

3 Protection of Trademarks for Geographical Indications and Geographic Terms^(*)

Since international negotiations led to the conclusion of the TRIPS Agreement, the issue of protecting geographical indications has been a major theme over which Old World countries, mainly the EU, and New World countries, mainly the United States and Australia, disagree in the WTO negotiations. The issue has also been discussed in recent EPA/FTA negotiations.

In addition, some Asian countries using Chinese characters have legislation that is different from that of Japan, the United States, and European countries, under which registration of a trademark is refused/rescinded if the trademark consists of a “well-known foreign geographic term” even if it is not recognized as indicating the place of origin of the goods. The Trademark System Subcommittee of the Industrial Structure Council is also supposed to consider the requirements for registration of trademarks that include “well-known domestic or foreign geographic terms.”

In this study, in light of this background, we conducted a questionnaire survey targeting domestic users, an interview survey targeting domestic companies/intellectuals, etc., and questionnaire and interview surveys targeting foreign intellectual property offices with regard to the desirable protection of geographical indications based on the certification trademark system under the Trademark Act in Japan and the desirable protection of well-known domestic and foreign geographic terms under the Trademark Act, and carried out analysis and consideration in light of the survey results at a committee consisting of intellectuals in academic society/judicial circles/industrial circles.

I Introduction

1 Background/purpose of this study

According to the definition of “geographical indication” in the TRIPS Agreement, “Geographical indications are, ... , indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin¹⁾”.

With regard to the protection of geographical indications, while the EU has a protection system peculiar to geographical indications, the United States and Australia have systems under which geographical indications can be registered and protected based on the certification trademark system under trademark law. In addition, China and South Korea have unique protection systems for geographical indications and also have a certification trademark system²⁾; therefore, it is possible to protect geographical indications under either system. In comparison, the only system that can be said to be an active protection system for geographical indications in Japan is

designation by the National Tax Agency of geographical indications based on Article 86-6 of the Act on Securing of Liquor Tax and on Liquor Business Associations (Liquor Business Associations Act).

It is necessary to conduct surveys on laws/operations in major foreign countries and consider an active protection system for geographical indications (desirable protection based on a certification trademark system under the Trademark Act) in Japan, taking these circumstances into account.

On the other hand, with regard to the requirements for registration of trademarks that include geographic terms, some countries have legislation that is different from that of Japan, the United States, and European countries, under which if a trademark includes a “well-known geographic term,” the registration of the trademark is refused/rescinded even if it is not recognized as indicating the place of origin of the goods. Moreover, the Trademark System Subcommittee of the Industrial Structure Council is also supposed to consider the requirements for registration of trademarks that include “well-known domestic or foreign geographic terms.”

(*) This is an English translation of the summary of the report published under the Research Study Project on Issues with Industrial Property Rights System FY2010 entrusted by the Japan Patent Office. IIP is entirely responsible for any errors in expression or description of the translation. When any ambiguity is found in the English translation, the original Japanese text shall be prevailing.

It is necessary to conduct surveys on laws/operations in major foreign countries and consider the desirable protection of well-known domestic and foreign geographic terms under the Japanese Trademark Act, taking these circumstances into account.

2 Method of conducting this study

In this study, we conducted a domestic questionnaire survey ((1) local groups and (2) member companies of the Japan Intellectual Property Association and the Japan Patent Attorneys Association), a domestic interview survey, and overseas questionnaire and interview surveys with regard to “II Consideration of Possibility of Protection of Geographical Indications Based on a Certification Trademark System” and “III Consideration of Desirable Protection of Well-known Domestic and Foreign Geographic Terms under the Trademark Act,” and analyzed and assessed the results of the surveys. Incidentally, the overseas questionnaire survey targeted Community Trade Marks, the United Kingdom, Germany, China, and South Korea while the overseas interview survey targeted the United States and Australia.

II Consideration of Possibility of Protection of Geographical Indications Based on a Certification Trademark System

1 Domestic actual condition survey and analysis

(1) Understanding of the current circumstances of industrial circles

(i) Results of the domestic questionnaire survey

The domestic questionnaire survey, which targeted associations, etc. that are applicants for regional collective trademarks, included the following questions: (1) Does your association have rules for the use of the trademark?; (2) If you answered “yes” to question 1, does your association have a system to monitor whether the use of the trademark by a member complies with the rules for the use of the trademark?; (3) If you answered “yes” to question 1, does your association have provisions on sanctions against anyone who violates the rules for the use of the trademark?

With regard to (1), those who answered “Yes” accounted for 40.0%, while those who

answered “No” accounted for 56.3%.

With regard to (2), those who answered “Yes” accounted for 66.2%, while those who answered “No” accounted for 33.1%. Furthermore, those who answered that the monitoring system is “An organization within the association” accounted for 95.7%.

With regard to (3), those who answered “Yes” accounted for 50.0%, while those who answered “No” accounted for 45.1%.

(ii) Results of the domestic interview survey

The domestic interview survey targeted business offices, companies (relating to food and beverages), associations, city offices, prefectural offices, etc.

One association sets “rules for a certificate stamp indicating the trademark right” in addition to the provisions on the trademark right (provisions on the scope of the trademark right, the use of the trademark, and royalty, etc.) and provisions on quality indication (provisions requiring a certification stamp indicating the quality). This is for securing the traceability function, and is intended to trace/eliminate the unauthorized use of the brand by third parties through the association’s annual market survey/monitoring, by requiring members to indicate a producer number, etc. as well as the trademark in the prescribed certification stamp. The aforementioned provisions include sanctions against those who violate them. There is a problem, however, when taking into consideration goods produced outside Japan that are sold in Japan. The association is aiming at differentiation by prohibiting the trademark certificate stamp from being attached to any goods produced outside Japan.

(2) Needs of industrial circles

(i) Results of the domestic questionnaire survey targeting local groups

The domestic questionnaire survey targeting associations, etc. that are applicants for regional collective trademarks included the following questions: (1) Is the current regional collective trademark system sufficient?; (2) What are insufficient points in relation to question (1)?; (3) Is it necessary to introduce a certification trademark system that protects geographical indications (specifically, the propriety of introducing a trademark system under which any person can use the trademark if he/she satisfies the quality standards while a person is not allowed to use the trademark if he/she does not satisfy the quality standards)?

With regard to (1), those who answered

“Sufficient” accounted for 37.5%, those who answered “Insufficient” accounted for 30.7%, and those who answered “No idea” accounted for 29.6%.

With regard to (2), those who answered “Being unable to eliminate the holders of the prior user’s right” accounted for 49.6%, those who answered “Being unable to effectively appeal the excellence of the quality of goods and services to consumers even after obtaining a regional collective trademark” accounted for 37.6%, and those who answered “Having no idea how to use a regional collective trademark even after obtaining one as it is not easy to differentiate from the holders of the prior user’s right” accounted for 35.3%.

With regard to (3), those who answered “Necessary” accounted for 36.6%, those who answered “Unnecessary” accounted for 17.7%, and those who answered “No idea” accounted for 40.0%.

Incidentally, as reasons for answering “Necessary,” 81.5% answered that “Brand image concerning quality control is increased,” while 36.9% answered that “The certification trademark system is upgraded in terms of quality control compared to the regional collective trademark system, and it becomes possible to use certification trademarks and regional collective trademarks as the situation demands.”

(ii) Results of the domestic questionnaire survey targeting companies (member companies of the Japan Intellectual Property Association) and the Japan Patent Attorneys Association

The domestic questionnaire survey targeting member companies of the Japan Intellectual Property Association and the Japan Patent Attorneys Association included the following questions: (1) Do you agree with the introduction of a certification trademark system that protects geographical indications?; (2) If you answered “Agree” to question 1, what are the reasons for agreeing with the introduction?

With regard to (1), those who answered “Agree” accounted for 29.8, those who answered “Disagree” accounted for 15.1%, and those who answered “No opinion” accounted for 52.8%.

With regard to (2), as reasons for answering “Agree,” 81.5% answered “It is necessary from the perspective of international harmonization,” while 23.1% answered “There are needs that cannot be protected under the current system (including the regional collective trademark

system).

(iii) Results of the domestic interview survey

The domestic interview survey targeted business offices, companies (relating to food and beverages), associations, city offices, prefectural offices, etc.

One patent attorney said “Under the current regional collective trademark system, associations, etc. have no other choice but to determine the right of continued use of outsiders. However, for example, if, under a certification trademark system, a local government becomes the holder of the right and imposes restrictions, such as approving use of a certification trademark based on certain rules under the rules for the use of the certification trademark, there will be no need to mention the right of continued use in the first place. Consequently, the needs of both associations and outsiders will be met.”

2 Situation in other countries

(1) United States

In the United States, protection of geographical indications is possible with the use of a “certification mark” or “collective mark” under trademark law.

(2) Community Trade Mark

Under the Community Trade Mark (CTM) system, there is no provision on the certification mark system. However, there is a provision that signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks (Article 66(2) of the Council Regulation (EC) on the Community trademark).

(3) United Kingdom

Section 3(1)(c) of the UK Trademarks Act provides that trademarks which consist exclusively of signs or indications which may serve, in trade, to designate the geographical origin of goods or services, shall not be registered. However, Paragraph 3(1) of Schedule 2 of said Act provides that “Notwithstanding section 3(1)(c), a certification mark may be registered which consists of signs or indications which may serve, in trade, to designate the geographical origin of the goods or services.”

(4) Germany

In Germany, geographical indications are protected under the trademark system. Mores

specifically, protection under the collective trademark system (Section 97, etc. of the Trademark Law), protection of indications of geographical origin (Section 126, etc. of the Trademark Law), and protection under the Trademark Law based on the Council Regulation on geographical indications³ (Section 130, etc. of the Trademark Law) are available.

(5) Australia

In Australia, protection of geographical indications can be achieved under the certification trademark system. The certification trademark system under the Trade Marks Act is characterized by the point that the Australian Competition and Consumer Commission examine the rules governing use, separately from examination by the IP Australia and the point that the owner of a certification trademark is allowed to use the certification trademark by itself.

(6) China

In China, geographical indications are protected under several systems. More specifically, (1) protection based on the collective trademark system and the certification trademark system under the Trademark Law, (2) protection based on the Provisions for the Protection of Products of Geographical Indication, and (3) protection based on the Measure of management for agricultural products of geographical indication⁴ are available. The latter two can be said to be protection systems peculiar to geographical indications.

(7) South Korea

In South Korea, geographical indications are protected under several systems. More specifically, (1) protection based on the collective mark system for geographical indications and (2) protection under the Agricultural Products Quality Control Act and the Fishery Products Quality Control Act are available. In addition, with regard to (1), a bill to revise the Trademark Act in relation to the certification mark system for geographical indications has been submitted to the National Assembly. Moreover, (2) can be said to be a protection system peculiar to geographical indications.

3 Possibility of protection of geographical indications based on a certification trademark system

We considered the possibility of protection of

geographical indications based on a certification trademark system from the perspective of comparison with the regional collective trademark system.

The regional collective trademark system does not provide sufficient protection of geographical indications (1) because regional collective trademarks are limited to trademarks consisting of the combination of the name of a region and the name of goods/services, (2) because it is required to be considered well-known within Japan, and (3) because entities that can be the holders of trademark rights are limited to associations, such as cooperative business associations, for which freedom of accession is ensured under the law supporting the establishment thereof. With regard to these points, protection through introduction of a certification trademark system, in particular, is expected.

In the case of introducing a certification trademark system, institutional design as follows is conceivable.

- (1) Entities that can be the holders of trademark rights are to be juridical persons in general that have juridical characteristics, irrespective of their types. Further consideration is required as to whether to include individuals.
- (2) The fact that an applicant is an organization that gives “certification” is to be a requirement for an applicant or an important element to be considered when recognizing a trademark as a “certification trademark.”
- (3) Applicants are to be required to submit the rules for the use of the trademark, etc. when filing an application, and are to be examined in terms of violation of public policy, etc.
- (4) The holder of a trademark right is not to be allowed to use the trademark by itself.
- (5) Though the composition of a trademark is not restricted, a trademark is to be required to be a “certification trademark.”
- (6) Provisions that replace Article 3(2) of the Trademark Act are to be set for the requirements for registration. Thereby, registration is granted, notwithstanding Article 3(1)(iii) where a certification trademark can distinguish certified goods/services from other goods/services. Article 4 is to be applied in the same manner as ordinary trademarks.
- (7) The effect of rights and the application of Article 26 are to be done in the same manner as for ordinary trademarks.

- (8) With regard to the prior user's right, the requirement to be well-known is to be relaxed. Although the establishment of the right of non-exclusive use is to be permitted, restrictions are to be imposed on the establishment of the right of exclusive use and assignment to a third party.
- (9) In order to make ex-post checking by third parties function, the following are to be set as ex-post reasons for invalidation: discriminative treatment in giving certification, negligence in management in violation of the rules for the use, the rules for the use violating public policy, etc., and ceasing to satisfy the requirements for an owner of a certification trademark. The statute of limitation cannot be applied.

4 Consideration of institutional/operational arrangements to secure the quality guarantee function of certification trademarks

For certification trademarks, "quality guarantee function" in the sense of the "capability to convey that goods/services to which a certification trademark is attached have a quality that passes certain standards" should be protected. Therefore, in introducing a certification trademark system, it is important to design a system so that the function is sufficiently secured. Specifically, the requirements for an owner of a certification trademark and the rules for the use are considered here. For the former, it seems to be desirable to adopt a US-style institutional design, specifically, setting highly abstract requirements for registration and making flexible responses at the operational level, in addition to stipulating the situation where the right holder has failed to appropriately manage the trademark as a reason for rescission. In addition, with regard to the use of a certification trademark by the owner of the certification trademark, restrictions should be set so as to prevent confusion with the use of ordinary trademarks. The change of the owner through assignment should also be restricted in the same manner as in many other countries. The latter should be, in principle, left to ex-post checking by third parties (opposition/rescission). However, it is also possible to adopt a measure to examine the likelihood of misleading as to the quality at the filing stage. In addition, it is necessary to require disclosure of the rules for the use.

III Consideration of Desirable Protection of Well-Known Domestic and Foreign Geographic Terms under the Trademark Act

1 Domestic actual condition survey and analysis

We gained understanding of the current circumstances of industrial circles in terms of the current system/operations and conducted surveys on and analyzed needs, to be used as basic data for consideration.

(1) Results of the domestic questionnaire survey

The domestic questionnaire survey targeting the member companies of the Japan Intellectual Property Association and the Japan Patent Attorneys Association included the following questions: (1) Do you have experience in incurring negative effects on business activities that can be attributed to the impossibility of registering a trademark consisting of (domestic and foreign) geographic terms?; (2) Do you want to register any geographic term as a trademark?; (3) What do you think of the application of Article 3(1)(iii) of the current Trademark Act?

With regard to (1), those who answered "Yes" accounted for 2.3%, while those who answered "No" accounted for 95.4%.

With regard to (2), those who answered "Yes" accounted for 6.0%, while those who answered "No" accounted for 88.1%.

With regard to (3), those who answered "Registration of well-known domestic and foreign geographic terms should be refused more broadly than at present" accounted for 24.3%, those who answered "The current scope is appropriate" accounted for 43.6%, those who answered "The scope of refusal of registration should be narrowed down" accounted for 4.6%, and those who answered "No idea" accounted for 27.1%.

(2) Results of the domestic interview survey

One food-related company expressed the following opinion: "There was a request for stricter examination in relation to Article 3(1)(iii) of the current Trademark Act. Behind this is the risk that our own goods will be deemed to be infringing the trademark right of a third party if a geographic term has been registered by the third party. Therefore, we sometimes risk filing a trademark application for a geographic term in hopes that the trademark consisting of the geographic term is refused by the

JPO as a trademark lacking distinctiveness. If a decision to the effect that the trademark is to be registered is rendered for such a trademark application, we will not abandon the application and will maintain the registration.”

(3) Opinions of the Japan Intellectual Property Association

In South Korea and China, there are independent provisions on the refusal of registration of “prominent (publicly known) geographic terms.” The Japan Intellectual Property Association expressed the following opinions with regard to the necessity of setting provisions on “well-known domestic and foreign geographic terms” in relation to reasons for refusal concerning geographic terms, in addition to Article 3(1)(iii) of the current Trademark Act.

The purpose of the trademark system is to establish and maintain sound commercial transactions through prevention of confusion as to the source by protecting the exclusive use of business confidence formed through the use of trademarks that are capable of distinguishing their own goods/services from others. A legal revision that sets provisions on unregistrable trademarks, like “a geographic term is unregistrable” and “a well-known geographic term is unregistrable,” may change the system into one that does not protect even trademarks that are capable of distinguishing their own goods/services from others, and it is expected to cause confusion in terms of the establishment and maintenance of sound commercial transactions.

Therefore, based on the aforementioned matters, we hope, as a user, that registration will be left for trademarks that are not understood as indicating the place of origin/place of sale of the goods or the location of provision of the services in relation to designated goods/designated services and trademarks that have acquired distinctiveness arising from use, same as at present.

2 Desirable protection of well-known domestic and foreign geographic terms under the Trademark Act

According to the overseas survey report, the application of the Japanese Trademark Act (Article 3) in relation to well-known domestic and foreign geographic terms in the examination does not differ much from that in other countries. Moreover, in practice, there are many trademarks consisting of geographic terms that function as signs to distinguish their own goods from others,

irrespective of whether the geographic term is well-known. Therefore, there is no need to think of a legal revision that establishes new provisions on unregistrable trademarks that are based on the premise of not recognizing distinctiveness arising from use. This also matches users’ intention.

However, it is meaningful to consider the necessity of developing the Examination Guidelines (for example, handling of trademarks consisting of geographic terms that allow people to recognize the place of handling of goods/services other than “place of origin/place of sale of the goods and the location of provision of the services” (for example, place of destination overseas and location/place of establishment of a company’s business office)) within the scope of Article 3(1)(iii) and (vi).

IV Conclusion and Consideration

In this study, we considered legal points of argument and institutional/operational arrangements for promoting the protection of geographical indications based on a certification trademark system in Japan as well as the direction of desirable protection of well-known domestic and foreign geographic terms under the Japanese Trademark Act, in light of surveys and research on the actual conditions in Japan and systems /operations in major foreign countries. Thereby, we were able to compile the results as a report.

The protection of trademarks pertaining to geographical indications, geographic terms is a complicated issue that should also be considered in the context of international negotiations, in addition to the issue of coordination between interests of entities that seek to obtain rights and those of third parties of good will. We hope that this report will contribute to international negotiations and considerations of desirable systems/operations within the government.

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¹ Article 22(1) of the TRIPS Agreement.

² In South Korea, a revision bill to introduce a “certification mark system for geographical indications” has been submitted to the National Assembly.

³ Council Regulation on geographical indications means “Council Regulation (EEC) No. 479/2008 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.”

⁴ (Fiscal 2009 Project Commissioned by the JPO) Chugoku ni okeru dantaishohyo/shomeishohyo (Collective Trademarks/Certification Trademarks in China) (Intellectual Property Rights Department of JETRO Beijing, September 2009), 18-20 and 113-120.