District Court, April 20, 1981, *Hanrei jihou* No.1007 at 91.

(*66) Judgment of the Osaka District Court, June 6, 2000 (not yet reported in the Court Report) and judgment of the Osaka High Court, January 23, 2001.

(*67) Judgment of the Sendai High Court, July 9, 2002, *Hanrei jihou* No.1813 at 150.

(*68) Tsuyoshi Oseto, “*Fuseikyousouboushihou no ishouno dezain no hogo* (Protection of Designs under the Unfair Competition Prevention Act),” in Etsuji Kotani and Yoichiro Komatsu, ed., *Ishouno dezain no houritsusoudan* (Legal Consultation concerning Designs), (Seirin shoin, 2006), at 174-175.

(*69) Katsuya Tamai, “*Doitsufuseikyousouboushihou ni okeru ippanjoukou no keiken* (Experience of General Provisions

introduction was suspended at last.

(2) Acts of Creating Confusion (Article 2, paragraph (1), item (i))

This provision regulates the act of using another person's indication of specific goods or business as an indication of one's own goods or business without authorization, that is, acts that are a free ride on another person's indication of goods or business, and an "indication of goods or business" is the subject of protection (Acts of creating confusion regarding goods and acts of creating confusion regarding business were integrated in this item by amendment in 1993). The requirements for applying Article 2, paragraph (1), item (i) are being well-known as another person's indication of goods or business among consumers, using an indication of goods or business that is identical or similar to another person's indication of goods or business, and creating confusion with another person's goods or business.

There is a theory which states the following: in cases where a configuration of goods is an inevitable result deriving from its technical function or effect, functions of goods obtain protection under the Patent Act for a certain period; if protection under the Unfair Competition Prevention Act is provided, it means providing a protection to the functions without restriction on the protection period; therefore, configurations of goods shall not be included in the "indication of goods or business" (Theory of exclusion of technical configuration).^(*70) Court decisions that are based on the theory of exclusion of technical configuration are, for example, (1) the Knocked-Down Drawer for Closet Case,^(*71) (2) the Accounting Slip Case,^(*72) (3) the Balance for Surf Casting Case,^(*73) etc. A court decision that recognized the identification of goods in the design is the iMac Case,^(*74) and a court decision that recognized the identification of business is the Club Sign Case.^(*75)

(3) Acts of Using Another Person's Famous Indication without Authorization (Article 2, paragraph (1), item (ii))

Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act prohibits the following acts as acts of unfair competition: acts of using as one's own indication of goods or business as an indication that is identical or similar to another person's famous indication of goods or business, or acts of assigning, etc. goods by using said indication of goods or business. The provision intends, with regard to the famous indication of goods or business (famous indications), to prevent free-rides that take advantage of its goodwill and, at the same time, to prevent the dilution of the relationship between the famous indication and the person who originally uses the famous indication. It is not enough for the "indication of goods or business" set forth in this item to be known broadly in a district, but it shall be known to nationwide for being "famous." (This is different from "being well-known" as prescribed in item (i) for acts of creating confusion.) If objects of applied art or designs are recognized as such a "famous indication of goods or business" (famous indication), they are protected under the Unfair Competition Prevention Act. Court decisions concerning acts of using another person's famous indication without authorization are (a) the Seirogan Toui A Case^(*76) and (b) the Alinabig Case^(*77).

(4) Acts of Assigning, etc. Goods which Imitate the Configuration of Another Person's Goods (Article 2, paragraph (1), item (iii))

The legislative intent of this provision is to guarantee incentives that are the interests of prior entry into the market, legally by restriction of the dead copy of goods. This was newly established and introduced as an act of unfair

in the German Act against Unfair Competition)," Jurist, No. 1018 (March 1993), at 11-17; and Riichi Ushiki, *Shouhinkeitai no hogo to fuseikyousouboushihou* (Protection of Configurations of Goods and the Unfair Competition Prevention Act), (Research Institute of Economy, Trade and Industry, 2004), at 193.

(*70) With regard to overview of related theories, please refer to Hisayoshi Yokoyama, "Tanitsu no shikisai no shouhin hyouji gaitousei (Propriety of Identification of Goods of a Single Color)" in Nobuhiro Nakayama, ed., *Chitekizaisanken kenkyu V* (Study of Intellectual Property Right V), (LexisNexis Japan, 2008) at 50-56.

(*71) Judgment of the Tokyo District Court, November 22, 1966, *Hanrei jihou*, No.476 at 45.

(*72) Judgment of the Tokyo District Court, December 23, 1977, *Mutaishu*, vol.9, No.2 at 769 (*Hanrei Taimuzu*, No.364 at 292).

(*73) Judgment of the Tokyo District Court, October 30, 1978, *Mutaishu* vol. 10, No.2 at 509.

(*74) Judgment of the Tokyo District Court, September 20, 1999, *Hanrei jihou*, No.1696 at 76.

(*75) Judgment of the Osaka District Court, May 27, 1987, *Mutaishu* vol.19, No.1 at 174.

(*76) Judgment of the Osaka District Court, March 11, 1999, *Hanrei Taimuzu*, No.1023 at 257.

(*77) Judgment of the Osaka District Court, September 16, 1999, *Hanrei Taimuzu* No.1044 at 246.

competition as Article 2, paragraph (1), item (iii) of the former amended Act of Unfair Competition Prevention of 1993. In the amended Unfair Competition Prevention Act of 2005, definition clauses (Article 2, paragraphs (4) and (5)) were newly and specially established. This is to promote the clarification of stipulations based on an accumulation of court decisions, since the former provisions were pointed to as being unclear^(*78).

The protection period is very short, only for 3 years (the minimum investment pay-back period). The purpose of a three-year protection period is “to prevent unfair competition that is caused by a late person (who entered the market late), imitating the result of a prior person (who entered the market first), and to secure the prior person’s interest from trading.” Therefore, “the period necessary for a prior person to collect invested capital is stipulated as three years without exception” and the “amount of loss is limited to the loss incurred in a three year period.”^(*79) In ‘proposals of the EC for the Regulation of Community Design’ that were adopted by the European Commission in 1993, the duration of a nonregistered design right is stipulated as lasting three years from the publication of the design.^(*80) The beginning point for computing the protection period was stipulated as “three years having elapsed from the date when they were first sold” in Article 2, paragraph (1), item (iii) of the amended Unfair Competition Prevention Act of 1993; however, there were conflicts between theories^(*81) and court decisions^(*82) concerning a meaning of the date when the goods are first sold. The amended

Unfair Competition Prevention Act of 2005 moved a provision concerning the protection period to Article 19, paragraph (1), item (v) (a) and amended the beginning point of computing the protection period to “three years having elapsed from the date they were first sold in Japan.”

Among configurations of goods, with regard to an “indispensable configuration to secure the functions of goods,” it was pointed out that the meaning of the provision before the amendment of 2005, “excluding the configuration that goods of the same kind as goods of another person in question ordinarily have” was unclear. Therefore, it was amended in 2005 based on the accumulation of court decisions.^(*83) Configurations that had been excluded from the “configuration of goods” before the amendment of 2005 were also excluded after the amendment. It was construed that the “configuration that the same kinds of goods as another person ordinarily has” as used in the Unfair Competition Prevention Act before the amendment corresponds to (1) a “configuration lacking individuality,” which is the ordinary configuration of goods in question, and (2) “technical configuration,” or “unavoidable configuration under the competition,” in which the configuration and function of goods are indispensable.^(*84) Court decisions in relation to the ordinary configuration of goods are the Sleeveless Type Knit Wear Case, etc.^(*85) In addition, as examples of court decisions pointing out that the “configuration of goods” does not include functions of goods that do not affect the ideas or the external configuration of simple goods, there are the Pants with Pareo Case,^(*86)

(*78) Intellectual Property Policy Office of Ministry of Economy, Trade and Industry, ed., *Chikujoukaisetsu Fuseikyousouboushihou (Heisei 18 nen kaiseiban)* (Clause-by-Clause Explanation of the Unfair Competition Prevention Act (Amendment of 2006)), (Yuhikaku, 2007) at 31.

(*79) Osaka Bengoshikai Chitekizaisanhou jitsumu kenkyukai, *Fuseikyousouboushihou ni okeru shouhonkeитай no mohou (Imitation of Configuration of Goods under the Unfair Competition Prevention Act)*, *Bessatsu (separate volume) NBL No.68, (Commercial Law Center, Inc., 2002)* at 21.

(*80) Intellectual Property Policy Office of Ministry of Economy, Trade and Industry, op. cit. 79, *Chikujoukaisetsu Fuseikyousouboushihou* at 161.

(*81) Shouen Ono, ed., *Shin Chuukai Fuseikyousouboushihou (Shinpan) (Joukan)* (New Commentary of the Unfair Competition Prevention Act (New edition) vol.1), (Seirin shoin, 2007) at 1210 (the portion written by Katsuyuki Izumi).

(*82) Provisional disposition: judgment of the Kobe District Court, December 8, 1994, *Chisaishu*, vol.26, No.3 at 1323; Judgment of merits: judgment of the Nagoya District Court, June 20, 1997, not yet reported in the Court Report.

(*83) Intellectual Property Policy Office of the Ministry of Economy, Trade and Industry, op. cit. 79, *Chikujoukaisetsu Fuseikyousouboushihou (Heisei 18 nen kaiseiban)* (Clause-by-Clause Explanation of the Unfair Competition Prevention Act (Amendment of 2006)), (Yuhikaku, 2007) at 60.

(*84) Shouen Ono, ed., *Shin Chuukai Fuseikyousouboushihou (Shinpan) (Joukan)* (New Commentary of the Unfair Competition Prevention Act (New edition) vol.1), (Seirin shoin, 2007) at 463-464 (the portion written by Katsuyuki Izumi).

(*85) Judgment of the Tokyo District Court, March 30, 2005, *Hanrei jihou* No.1899 at 137.

(*86) Judgment of the Intellectual Property High Court, November 10, 2005, source available at the Supreme Court website.

etc. The judgment on whether or not it is an indispensable configuration to secure the functions of goods is considered to be difficult even under the current law, in consideration that conclusions of “configuration that the same kinds of goods as another person ordinarily has” before the amendment were different in the Airsoft Gun Case, which is a court decision from before the amendment, between the first instance (judgment of the Tokyo District Court, February 25, 1999) and the second instance.^(*87)

The claimant under Article 2, paragraph (1), item (iii) is a prior developer who has developed goods, which have a configuration that is a target for imitation, commercialized them, and placed them on the market.^(*88) With regard to whether or not a holder of exclusive selling rights is a claimant, there are conflicts between theories.^(*89) As an example of a positive court decision, there is the NuBra Case^(*90). As an example of a negative court decision, there is the Caddie Bag Case^(*91).

Among configurations of goods, with regard to the internal structure of goods, Article 2, paragraph (4) (definition provision), which was newly established in the Unfair Competition Prevention Act of 2005, stipulated that the internal shape and structures of goods, which are not apparent externally, may be subject to protection. The point of court decisions before amendment was that as long as the structure remains an internal structure, which is not significant in the external appearance, it does not correspond to a “configuration of goods” (the

so-called External Configuration Theory).^(*92)

Article 2, paragraph (5) of the Unfair Competition Prevention Act of 2005 gives the definition of “imitate,” which requires (1) an objective requirement (substantial identity), and (2) a subjective requirement (dependence on another person’s goods). As for court decisions that recognized substantial identity, there were the Tamagocchi Case,^(*93) the Towel Assortment Case,^(*94) the Watch Case,^(*95) the Treatment Ion Hair Brush Case, etc.^(*96) In addition, as for court decisions that denied substantial identity, there were the Dragon Key Holder Case,^(*97) the NuBra Case,^(*98) etc.

(*87) Judgment of the Tokyo High Court, January 31, 2002, *Hanrei jihou*, No.1815 at 123.

(*88) Intellectual Property Policy Office of Ministry of Economy, Trade and Industry, op. cit. 79, *Chikujoukaisetsu Fuseikyousouboushihou (Heisei 18 nen kaiseiban)* (Clause-by-Clause Explanation of the Unfair Competition Prevention Act (Amendment of 2006)), at 61.

(*89) As a positive theory, Makiko Takabe, “Eigyoushou no riei (Business Interests)” in *Shin saibanjitsumu taikai 4 Chitekizaisankankei soshouhou* (New Court Practice System 4: Code of Procedures relating to Intellectual Property), (Seirin shoin, 2001) at 434. As a negative theory, Yuriko Inoue, *Fuseikyousouboushihoujou no seikyuukenja* (Claimant under the Unfair Competition Prevention Act), *Annual of Japan Industrial Property Law No.29* (Yuhikaku, 2005) at 153. Moreover, there is an opinion that the scope of a claimant may extend not only to holders of exclusive importing and selling rights, but also to ordinary distributors or ordinary selling rights holders. (Tatsuki Shibuya, *Chitekizaisanhou kougi III (Dai 2 han)* (Intellectual Property Law Lectures III (2nd edition)), (Yuhikaku, 2008) at 121-123).

(*90) Judgment of the Osaka District Court, September 13, 2004; *Hanrei jihou*, No.1899 at 142 (the NuBra Case).

(*91) Judgment of the Tokyo District Court, January 28, 2009; *Hanrei jihou*, No.1677 at 127 (the Caddie Bag Case).

(*92) Judgment of the Osaka District Court, November 28, 1996, *Chizaishu* (Intellectual Property Case Report), vol. 28 at 720; and judgment of the Tokyo High Court, January 31, 2002, *Hanrei jihou*, No.1815 at 123.

(*93) Judgment of the Tokyo District Court, February 25, 1998, *Hanrei Taimuzu*, No.973 at 238 and judgment of the Tokyo High Court, July 16, 1998 (dismissal of the appeal).

(*94) Judgment of the Osaka District Court, September 10, 1998, *Chisaishu*, vol.30, No.3 at 501 (*Hanrei jihou*, No.1659 at 105). The judgment regarded and protected the assortment of goods as a configuration of goods.

(*95) Judgment of the Tokyo District Court, June 29, 1999, *Hanrei jihou*, No.1692 at 129.

(*96) Judgment of the Tokyo High Court, July 30, 2005, source available at the Supreme Court website.

(*97) Judgment of the Tokyo High Court, February 26, 1998, *Hanrei jihou*, No.1644 at 153.

(*98) Judgment of the Osaka District Court, September 8, 2005, *Hanrei jihou*, No.1927 at 134, and judgment of the Osaka High Court, April 19, 2006 (court of second instance), source available at the Supreme Court website.