

7 The Protection of Certification Marks under the Trademark Act ^(*)

In this research, I examined the certification and verification business practices of certification bodies, the use of certification marks or verification marks that are affixed to goods, etc., certified or verified by certification bodies (hereinafter referred to as the “certification marks”, and the protection of certification marks under the current Trademark Act. I conducted a domestic questionnaire survey on certification bodies and organizations, member companies of the Japan Intellectual Property Association, and patent firms. I also conducted a domestic interview survey on certification bodies and organizations, companies, and persons with relevant knowledge and experience. Furthermore, I conducted a domestic and overseas literature study in order to collect information on other countries’ systems. At a committee consisting of certification bodies, companies, and persons with relevant knowledge and experience, presentations were made on the following topics: the results of the questionnaire survey, the interview survey, and the domestic and overseas literature study, the use of certification marks, the certification methods, etc., and the certification and verification business practices. Based on the information presented at the meeting, I identified legal issues pertaining to the protection of certification marks that would arise upon introduction of a certification trademark system.

I Introduction

1 Background and purpose of this study

Certification marks mean such marks that are used or intended to be used in order to differentiate goods or services that are certified in terms of the place of origin, raw materials, production method, or the provision, quality, accuracy, or any other feature of services from other goods or services that have not been certified. Due to the nature of these marks, it would be unreasonable to require each company that obtains and uses a mark to register the mark on an individual basis. Such registration should be made by a certification or accreditation body.

In order to provide trademark protection to certification marks, many countries and regions have established a special system, called a certification trademark system, within the framework of their respective trademark systems. Although other countries have a certification trademark system, Japan does not have such a special trademark system concerning certification marks under the current Trademark Act. In Japan, such marks are treated as regular trademarks in terms of the application and registration procedures. Consequently, the nature of certification marks in Japan is different from that in other countries. In other countries, such marks are registered on the presumption that those marks will be used by the companies that have

obtained accreditation or certification. On the other hand, under the current Japanese Trademark Act, in principle, such marks are registrable as trademarks only if the trademark registration is made by an organization that is engaged in the business of certifying goods or services for the purpose of using the registered mark for those goods or services.

Meanwhile, with the intensification of international competition, the importance and significance of certification marks are expected to grow as a tool to inform consumers that the technological and qualitative superiority of the marked goods or services have been accredited or certified by certain organizations.

Countries around the world have been holding discussions and negotiations on Free Trade Agreements (FTAs) and Economic Partnership Agreements (EPAs). If the scope of the discussions expands to include IP systems, the establishment of a certification trademark system could become a topic of discussion.

Before examining the possibility of establishing a certification trademark system, the JPO should understand how certification marks are utilized in Japan. The JPO needs to collect information on such details as what kinds of certification marks exist, how the quality of goods or services are certified or verified, and how these marks are used. Based on the information gathered, it is necessary to grasp, analyze, and examine such important matters as the protection

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currently provided to certification marks, the needs for a certification trademark system, and the legal issues that would arise if Japan introduces a certification trademark system.

2 Method of this research

In this research, in order to collect information on the certification and verification business practices of certification bodies, corporate use of certification marks, and the protection of those marks under the Trademark Act, the following surveys were conducted: a domestic questionnaire survey (certification bodies and organizations, member companies of the Japan Intellectual Property Association, patent firms), a domestic interview survey (certification bodies and organizations, companies, persons with relevant knowledge and experience), and a domestic and overseas literature study in order to collect information on other countries' systems.

II Protection of Certification marks under the Trademark Act

1 Certification marks and conformity assessments

While the international rules do not specify a definition of verification marks, certification marks are defined as marks that indicate the results of assessments conducted by third parties. Certification marks can be divided into two categories: product certification marks or management system certification marks. Certification marks need to be examined in consideration of the accreditation marks that indicate the results of evaluations of certification bodies. Certification marks indicate the results of conformity assessments that provide a basis for the marks. However, those marks vary in terms of reliability.

Under the international rules, the basis of the reliability of management system certification lies in the accreditation given by an accreditation body to a management system certification body. Meanwhile, the basis of the reliability of product certification lies in the accreditation that a product certification body obtains by passing a national registration examination or obtains from an accreditation body, or lies in mutual recognition within a certification body group, or in the self-evaluation of the certification body. Registration by a nation or mutual recognition

within a certification body group may be regarded to be the same as accreditation in terms of the level of reliability. The certification assessment procedure and post-certification follow-up assessment activities under the product certification system are determined based on the certification mark management regulations. Therefore, all products are not necessarily subject to the same surveillance, factory assessments, manufacturing process assessments, and sample tests.

2 Certification and verification business practices of certification bodies

In the case of S marks, which are the technical standards specified in the Electrical Appliances and Material Safety Act, when a company requests product certification, a product test is conducted in order to verify the conformity with the certification standards for S marks. In addition, a first-stage factory assessment is conducted in order to check whether it has a production system that can ensure the same level of quality for all of the certified products. If the existence of such a system is confirmed, those products will be "certified." The company will be licensed to use the certification mark. The certification body will publicize a list of certified products. The company is authorized to ship the certified products with a certification mark affixed thereto.

A test will be conducted on the first lot to check whether the products that the company has just started producing satisfy the specifications that were submitted at the time of certification in any of the following three cases: (1) in a case where this is the first time that the company requested such test for that particular product category, (2) in a case where the company requested such test, and (3) in a case where a certification body finds such test necessary.

Market monitoring will be conducted if necessary. Furthermore, an annual factory assessment is conducted as follow-up activities in order to determine whether the certification should be kept effective.

3 Certification and verification business practices of accreditation bodies

Any organization that conducts a conformity assessment to "certify that the specified requirements concerning products, processes, systems, individuals, or organizations are

satisfied” is called a “conformity assessment body,” which includes certification bodies. On the other hand, “accreditation” means “official certification by a third party that a conformity assessment body is capable of conducting a certain conformity assessment.” Any organization that accredits conformity assessment bodies is called an accreditation body. In sum, accreditation bodies accredit certification bodies, which certify organizations such as companies in the case of management system certification and certify goods or services in the case of product certification. The role of certification bodies is to check the quality, etc., of goods or services on behalf of the consumers of those goods or services. The role of accreditation bodies is to check and guarantee the assessment capability of certification bodies. Furthermore, the International Accreditation Forum (IAF), which consists of accreditation bodies from all over the world, guarantees the capability of accreditation bodies through mutual assessment. Accreditation capability that has been guaranteed by such mutual assessment will become world-class accreditation.

4 Domestic surveys and analysis

According to the results of a domestic questionnaire survey, there are four types of mark assignment; (1) marks will be affixed to products in accordance with the statutory standards, (2) marks will be affixed to products that have passed a test conducted by an industry group in accordance with the standards established by the industry group and, (3) marks will be affixed to products that have passed a company’s own test in accordance with the standards established by an industry group, and (4) marks will be affixed to websites, etc., after management system certification is conducted in accordance with the standards established by an industry group. The reasons why a company uses marks may be categorized into four types: (1) to earn consumers’ trust, (2) to comply with laws and regulations, (3) to differentiate itself from other companies, (4) to comply with the rules established by the industry group, and (5) to make its environmental contribution and regulatory conformity visible to the public.

Regarding the issue of certification renewal (checking of quality maintenance), a domestic interview survey has revealed that, as far as product certification is concerned, there are three types of renewal: (1) certification that may not be

renewed, (2) certification that needs to be renewed before the expiration of the effective period, (3) certification that is checked on a regular basis (checking of the quality management). As far as management system certification is concerned, a regular examination and a renewal examination (re-certification) are conducted. In the meantime, there are three types of wrongful use of marks: (1) use of a mark without due authorization (unauthorized use), (2) use of a mark by the authorized company for any product other than the certified products (abusive use), (3) use of a mark in an inappropriate manner (misuse). Cases involving abusive use and misuse of marks have been solved through remedial arrangements or negotiations. Cases involving unauthorized use have been settled through negotiations or warnings. So far, none of those cases have been brought before a court.

The needs for protection of certification marks are explained below: the certification bodies that have registered their certification marks as regular trademarks account for 76%, of which 35% have seen their marks wrongfully used (unauthorized use, abusive use, or misuse). The reasons why companies are using certification marks are as follows: (1) to earn consumers’ trust, (71%), (2) to comply with laws and regulations (48%), (3) to differentiate themselves from other companies (26%), and (4) to comply with the rules established by the industry group (22%). To the question on the introduction of a certification trademark system, 60% of the respondents showed their support for the introduction for various reasons including: (1) the system would increase the reliability of certification marks, (2) the system would have a positive effect on standardization and on quality maintenance and improvement, (3) the system would prevent products to which certification marks or verification marks are wrongfully affixed from being distributed in the market, (4) the system could satisfy a need for protection that cannot be provided under the current law, (5) since certification marks are different from regular trademarks in terms of usage and functions, a special protection system would be desirable. Since the unauthorized use of a certification mark or verification mark would be outside the framework of the certification/verification mark system, unauthorized use may not be restricted by certification bodies, etc., except for the unauthorized use of a certain certification mark or verification mark that can be restricted by a law

or regulation. In many cases, a product to which a certification mark or verification mark is affixed without authorization has poor quality. A consumer who happens to purchase the low-quality product will suffer damage. This will reduce consumer trust in the mark. Consequently, the certification body, etc., will suffer damage as well.

5 Certification trademark systems in other countries

In the U.S., the U.K., Australia, China, and South Korea, certification marks are protected as certification trademarks. I studied those countries' systems in detail such as the definition of "certification trademark," the requirements for becoming a certification trademark holder, application documents, the items that are required to be specified in the Regulations on the Management of Use, assessment, the examination of the Regulations on the Management of Use, the publication of the Regulations on the Management of Use, reference to relevant authorities, the effect of the right, the exercise of the right, wrongful use by a third party, use by the trademark holder, punishment on trademark holders who violated their management obligations, cancellation of a trademark registration on the grounds of non-use, and the application fee and the renewal fee. The study has revealed that those countries have almost the same certification trademark systems with slight differences from one country to another.

6 Legal issues pertaining to the introduction of a certification trademark system

(Regular) trademarks that are practically used as certification trademarks are not used by the trademark holders. Since such trademarks do not fall under the definition "trademark to be used in connection with goods or services pertaining to the business of an applicant" (Article 3, paragraph (1) of the Trademark Act), they do not satisfy the registration requirements under the current Act. Therefore, a certification trademark system should be introduced in order to make certification trademarks registrable. If such a system is introduced, certain measures should be taken to ensure smooth transition from regular trademarks to certification trademarks. As was the case with the introduction of the collective trademark system, it would be

reasonable to set a transition period during which changes may be made in registrations and applications. Trademark holders should be permitted to leave their trademarks as regular trademarks as far as their certification services (Class 42) are concerned and to register their trademarks as certification trademarks as far as the goods or services the trademark holders provide for use by other parties are concerned. Necessary measures should be taken to allow such dual registration of a trademark as both a regular trademark and a certification trademark.

The requirements for becoming a certification trademark holder should be established in such a way that a wide range of entities including companies, the national government, and local governments can become certification trademark holders as long as they have juridical personality. The requirements that will be imposed on individuals should be established in light of the actual use of marks and the needs for trademark protection.

Each applicant for a certification trademark should be required to submit the Regulations on the Management of Use. The JPO should examine whether the rules specify all of the necessary matters, do not offend public order and morals, and meet other criteria. The reasonableness of the rules should be determined by means of revocation trials or legislation. These Regulations on the Management of Use should be made public.

Regarding the registration requirements specified in Article 3, in light of the protection system for trademarks consisting of geographical names and the wording of Article 3, paragraph (2) of the current Act, a provision independent from Article 3, paragraph (2) should be established specifically for certification trademarks so that a certification trademark that does not have the source-indicating function in the original sense could be registered as long as the trademark has the function of distinguishing certified goods from other goods. It would not be necessary to alter Article 4. However, when a judgment is made about the similarity or dissimilarity between a disputed trademark and a prior trademark, a judgment of dissimilarity may be made on the grounds that the disputed trademark is a certification trademark.

The grounds for invalidation and the grounds for revocation of a certification trademark should be applied more strictly than those of regular trademarks. The grounds for invalidation and the grounds for revocation should be specified in such

a way that they cover such cases as where a trademark has never satisfied the registration requirements from the beginning, where a trademark failed to satisfy such requirements subsequently after its registration, and where the trademark holder failed to manage the trademark in accordance with the Regulations on the Management of Use.

Certification trademarks should be regarded as the same as regular trademarks in terms of the scope of effect.

III Conclusion and Consideration

In this research on certification marks, I conducted surveys and studies on the Japanese situation of those marks and also on the certification trademark systems and implementation practices of major foreign countries. Based on the results of the surveys and studies, I examined what legal issues would arise and determined what systems and implementation rules would become necessary if Japan protects those marks under a certification trademark system. The findings of the examination are included in this report.

The system to protect those marks under the Trademark Act needs to be determined based on a deep understanding of the current state of those marks and also on the results of careful discussions on such points as the requirements for becoming a certification trademark holder, the users of certification trademarks, interpretation of the “source-indicating function,” the registration requirements, and the effect of a right, etc. I hope that this research paper contributes to the government’s effort to devise a certification trademark system and implementation rules that will best suit Japan.

(Senior Researcher: Katsutoshi TAKAHASHI)