

16 Studies on the Ideal Trademark Act for the Development of Regional Brands^(*)

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The design of a system for developing regional brands plays a key role not only in the implementation of a national policy of regional developments but also in international trade negotiations. In this regard, South Korea revised its Trademark Act and Agricultural and Marine Products Quality Control Act and introduced two systems concerning geographic indications in the course of the Free Trade Agreement (FTA) negotiations with the United States and the European Union (EU). It would be of great significance to clarify the differences between the geographical indication protection system introduced in South Korea and the Japanese system of regional collective trademark in identifying issues concerning the introduction of the geographical indication protection system. Japan is likely to face these issues in future trade negotiations and in designing a system to suit the conditions in Japan. This research aims to determine the ideal design of the system for developing regional brands in Japan. This will be accomplished mainly by pursuing the appropriate Trademark Act through comparison and examination on the current system concerning the development of regional brands in Japan with reference to the contents of the FTAs between South Korea and the United States or the EU and the revisions made to domestic laws through negotiations for the FTAs.

I Introduction

1 Background to and Purpose of this Research

Pursuant the provisions of the revised Trademark Act, which came into effect on April 1, 2006, a system to recognize a "regional collective trademark" was introduced to Japan. While this system was believed to have been introduced as one of the policies toward achieving regional development,¹ there should be an examination on whether or not this objective has been achieved. Meanwhile, more than one concept for geographical names is provided for in the international treaties in which Japan is taking part. Japan, as a member state of such treaties, provides minimum protection to such concepts pursuant to the provisions of relevant laws, including the Trademark Act and Unfair Competition Prevention Act. Yet, the active movements of free trade negotiations have generated the needs to deepen the discussions on geographical indications and other relevant matters. In particular, there should be examinations on the European protection system as well as the U.S. protection system for geographical indications.²

In addition, Japan is a country blessed with local specialties, craftworks and spas with specific quality and/or characteristics associated with numerous geographical elements through her rich natural environment, unique culture and long history. It is important that Japan bring about a high added value by protecting her unique products as mentioned above from the aspect of intellectual property, thereby enhancing her international competitiveness.

Amid this situation, South Korea entered into an FTA with the United States and the European Union at roughly the same time.³ The FTA negotiations that South Korea conducted with the United States and European Union, which have different geographical indication protection systems, as mentioned above, as well as the revisions to the South Korean domestic laws made as a result of such negotiations, provide good research material in examining the design of the relevant systems in Japan to develop regional brands that have international competitiveness.

In this research, the main issues shall be identified by examining the provisions concerning geographical indications in the U.S.-Korea Free Trade Agreement ("U.S.-Korea FTA") and EU-Korea Free Trade Agreement ("EU-Korea

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FTA") as well as the revisions made to the South Korean domestic laws to perform the obligations under such provisions. Then, the three expressions used for marks consisting of geographical names (i.e., indications of regional origin, appellation of origin, and geographical indications) shall be examined with respect to their definitions and compared with the regional collective trademark of Japan. Finally, further considerations shall be made on the ideal Trademark Act befitted to the development of regional brands in Japan, and thereby, opinions are to be provided with respect to the design of the relevant systems.

2 Major Definitions in this Research

(1) European Geographical Indication Protection System Modeled After the French System

In France, the system for geographical names was established through three periods: the administrative naming period (1905 – 1919),⁴ the judicial naming period (1919 –1935)⁵ and the AOC period (1935 until now).⁶ Article A of the Law of May 6, 1919 on the protection of appellations of origin, which was added through the law revision on July 6, 1966, provided a definition on the appellation of origin for the first time.⁷ With respect to appellations of origin, the qualities and characteristics that originate in the geographical conditions are the interests to be protected by law. The scope of application of AOC (Appellation d'Origine Contrôlée (controlled designation of origin)) in France has been expanded from wines, spirits and cheese to general foodstuffs, including agricultural products.⁸ During the 1960s and 1970s, France entered into bilateral agreements with countries such as Italy, Spain, Switzerland and Austria, and these agreements later served as the basis for the establishment of unified rules on the protection of geographical indications of the EU.

The EU geographical indication protection system made its start from the establishment of cooperative(s) in the wine market of then European Economic Community in 1962 and the introduction of the concept of Delimited Wines of Superior Quality (Vins délimités de qualité supérieure (VDQS)) to the EU legislation.⁹ Later, the scope of protection of geographical indications, which was expanded from wines to further include agricultural products and other products, was established by the Council Regulation (EEC) No. 2081/92 of July 14, 1992, on the Protection of

Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.¹⁰ However, it was later abolished due to international disputes and is now governed by the Council Regulation (EC) No. 510/2006 of 20 March 2006 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.

(2) U.S. Geographical Indication Protection System

The United States has no special system for geographical indications. The U.S. geographical indication protection system solely refers to the protection provided pursuant to the systems of certification mark and collective mark, provided for in the United States Trademark Law (United States Code, Title 15, Commerce and Trade, Chapter 22) (15 U.S.C.§1054).¹¹ However, in the relevant Article, the expression "indications of regional origin" is used, which is different from other expressions such as "appellation of origin" or "geographical indications" (GI). Moreover, certification marks and collective marks are registered by the same method and with the same effect as trademarks.

A certification mark¹² is characterized in that the holder of a registered certification mark cannot use the relevant mark, and it certifies certain facts. Moreover, institutional security is provided by the United States Patent and Trademark Office (USPTO) to such mark as an intellectual property. Meanwhile, the characteristic of a collective mark¹³ lies in the fact that any person to whom a collective mark is attached is a member of the group that is the holder of the registered collective mark.

(3) Definitions Concerning Geographical Names under Treaties

With respect to the concept of geographical names under treaties, three expressions are used: indication of source (an English translation of the term "Indication de provenance"), appellation of origin (an English translation of the term "Appellations d'origine") and geographical indications (an English translation of the term "Indication géographique").

The term "indication of source" refers to "any expression or sign used to indicate that a product or service originates in a country, region or specific place."¹⁴ Indication of source is a broad concept that indicates the information on the place of origin and may include a mere indication of the country of origin, such as "made in Japan."

"Appellation of origin" means "the geographical name of a country, region or specific place which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural factors, human factors, or both natural and human factors; any name that is not that of a country, region or specific place is also considered a geographical name if it relates to a specific geographical area, when used in connection with certain products."¹⁵ The concept of appellation of origin constitutes stricter requirements and is narrower than indication of source.

With respect to geographical indications, Article 22, paragraph (1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS agreement") provides that they 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 origin."¹⁶

While the appellation of origin requires exclusive or essential relevance, essential relevance would suffice for geographical indications, and thus geographical indications are based on a concept milder than that appellation of origin but stricter than that of indication of source.

(4) Definitions in Japan

Regarding indication of source, there are provisions in laws, such as the Customs Act, Act against Unjustifiable Premiums and Misleading Representations (hereinafter simply referred to as the "Premiums and Presentations Act"), and the Act on Standardization and Property Quality Labeling of Agricultural and Forestry Products ("JAS Act"), which require true indication of objective facts on the information of source. Yet, although these may be regarded as relevant provisions that provide safety and security, they are not stipulated on the basis that marks, which themselves have added value as an intellectual property, would be indicated.¹⁷

On the other hand, there is a provision on geographical indications in domestic law, i.e., Article 1, paragraph (1) of the Standard for Indication in Relation to Geographical Indications¹⁸ based on the Act on Securing of Liquor Tax and on Liquor Business Associations (hereinafter simply referred to as "Liquor Business Associations Act"). Other than the fact that the indication is limited to liquors, the

definition is identical to that provided for in Article 22(1) of the TRIPS agreement. However, while additional protections are only provided to wines and spirits under Article 23 of the TRIPS agreement, such protections are further provided to Japanese refined sake under the Japanese Liquor Business Associations Act (Article 2 of said Standard for Indication). Moreover, no definition has been made in domestic laws with respect to appellations of origin.

II Systems for Development of Regional Brands under the Japanese Trademark Act

1 Development of Regional Brands by Means of Regional Collective Trademarks

Regional collective trademarks are provided for in Article 7-2 of the Trademark Act.¹⁹ Although the view on trademarks of geographical names has been considered the core to creating brand local specialties, strict requirements had to be met to realize the protection of such trademarks under the conventional Trademark Act. In the lawsuit of *Miwa Somen* (Japanese vermicelli made in the Miwa area of Nara prefecture)²⁰, which came prior to the introduction of the regional collective trademark system, slight changes to fonts or the addition of simple figures to the indication of characters made to a mark consisting of geographical names were considered to be a substantial part of the trademark and, thereby, similarity of trademarks was easily denied. Yet, even after such a system was introduced, decisions similar to the above were made in the case of *Hakataori* (a woven fabric produced in Hakata),²¹ which signified the problems contained in the system of regional collective trademarks. To begin with, although free enrollment of members is required in the relevant provision, i.e., the main clause of Article 7-2, paragraph (1) of the Trademark Act, the interpretation of such provision has not exactly been clarified. At the same time, as it is clear from the fact that the defendant's use of similar mark was denied of the infringement of trademark rights because the similar mark represented place of origin or manufacturing process, the scope of protection of marks registered as a regional collective mark would inevitably be quite narrow. Moreover, under the current regional collective trademark system, greater emphasis is placed on the subjective requirements; and the requirements imposed on

the definitions and composition of the object to be protected cannot necessarily be deemed to be strict. Furthermore, the decisions on such requirements are left to the discretion of the holder of the regional collective trademark.

Marks for regional brands are not only used to indicate the geographical place of origin (to show that the designated goods or services originate in the relevant region), but are also used as a tool to transmit to consumers information on the quality and/or characteristics defined by the geographical characteristics of the relevant region. While ordinary trademarks indicate the business source of the designated goods or services, marks for regional brands function to simultaneously indicate both the geographical origin and the relevant qualities and/or characteristics.

Nevertheless, it is recognized that the current regional collective trademark system is "by no means a direct guarantee by the state (JPO) that the quality of the goods (or quality of the services) that uses a regional brand meets certain standards."²² Furthermore, with respect to the relation to geographical indications, it has been stated that "the regional collective trademark system derives from a transitional form of expression of the legislation to protect the names of origin and geographical indications, which may vary under legislations,"²³ and that the regional collective trademark system is nothing but a stipulation of the regulations on conducts of unfair competition related to indications under the Unfair Competition Prevention Act in the Trademark Act.²⁴ These opinions reveal that the two systems for geographical indications and regional collective trademarks are relevant but different systems. In other words, the system for geographical indications in its true sense is yet to be designed in Japan.

2 The Role of Unfair Competition Prevention Act in the Development of Regional Brands

The purpose of the Unfair Competition Prevention Act is to provide for matters such as a prevention measure for unfair competition and compensation for damages caused by unfair competition, in order to ensure fair competition among business operators and accurate implementation of international agreements related thereto, thereby contributing to the sound development of the national economy (Article 1 of said Act). Article 2, paragraph (1), items (i), (ii)

and (xiii) of said Act prescribe the acts that shall be deemed to be acts of unfair competition with respect to indications.

With respect to the acts provided for in item (i) of said Article, they are required to create "confusion with another person's goods or business" and to use an indication "identical or similar to" the indication used by such person. Whether or not any confusion has been created is mostly decided based on the quality of being well-known.²⁵ At the same time, the scope of such quality does not require the relevant indication to be widely known throughout Japan but can only be an indication of products that are widely known in a certain region.²⁶ Indications of geographical names are often deemed to be lacking the capability to distinguish their designated goods or services from those of others. Even if they satisfy the requirements of such capability, the existence of confusion must be proved.

On the other hand, with respect to the acts provided for in item (ii) of said Article, requirements of the quality of being well known are stricter than those imposed on the acts specified in item (i) mentioned above, and such acts provided for in said item (ii) are regarded as "misuse of famous indications."²⁷ In relation to this, marks for regional brands that include the name of the region are based on the concept of protecting the reputation or fame of the quality and/or characteristics that originate in the relevant geographical characteristics rather than eliminating confusion. Moreover, the act provided for in item (ii) shall be deemed an act of unfair competition if it meets the requirement that the relevant indication is famous and "the existence of confusion is not required in this item; and thus it is unnecessary to prove the existence of confusion."²⁸ Accordingly, this item should be applicable for the protection of marks for regional brands. Yet, it should be noted that the application of this item is associated with certain burdens on proof and other matters.

3 Other Systems

The main purpose of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade ("Anti-Monopoly Act") is to prohibit acts that restrain free competition, such as private monopolization, and to secure free competition. In addition to the main purpose of prohibiting any acts that may restrain free competition, this Act aims to maintain fair

competition by prohibiting acts that impede fair competition as unfair trade practices and thereby secure free competition. Furthermore, the Premiums and Presentations Act was enacted as a special law of the Anti-Monopoly Act to maintain and promote fair competition. The principal means to achieving the purpose of the two Acts are "administrative regulations," such as the elimination order to be issued by the Japan Fair Trade Commission. However, as a result of a proposal to introduce the means of "injunctions" as one of the means to prohibit unfair trade practices, it was allowed to seek injunctions pursuant to Article 24 of the Anti-Monopoly Act after the revision in 2000.²⁹ Since many of the indications of information on place of origin, such as indication of source, are subject to the Premiums and Presentations Act, such indications can be considered to be administratively controlled where the information indicated is required to be objective rather than being protected as an intellectual property. In addition, as mentioned above, provisions concerning the indication of the place of origin may be regarded as concepts that lead to safety and security but do not directly relate to the creation of regional brands.

III Issues Found in South Korea's FTA Negotiations and Revisions to Relevant Laws

1 Examinations on the Introduction of Geographical Indication-Related System in the Course of U.S.-Korea FTA Negotiation

In the course of the U.S.-Korea FTA negotiation, the following were provided with respect to geographical indications.

Article 18.2(2) of U.S.-Korea FTA provides for trademarks that include geographical indications, and obligates the parties to realize protection of geographical indications by introducing certification marks into the trademark system.³⁰ In the footnote of said Article, the definition of "geographical indications" is provided,³¹ and it corresponds to that provided for in Article 22 of the TRIPS agreement. At the same time, geographical indications are distinguished from signs consisting of the term "originating," which simply indicates information on the place of origin.

Paragraph (4) of said Article³² provides that signs that include geographical indications for

goods or services shall be prohibited from being used in any case of likelihood of confusion. This provision is similar to Article 2, paragraph (1), items (i) of the Unfair Competition Prevention Act of Japan, as mentioned above.

Paragraph (8) of said Article³³ provides for remedies to be provided in case any act that constitutes fraudulent labeling of a well-known trademark or geographical indication or free-rides has been conducted. Yet, it is clear from this provision that geographical indications are protected with the same effect as trademarks instead of being protected as a special object. Furthermore, paragraph (15)(a) of said Article³⁴ provides for the arrangements to be made in relation to the vested interests of other marks that have been in use prior to the relevant mark.

Mr. Won-oh Kim values these provisions established through the U.S.-Korea FTA negotiations to have the following effects: (i) to give substance to the quality-guarantee function of trademarks; (ii) to provide to the consumers a benchmark and information for the selection of proper goods, which is essentially required in the operation of the system of marks; (iii) to activate the certification mark system operated by governmental organizations, local governments and private organizations; and (iv) to function as part of the measures for promotion of small and medium-sized enterprises through activation of certification marks granted to goods with a certain level of quality provided by small and medium-sized enterprises with reliable technical capabilities.³⁵

Nevertheless, as many academics, including Mr. Won-oh Kim and Mr. Byungil, Kim have raised concerns, the certification marks have been introduced without sufficient examinations on issues such as the relationship between the existing collective mark system, possible conflicts and considerations to be made to avoid possible confusion under operation.³⁶

2 Examination on the Introduction of a Geographical Indication-Related System in the EU-Korea FTA Negotiations

In the EU-Korea FTA, paragraph (2) of Article 10.2, which provides the nature and scope of obligations under said FTA, stipulates trademarks and geographical indications separately as an independent intellectual property right. At the same time, paragraph (3) of said Article clearly stipulates that the protection of intellectual property includes protection against

unfair competition, as referred to in article 10bis of the Paris Convention. Geographical indications are defined as complying with the provisions of the relevant Council Regulations; and that same definition is to be provided in the Agricultural and Marine Products Quality Control Act (Act No. 9759 of June 9, 2009) and Liquor Tax Act (Act No. 8852 of February 29, 2008) of South Korea.

For example, geographical indications are defined in the Agricultural and Marine Products Quality Control Act of South Korea in line with the definitions of geographical indications provided for in Article 2, paragraph (1), item (b) of the Council Regulation EC No. 510/2006,³⁷ which is one of the Council Regulations listed in the FTA. According to Article 2, paragraph (1), item (vii) of said Act, the term "geographical indication" means "indications displaying agricultural products or the processed product (excluding processed agricultural products in which marine products are used as a principal material or main ingredient; the same shall apply hereinafter), the reputation, quality and other attributes of which are essentially originated from the geographical characteristics of a specific region, are produced and processed in the specific region." Under the South Korean system for the protection of geographical indications based on the quality control of agricultural and marine products, it is required that the specific quality or characteristic is essentially attributable to the relevant geographical factors, and such protection is afforded to agricultural products and processed agricultural products.

Article 10.18 of said FTA provides for recognition of geographical indications for agricultural products as well as foodstuffs and wines.³⁸ This provision, which requires relevant procedures to be conducted to take into account the interests of a geographical indication that has been in use prior to a registered trademark, can be considered as one of the provisions that show the superiority of geographical indications. At the same time, Article 10.19 of said FTA provides for the recognition of specific geographical indications for wines, aromatized wines and spirits, while the provisions of Article 10.20, Article 10.21, and Article 10.22 of said FTA provide for the right of use, scope of protection, and enforcement of protection, respectively.

The relationship with trademarks is provided for in Article 10.23, paragraphs (1)³⁹ and (2)⁴⁰ of said FTA. These provisions provide for the registration of a trademark that corresponds to any of the following situations in relation to a like

good: (i) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good (Article 10.21, paragraph (1), item (a) of said FTA); or (ii) the use of a geographical indication identifying a good for a like good not originating in the place indicated by the geographical indication in question, even where the true origin of the good is indicated or the geographical indication is used in translation or transcription or accompanies by expressions such as 'kind,' 'type,' 'style,' 'imitation,' or the like (item (b) of said paragraph); or (iii) any other use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (item (c) of said paragraph). In addition, it is provided for that in cases where the relevant trademark application is filed after the grant of protection or recognition of the relevant geographical indication, both the application for trademark registration and application for recognition of the relevant geographical indication may be refused or invalidated.

3 Analysis on the Design of Systems for the Development of Regional Brands in South Korea and the Issues Thereof

In response to the FTA negotiations with the United States, South Korea amended the Trademark Act⁴¹ to newly introduce a geographical indication certification mark system by establishing a geographical collective mark system that was based on the former collective mark system. Moreover, South Korea not only provided for the definition on geographical indication in Article 2, paragraph (1), item (3-2) of the Trademark Act,⁴² but also defined homonymous geographical indication in consideration of the fact that Hangul is a language that records sounds and Kanji characters are less likely to be used in marks.⁴³

Furthermore, South Korea provided separate definitions on geographical collective marks based on the former collective marks system (Article 2, paragraph (1), item (3-4) of said Act)⁴⁴ and those on geographical certification marks based on the newly introduced certification mark system (item (4-2) of said paragraph)⁴⁵. However, the point of providing such definitions remains unclear.

Meanwhile, South Korea also provided the definition of geographical indications⁴⁶ in Article 2, paragraph (1), item (viii) of the Agricultural and

Marine Products Quality Control Act,⁴⁷ in response to the FTA negotiations conducted with the EU. The definition provides the same as above, except that it covers only agricultural and marine products and the processed products thereof while the definition provided in the Trademark Act covers goods in general. Moreover, the definition of homonymous geographical indication is also defined in the Agricultural and Marine Products Quality Control Act, as is the case with the Trademark Act (Article 2, paragraph (1), item (ix) of the Agricultural and Marine Products Quality Control Act). Furthermore, the Agricultural and Marine Products Quality Control Act defines the right to geographical indication⁴⁸ and clearly stipulates that the registration of geographical indication under the Act means the grant of a right.

While remedies against infringement of trademark rights, including the right to seek injunction (Article 65 of the Trademark Act) and the right to claim damages (Article 67 of said Act) have naturally been provided for in the Trademark Act of South Korea, similar provisions were stipulated in the Agricultural and Marine Products Quality Control Act as a result of the revision in 2011. Accordingly, this Act changed its status as a mere law for administrative control to a law equipped with means to seek remedy, such as the right to seek injunction (Article 36 of said Act) and the right to claim damages (Article 37 of said Act). Furthermore, provisions for the arrangement of these measures under the two Acts^{49 50} were established, respectively.

However, the dual registration system for geographical indications has raised difficulty in setting guidelines for creation of regional brands and has led to multiple campaigns in various competent ministries and agencies for promotion of registration of geographical indications. Moreover, various problems have occurred such as the increase in the burden of producers or service providers in relation to geographical indications and consumer confusion over the selection of goods.

IV U.S. Type System and EU Type System for Development of Regional Brands

1 Development of Regional Brands under a U.S. Type of Geographical Indication Protection System

The dilution theory is indispensable in

discussing the U.S. geographical indication protection system. Needless to say, the dilution theory was first alleged by Mr. Frank I. Schechter.⁵¹ Following the Trademark Dilution Revision Act passed in October 2006, the current U.S. Trademark Law classifies the dilution concept into two categories: "dilution by blurring"⁵² and "dilution by tarnishment."⁵³ At the same time, to achieve a balance with the freedom of expression, exclusions are provided for the following acts: (A) any fair use including advertising for comparison, parodying, criticizing, or commenting; (B) all forms of news reporting and news commentary; and (C) any noncommercial use of a mark (Article 43, paragraph (c)(3) of said Law (15 U.S.C. §1125)).⁵⁴ In the past, trademarks were required to have inherent distinctiveness for the application of the former dilution theory, and such application was not allowed no matter how famous the mark for the regional brand (including geographical indication) was.⁵⁵ Yet, as it was clearly defined that famous marks should be "distinctive, inherently or through acquired distinctiveness" through this law revision, it is possible that the dilution theory could be applied to marks for regional brands.

Therefore, under a U.S. type of geographical indication protection system, a mark can first be registered as a collective mark or certification mark and further, where there are any regional brands that may be equivalent to the appellation of origin as mentioned above, the dilution theory may be applicable to provide additional protection to such marks.

Although the provision of Article 2, paragraph (1), item (ii) of the Japanese Unfair Competition Prevention Act is recognized as providing protection against dilution, such dilution is at least not explicitly provided and required in the legal text of said Act. Therefore, some people hold the opinion that, to some extent, there is a discrepancy in legislative intent between the legal text of said Act and said item.⁵⁶ In particular, in protecting marks that include geographical names under the Unfair Competition Prevention Act, there must be an examination on the lack of provisions corresponding to the fair use provided for in the abovementioned U.S. protection system, which is represented by an insufficient adjustment between the Unfair Competition Prevention Act and the provisions of Article 26, paragraph (1), items (ii) and (iii) of the Trademark Act and the issue of indication for common names.

In the United States, the Trademark Law uniformly provides protection of geographical indications, thus displaying the significance of the Law. In this regard, Ms. Eleanor Meltzer raises four benefits.⁵⁷ Yet, although the first benefit raised may be regarded as the most important advantage in protecting geographical indications using a trademark system, protection in accordance with international rules has a bilateral aspect. Moreover, as there are only two cases where foreign applicants have registered their marks under the current Japanese regional collective trademark system, the international protection system is insufficient. Regarding the second benefit, geographical indications do fall under the scope of intellectual property rights.⁵⁸ However, they are neither a private property nor a public property, but a shared property, and thus should strictly be separated from other intellectual property rights. With respect to the third benefit, there is certainly a huge advantage in using the application procedures under the former trademark system or other judicial systems without modification, as alleged by Ms. Meltzer. Yet, as mentioned above, there is a huge difference between geographical indications and ordinary trademarks in terms of the legal nature, and thus protection by the same method with the same effect has limits. The fourth and final benefit, which sets out the advantage in border-enforcements achieved by granting the right to geographical indication within the framework of the trademark system, is true.

In Japan, there exist a number of regional brands with a geographical quality and/or characteristic specific to each region, and a practical benefit in protecting them through geographical indications. Moreover, because these regional brands defined by geographical characteristics are shared properties, they involve problems such as the unavailability of sustainable protection and development unless an institutional security (i.e., substantial management and supervision) is provided.⁵⁹

2 Development of Regional Brands under an EU type of Geographical Indication Protection System Originating from the French System of Appellation of Origin

While the protection of geographical indications is left to the trademark system under the principle of private autonomy in the United States, the system for such protection in the EU is characterized in that it is designed to have

stronger regulation by the administrative organs and to give superiority to geographical indications over trademarks.

In order to realize such a system where regulation by administrative organs is stronger or geographical indications have superiority over trademarks that are private rights, a theoretical basis would be required. This basis is served by the concept of *le terroir*, which is closely related to geographical characteristics.⁶⁰ Japan, which is a country with a territory stretching from north to south and blessed with a rich geographical environment and fine climate, has raised many regional brands through its long history.⁶¹ The elements underlying these regional brands are exactly the concept of *le terroir*. Meanwhile, appellation of origin is defined in Article 2, paragraph (1)(a) of the Council Regulation No. 510/2006.⁶² One of the characteristics in the design of the system of marks for regional brands in Europe is that phased protection is provided by using two concepts, i.e., appellation of origin and geographical indication, according to the constituent features of the geographical characteristics.

In Japan, not only are there goods (or services) that are eligible for protection under the system of appellation of origin but there are also needs for such protection. Actually, Nagano prefecture has its own system to control the appellation of origin, i.e., Nagano Appellation Control,⁶³ and Koshu city of Yamanashi prefecture is operating a Koshu City AOC.

No arguments have been made over the fact that the protection of geographical indications under the Agricultural and Marine Products Quality Control Act of South Korea is based on an EU type of geographical indication protection system. Yet, Mr. Byungil Kim points out that the South Korean registration system of geographical indication (based on the Agricultural and Marine Products Quality Control Act), which emphasizes the aspect of quality certification, is caused by an inaccurate understanding of the fundamental purpose of the geographical indication protection system.⁶⁴ At the same time, he alleges that "Geographical indications are intellectual property rights that are largely based on the regional characteristics and reputation of the goods, rather than on the quality certification system, where focus is placed on quality control as food sanitation in its core,"⁶⁵ with which this author strongly agrees. Similar problems can be found in the control system for appellation of origin managed by the two prefectures, Nagano

and Yamanashi, as mentioned above.

V Appropriate Design of the System for Development of Regional Brands and the Ideal Trademark Act in Japan

A geographical indication that associates the place of origin with quality and/or characteristic requires an accumulation of efforts and traditions of the regional producers from generation to generation. Moreover, taking into account the consumers that evaluate and support such geographical indication, it is said that "while human and social factors play a big role with respect to geographical indications, time also plays an important role therein."⁶⁶ As Mr. Shigeo Takakura has mentioned, "New research is expected to be made on geographical indications not only as a response to international exchange but also as one of the national policies to find out the appropriate protection of indications for local specialties as an intellectual property, which is suited for the 'locality era' and 'consumer-led era.'"⁶⁷ Therefore, examination should be made on the Japanese system for the protection of geographical indications as intellectual property rights.

1 Significance of Protection of Geographical Indications in Japan

Changes in policies of intellectual property laws are often due to the historical background and changes in the environment surrounding the markets. The same can be said for the design of a system for marks of regional brands. Such marks were previously protected by measures such as the exclusion of descriptive indication from trademark registration or restriction on fraudulent indication on the place of origin (i.e., passive protection). However, they are now defined in legal terms (i.e., geographical indication or appellation of origin) and require active protection. One of the reasons for this situation is the commoditization of the market.⁶⁸ Especially in countries like Japan where relevant laws are established—i.e., Act for Standardization and Proper Labeling of Agricultural and Forestry Products ("JAS Act" for agricultural and forestry products), Industrial Standardization Act ("JIS Act" for industrial products), and Premiums and Presentations Act—the basic quality standard is fixed, and quality guarantee at the level of safety and security is sought under a system. However,

mass production under certain standards accelerates the commoditization of markets.

With respect to the development of regional brands, if anyone who belongs to the relevant region could indicate a mark representing the name of the relevant region, such mark is merely an indication of the place of origin and cannot be deemed to be protected as one of the intellectual property rights, a geographical indication or designation of origin. This is because regional brands are created and developed by the relevant region's natural, cultural and historical factors adding story lines to the relevant mark.⁶⁹ The protection of geographical indications, which is one of the effective means for developing regional brands and is suitable to the commoditized market, could also function as a means to provide an institutional guarantee to geographical indications, in this information-explosion era.⁷⁰

From the legal aspect, allegations were made in regard to the protection of geographical indication that any consumers' misunderstanding or confusion should be prevented and fair distribution of interests arising from the proprietary value of the relevant geographical indication should be made to the right holders by maintaining the quality and characteristics of the goods with the relevant geographical indication.⁷¹ Moreover, opinions were heard that such protection may lead to the protection of small farmers and function as a quality guarantee of goods.⁷² Although the appropriateness of these opinions may vary depending on the definition of geographical indications as well as the system to be designed in Japan, they have mentioned an important aspect for the necessity of protection of geographical indications.

2 State of Protection and Nature of Geographical Indications under the Trademark Act of Japan

Under the current Trademark Act of Japan, basically, the place of origin, place of sale, quality and the like cannot be registered as trademarks (Article 3, paragraph (1), item (iii) of the Trademark Act). However, notwithstanding said paragraph, they can be registered as trademarks if, as a result of the use of the mark, consumers are able to recognize the goods or services as those pertaining to a business of a particular person (paragraph (2) of said Article). This means that a mark indicating a geographical name can be registered as a trademark if such mark is famous enough for consumers to distinguish the business

source of the relevant goods or services.

Moreover, notwithstanding the provision of Article 3 of said Act, a trademark that is likely to cause confusion in connection with the goods or services pertaining to a business of another person (Article 4, paragraph (1), item (xv) of said Act) and a trademark that is likely to mislead as to the quality of the goods or services (item (xvi) of said paragraph) cannot be registered as trademarks (main clause of said paragraph). Furthermore, to perform the obligation imposed under Article 23 of the TRIPS agreement, additional protection has been provided to the indication of the place of origin for wines and spirits in item (xvii) of said paragraph.

Meanwhile, exclusions can be found in the regional collective mark system. Under the system, in order to overcome the inconvenience suffered in registering the abovementioned marks indicating geographical names as trademarks, the party applying for such registration was required to be an association established by a special Act that includes a business cooperative, and such association was further prohibited from imposing on any of its prospective members any condition heavier than those imposed on its existing members (Article 7-2, paragraph (1) of said Act).

Registration as a collective trademark of the association in the relevant region could be one of the options for the protection of marks indicating geographical names, as the case may be (Article 7 of said Act). However, the current collective mark system has no provision regarding a case where the member of an association has used its collective mark on false regional goods or services.⁷³ Moreover, in the case of regional collective marks, the JPO does not have the authority to order the suspension of improper use of a mark for which a proper application has been filed. This is obviously because the JPO is an organization that registers trademarks but not one that administratively controls them. Furthermore, it has been pointed out by Mr. Dev Gangjee that, at present, although the JPO registers regional collective marks, it is not responsible for mediating disputes on issues such as setting standards for products, defining the geographical boundaries or objectively applying collective marks without discrimination.⁷⁴

Trademarks are marks that indicate the business source and fall under the scope of private properties. Therefore, needless to say, if a holder of a trademark registers his/her trademark and obtains a trademark right, such holder of a trademark can freely decide on the place of origin

or place of provision and quality of the designated goods or services. On the other hand, geographical indications are marks that indicate the geographical origin and fall under the scope of shared properties. Thus, it is reasonable to consider that, even if the relevant mark has been registered, the holder of such mark cannot freely decide on the place of origin or place of provision and the quality defined by the relevant geographical factor of the designated goods or service. Accordingly, it is necessary to design a system where the use of the registered trademark to the designated goods by the holder of a trademark may constitute grounds for the rescission of registration.

3 Examination on the Ideal Trademark Act for the Protection of Geographical Indications

Goods marks are essentially signs that consist of two aspects, namely the mark itself and information transmitted to the consumers by the mark. While it is important to decide on the similarity of marks themselves, the substance of the protection of trademarks lies in the decision on information transmitted to the consumers by the marks. A mark indicating a regional brand is a representation of a specific quality and/or characteristic that originates in geographical factors. Thus, an effective system for the development of regional brands should be designed by guaranteeing a substantial connection between the relevant mark and the information transmitted by such mark. Based on this understanding, in order to protect marks for the development of regional brands, it would be necessary to establish a requirement that the registration applicant be capable of guaranteeing a substantial connection between the mark of the regional brand and the specific quality and/or characteristics originating in the geographical factors of the relevant region. In this sense, the requirement imposed on such applicant under the current regional collective mark is too limited.⁷⁵

Next, discussions shall be held on the definition of the object to be protected. Concepts that deserve protection as an intellectual property right are geographical indications and appellation of origin, as mentioned above. These concepts should be defined in domestic laws.⁷⁶ Moreover, it is indispensable to understand the concept *le terroir*, which serves as the basis for the protection of appellation of origin. Nevertheless, even if separate definitions are

made for marks representing regional brands, it is more than clear that, within the framework of the current Trademark Act,⁷⁷ difficulties would arise in the enforcement of rights for such marks that have once been registered as trademarks. Thus, it is necessary to design a new system of marks indicating geographical origins. Therefore, there shall be an examination on two theories.

The first theory maintained by Mr. Tatsuki Shibuya is based on a dual legislation of the Trademark Act.⁷⁸ Under this theory, "marks of geographical origin" shall be given a new concept different from that of trademarks,⁷⁹ and while making the best use of the existing mechanism for registration under the Trademark Act, a special rule shall be established for marks of geographical origin. This theory would require the generic concept necessary for registration to be the "distinctiveness of geographical origin" instead of the "distinctiveness of the business source," and the decision on similarity to be made on the basis of any confusion of the geographical origin in association with the requirements imposed in the course of examination for registration, and further, the establishment of a system of review at the time of renewal.

The other theory is based on the establishment of a double track system for geographical indications. Under this theory, the system of marks for geographical origin shall consist of two aspects: (i) substantial management and supervision of specific quality and/or characteristics by the competent ministries and agencies or public institutions; and (ii) protection of marks under the Trademark Act.⁸⁰

Dual legislation of the Trademark Act is highly feasible in that trademarks and geographical origin marks can clearly be distinguished and that the existing mechanism of trademark registration can be utilized. However, there are differences between trademarks and appellations of origin or geographical indications in their legal nature, such as while the former is a private property, the latter is a shared property. Moreover, the information transmitted to the consumers by geographical origin marks is different from that transmitted by trademarks. Therefore, there should be further discussions on matters such as the review of the standard for deciding similarity in the case of geographical origin marks and the possibility of providing additional protection to appellation of origins without imposing the requirement of non-confusion.⁸¹ The concept underlying the

current Trademark Act is insufficient to be fully adapted to the nature of geographical indications.

On the other hand, under the theory of establishing a double track system, substantial management and supervision by the ministries and agencies or relevant public institutions of the specific quality and/or characteristic originating in the geographical factors would be an indispensable factor in developing regional brands. This is based on the fact that the information transmitted to consumers by marks representing regional brands is information on the geographical origin of the relevant goods or services. In other words, it is information on the quality and/or characteristics of the designated goods or services originating in the geographical factors.⁸²

However, in designing a system containing the function of substantial management and supervision, the South Korean practice of allowing multiple marks for the same regional brand should be avoided, from the viewpoint of transmitting accurate information to consumers. Thus, cooperation between ministries and agencies would be essential for the protection of marks representing regional brands. Accordingly, it would be reasonable to establish a double track system where the substantial management and supervision of the quality and/or characteristic originating in the geographical factors shall be entrusted to the competent agencies and ministries or relevant public institutions based on the abovementioned cooperation, while the connection between the information and the mark transmitting such information shall be protected by registration as collective trademarks or certification trademarks under the Trademark Act.

VI Conclusion

Regional brands are created through a sustainable guarantee of geographical quality and/or characteristic by appropriate protection and shall be developed through an accurate transmission of information to the consumers. Thus, phased protection should be provided according to the characteristic of information transmitted by the regional brand. In the future, further comparative studies should be made on the design of an EU type of system that gives superiority to the appellation of origin over trademarks as well as on the application of the dilution theory to marks indicating the name of region under a U.S. type of system. By reference to such comparative studies, deeper examinations

should be made to design a system for the protection of influential region brands without imposing the requirement of confusion in Japan. Furthermore, not only the cooperation and clear allocation of roles between the ministries and agencies should be made, but there should also be measures taken for the selection of marks to be called regional brands, defining of the geographical boundaries, and distinction between the guarantee of quality and/or characteristics originating in geographical factors and the protection of marks as intellectual property.

¹ Japan Patent Office ed., *Kogyoshoyukenho chikujokaisetsu* (Clause-by-Clause Explanation of Industrial Property Law), (19th ed.) p. 1310 (Japan Institution for Promoting Invention and Innovation, 2012).

² While systems related to intellectual properties as represented by patents are considered as a North-South Issue, the system for geographical indications has brought conflict between the Old World (as represented by the European Countries) and the New World (as represented by the United States and Australia). Therefore, there is a huge difference between the European geographical indication protection system and the U.S. geographical indication protection system, and each system needs to be taken into consideration in conducting trade negotiations with these regions and countries.

³ The U.S.-Korea Free Trade Agreement was signed on June 30, 2007 and entered into force on March 15, 2012, while the EU-Korea Free Trade Agreement was formally signed on October 6, 2010, and entered into force on July 1, 2011.

⁴ Extraits choisis par François des Lingeris du texte de <<L' Evolution de la Législation sur les Appellations d' Origine – Genèse des Appellations Contrôlées –>> par Joseph Capus en 1947, "The Evolution of the Law on Appellations of Origin – Genesis of Controlled Appellations" as translated by Teiji Takahashi in *Nobiyuku Nogyo* (Developing Agriculture) No. 983, p. 1, (2009): In 1870, nearly one third of the French vineyards suffered catastrophic damage from pests, such as phylloxeras, and the issues of fraud and disputes over the indications of regional origin of wines became increasingly serious. To regulate such fraud, the Law of August 1, 1905 on Suppression of Fraud in Respect of Wines (La loi du 1^{er} août 1905) was enacted in 1905. Under this system, the naming system for the appellation of origin was established and the naming right of the appellation of origin was uniformly vested in governmental organizations and executed by the representatives of each region of the central government. The period from 1905 to 1919 is called the administrative naming period.

⁵ Pursuant to the enactment of the Law of May 6, 1919 on the Protection of Appellations of Origin in 1919 (Loi du 6 mai 1919 relative à la protection des appellations d'origine), the judicial naming period started and continued until 1935.

⁶ The AOC period started from the enactment of the Decree-Law of July 30, 1935 on Controlled Appellations of Origin (Reconnaissance des appellations d'origine

contrôlées, Décret-loi du 30 juillet 1935) in 1935. AOC is an abbreviation of Appellation d'Origine Contrôlée (Controlled Appellations of Origin).

⁷ An appellation of origin shall consist of the geographical name of a country, region or locality that serves to designate a product originating therein, the quality or characteristics of which are due to the geographical environment, including both natural and human factors.

⁸ This measure was taken pursuant to the Law of July 2, 1990, Concerning Appellations of Origin of Agricultural Products and Foodstuffs, Both Processed and Unprocessed (Loi du 2 juillet 1990 relative aux appellations d'origine contrôlées des produits agricoles ou alimentaires, bruts ou transformés).

⁹ *TiánFúRóng*, "Research on the Legal Protection of Geographical Indications," p. 159 (*Intellectual Property Publishing House, 2009*); the original text is in Chinese.

¹⁰ Council Regulation (EEC) No. 2081/92 of July 14, 1992, on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs (Règlement (CE) N°2081/92 du Conseil du 14 Juillet 1992 relatif à la protection des indications géographiques et des appellations d'origine des produits agricoles et des denrées alimentaires).

¹¹ 15 U.S.C. §1054 - Collective marks and certification marks registrable: Subject to the provisions relating to the registration of trademarks, so far as they are applicable, collective and certification marks, including indications of regional origin, shall be registrable under this chapter, in the same manner and with the same effect as are trademarks, by persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment, and when registered they shall be entitled to the protection provided in this chapter in the case of trademarks, except in the case of certification marks when used so as to represent falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

¹² The term "certification mark" means any word, name, symbol, or device, or any combination thereof—

- (1) used by a person other than its owner, or
- (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter,

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

¹³ The term "collective mark" means a trademark or service mark—

- (1) used by the members of a cooperative, an association, or other collective group or organization, or
- (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

and includes marks indicating membership in a union, an association, or other organization.

¹⁴ According to WIPO/GEO/MVD/01/1 on page 2, the term "indication of source" is used in Article 1(2) and 10 of the Paris Convention for the Protection of Industrial Property of 1883 (hereinafter simply referred to as the "Paris Convention") and in Article 1(1) of the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods on 1891, but no definition is provided.

It was defined in Section 1(1)(e) of the Model Law for Developing Countries on Marks, Trade Names and Acts of Unfair Competition by the United International Bureau for the Protection of Intellectual Property (BIRPI: WIPO's predecessor organization) that, "'indication of source' means any expression or sign used to indicate that a product or service originates in a given country or group of countries, region or locality." The term was further amended in Section 1(b) of WIPO Model Law for Developing Countries on Appellations of Origin and Indications of Source (1975).

¹⁵ Article 2(1) of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958: "appellation of origin" means the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.

The definition mentioned in the main text came into use in Section 1(a) of WIPO Model Law for Developing Countries on Appellations of Origin and Indications of Source, which was provided after Article 1(1)(f) of the Model Law for Developing Countries on Marks, Trade Names, and Acts of Unfair Competition enacted in 1967.

¹⁶ The commentary to Article 51 of the abovementioned Model Law of 1967 was one of the first references made on geographical indications: BIRPI Publication No.805 (E), p. 82.

Indications of source and appellations of origin are both geographical indications. Yet, geographical indications were not deemed to be legal concepts at this stage.

It was later defined in the Draft Treaty on the Protection of Geographical Indications (WIPO) in 1975, and has now been provided for in the Agreement on Trade-Related Aspects of Intellectual Property Rights of 1994.

¹⁷ There are, of course, issues of overlapping indications on the same information. In this regard, please refer to the authors report, "Trademark Act and Consumer Protection with a Focus on a Comparative Study of the Sign Systems in Japan, China, and South Korea" published under the Industrial Property Research Promotion Project FY2011 entrusted by the Japan Patent Office (Institute of Intellectual Property, 2012).

¹⁸ "Geographical indications" means indications which identify a liquor listed in the following items 2 through 4 as originating in the territory of a Member of the World Trade Organization, or the region or locality in that territory, where a given quality, reputation or other characteristic of the liquor is essentially attributable to its geographical origin.

¹⁹ Requirements for regional collective trademarks are

provided for in the Trademark Act as follows: (i) Any association established by a special Act, including a business cooperative, which are established by providing, without a just cause, that the association shall not refuse the enrollment of any person who is eligible to become a member or that the association shall not impose on any of its prospective members any condition that is heavier than those imposed on its existing members (the main clause of Article 7-2, paragraph (1) of the Trademark Act); (ii) such association is well known to a certain extent (the latter half of the main clause of Article 7-2, paragraph (1) of said Act); (iii) a mark consisting of the characters indicating the name of the region and other relevant common names (Article 7-2, paragraph (1), item (i) of said Act); (iv) the relevant name of the region should be considered to have a close relationship with the relevant goods or services (Article 7-2, paragraph (2) of said Act); (v) the relevant mark is assumed to be used by the members (Article 7-2, paragraph (3) of said Act); and (vi) a document certifying that the applicant for trademark registration meets the subjective requirement, i.e., the applicant is an association, etc. and documents necessary to prove that the trademark for which the registration is sought contains the name of a region as provided in paragraph (2) shall be submitted to the Commissioner of the Japan Patent Office (Article 7-2, paragraph (4) of said Act).

²⁰ Judgment of the Nara District Court, July 30, 2003, 1999 (Wa) No. 460.

²¹ Judgment of the Fukuoka District Court, December 10, 2012.

²² Ogawa, Soichi. "*Chiikidantaishohyo to Shohyoho no Kihonteki Rinen – Chiikiburando no hogo ni kansuru shohyoho no nisengonen ichibu kaisei*" (Basic Concepts of Regional Collective Trademarks and Trademark Act (1) – Partial Revision to the Trademark Act in relation to the Protection of Regional Brands in 2005) *Nihon Hogaku* (Journal of Law), vol. 71, No. 3, p. 204, 2006.

²³ Imamura, Tetsuya. "*Chiikidantaishohyo to Chiritekishohyo no Hogo – Sono yokisenu hogo no kousaku –*" (Special Collective Trademarks for Geographical Names and Protection of Geographical Indications – The Unexpected Overlap of Protection -), Annual Report of the Japan Association of Industrial Property Law No. 30, p. 276, 2006.

²⁴ Tamura, Yoshiyuki. *Chitekizaisanho Daigohan* (Fifth Edition of Intellectual Property Laws) p. 130 (Yuhikaku Publishing Co., Ltd, 2010).

²⁵ Ono, Shoen and Matsumura, Nobuo. *Shin Fuseikyosoboshiho Gaisetsu* (New Commentary on Unfair Competition Prevention Act), p. 160 (Seirin Shoin, 2011): Indications are only required to be widely known to the extent that the confusion generates a situation in violation of the business principle of good faith.

²⁶ Judgment of the Supreme Court, May 20, 1959, Keishu Vol. 13, No. 5, p. 755 (Amamoto Final Appeal Case)

²⁷ With respect to the protection of famous indication, refer to Doi, Kazufumi. "*Tanin no Shinyo, Meisei no Riyo to Fuseikyosoboshiho*" (Use of Reputation and Fame of Others and the Unfair Competition Prevention Act) *Tokkyo Kenkyu* (Patent Studies) No. 4, p. 15

(1987).

²⁸ Supra note 25, p. 211.

²⁹ Ono, Shoen. *Shin Chushaku Fuseikyosoboshiho* (New annotation Unfair Competition Prevention Act), (3th ed. First volume) p. 91 (Seirin Shoin, 2012).

³⁰ Each party shall provide that trademarks shall include certification marks. Each Party shall also provide that geographical indications are eligible for protection as trademarks.

³¹ Geographical indications means indications that identify a good as originating in the territory of a Party, 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 origin. Any sign (such as words, including geographical and personal names, as well as letters, numerals, figurative elements, and colors, including single colors) or combination of signs, in any form whatsoever, shall be eligible to be a geographical indication. "Originating" in this Chapter does not have the meaning ascribed to that term in Article 1.4 (Definitions).

³² Each Party shall provide that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs, including geographical indications, at least for goods or services that are identical or similar to those goods or services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion. In the case of the use of an identical sign, including a geographical indication, for identical goods or services, a likelihood of confusion shall be presumed.

³³ Each Party shall provide for appropriate measures to refuse or cancel the registration and prohibit the use of a trademark or geographical indication that is identical or similar to a well-known trademark, for related goods or services, if the use of that trademark or geographical indication is likely to cause confusion, or to cause mistake, or to deceive or risk associating the trademark or geographical indication with the owner of the well-known trademark, or constitutes unfair exploitation of the reputation of the well-known trademark.

³⁴ Article 18.2(15). (a) Each Party shall provide that each of the following shall be grounds for refusing protection or recognition of, and for opposition and cancellation of, a geographical indication:

- (i) the geographical indication is likely to cause confusion with a trademark that is the subject of a good faith pending application or registration in the Party's territory and that has a priority date that predates the protection or recognition of the geographical indication in that territory
- (ii) the geographical indication is likely to cause confusion with a trademark, the rights to which have been acquired in the Party's territory through use in good faith, that has a priority date that predates the protection or recognition of the geographical indication in that territory;
- (iii) the geographical indication is likely to cause confusion with a trademark that has become well known in the Party's territory and that has a priority date that predates the protection or

recognition of the geographical indication in that territory.

³⁵ Kim, Won-oh. "Examination of the Certification Mark System of the United States to Proceed to the Stage of U.S.-Korea FTA" Collection of Creation and Rights, No. 48, p. 36 (2007).

³⁶ Kim, Won-oh and Kim Byungil. "Legal Consideration on the Protection of Geographical Indications," Korean Law Review No. 14, p. 56 (2003).

³⁷ "Geographical indication" means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and
- which possesses a specific quality, reputation or other characteristics attributable to that geographical origin; and
- the production and/or processing and/or preparation of which take place in the defined geographical area.

³⁸ Article 10.18.6(f): an objection procedure that allows the legitimate interests of prior users of names, whether those names are protected as a form of intellectual property or not, to be taken into account.

³⁹ Article 10.23.1: The registration of a trademark that corresponds to any of the situations referred to in Article 10.21.1 in relation to a protected geographical indications for like goods, shall be refused or invalidated by the Parties, provided an application for registration of the trademark is submitted after the date of application for protection or recognition of the geographical indication in the territory concerned.

⁴⁰ Article 10.23.2: For the purpose of paragraph 1: (a) for geographical indications referred to in Articles 10.18 and 10.19, the date of application for protection or recognition shall be the date when this Agreement enters into force; and (b) for geographical indications referred to in Article 10.24, the date of application for protection or recognition shall be the date of a Party's receipt of a request by the other Party to protect or recognize a geographical indication.

⁴¹ Amended by Act No. 1885 on July 21, 2011 and enforced on July 22, 2012.

⁴² The term "geographical indication" means an indication which identifies goods as being produced, manufactured, or processed in a region or locality where a given quality, reputation or any other characteristic of the goods is essentially attributable to their geographical origin.

⁴³ The term "homonymous geographical indication" means a geographical indication which has the same sound as another person's geographical indication for the same goods, but is different in region or locality. (Article 2, paragraph (1), 3-3 of the South Korean Trademark Act)

⁴⁴ The term "geographical collective mark" means a collective mark which is intended to be used directly by a corporation composed solely of the persons who produce, manufacture, or process goods eligible for geographical indication as a business or which is intended to be used with respect to the goods of members of the corporation who are controlled by it.

⁴⁵ The term "geographical certification mark" means a certification mark with geographical indication used by a person who carries on the business of certifying the

quality, origin, mode of production, or other characters of goods in order to certify whether the foods of a person who carries on the business of producing, manufacturing or processing goods satisfy specified geographical characters.

⁴⁶ The term "geographical indication" means an indication displaying that agricultural or marine products or the processed products as provided for in item (xiii), the reputation, quality and other attributes of which are essentially originated from the geographical characteristics of a specific region, are produced and processed in the specific region.

⁴⁷ Wholly amended by Act No. 10885 of July 21, 2011, and enforced on July 22, 2012

⁴⁸ The term "right to geographical indication" means an intellectual property right to exclusively use geographical indications registered pursuant to this Act (including homonymic geographical indications: the same shall apply hereinafter).

⁴⁹ Article 22-2 of the Trademark Act (Request, etc. for Search of Trademark by Specialized Search Agency): (3) Where an application for registration of a geographical collective mark is filed with respect to items entitled for registration of geographical indication under the Agricultural and Marine Products Quality Control Act, the Commissioner of the Korean Intellectual Property Office shall hear opinions from the Minister of Food, Agriculture, Forestry and Fisheries about whether it falls under geographical indication (Newly Inserted by Act No. 7290, December 31, 2004; Act No. 8190, January 3, 2007; Act No. 8852, February 29, 2008; Act No. 10885, July 21, 2011).

⁵⁰ Article 32 of the Agricultural and Marine Products Quality Control Act (Registration of Geographical Indications): (4) [...], the Minister of Food, Agriculture, Forestry and Fisheries shall hear opinions from the Commissioner of the Korean Intellectual Property Office about whether the applied geographical indication infringes another person's trademark (including geographical collective mark; the same shall apply hereinafter) pursuant to the Trademark Act.

⁵¹ See Schechter, Frank I. The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813 (1927).

⁵² Article 43, paragraph (c) of the U.S. Trademark Law (15 U.S.C. §1125): "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.

In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i) the degree of similarity between the mark or trade name and the famous mark;
- (ii) the degree of inherent or acquired distinctiveness of the famous mark;
- (iii) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark;
- (iv) the degree of recognition of the famous mark;
- (v) whether the use of the mark or trade name intended to create an association with the famous mark; or
- (vi) any actual association between the mark or trade name and the famous mark.

⁵³ Article 43, paragraph (c) of the U.S. Trademark Law

(15 U.S.C. §1125): "dilution by tarnishment" is association from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

⁵⁴ (3) Exclusions.--The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with--

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

⁵⁵ Nakayama, Kenichi. *"Beikoku ni Okeru Dairiyujon ni Ttaisuru Hyosho no Hogo – Ranhamuho niyoru hogo wo chushin toshite – (Protection of Marks From Dilution in the United States – With a Focus on the Protection under the Lanham Act –)* Patent Vol. 56, No. 3, p. 24 (2003).

⁵⁶ Supra note 25, p. 219.

⁵⁷ Meltzer, Eleanor. Geographical Indications: Point of view of governments, WIPO/GEO/SFO/03/3, July 9 to 11, 2003, p. 10.

First, almost all countries – whether Members of the WTO or not – have functioning trademark systems. There exist many regional systems for the protection of trademarks (e.g., the Community Trademark), in addition to international systems (i.e., Madrid Agreement and the Protocol to the Madrid Agreement).

Second, trademark systems acknowledge that intellectual property rights are private rights. Individuals – whether natural or juristic – have full access to trademark systems.

Third, trademark systems provide for the fair treatment of trademarks and geographical indications with respect to one another. The same application procedures as ordinary trademarks are applied and an opportunity for judicial review of the refusal is provided to geographical indications.

Finally, trademark systems incorporate established enforcement mechanisms. These include border-enforcement (the ability to stop infringing goods from entering a country), and established civil and criminal penalties for willful infringement, counterfeiting, and piracy.

⁵⁸ See Article 1(2) of the TRIPS agreement.

⁵⁹ See Hardin, Garrett. The Tragedy of the Commons, Science, 1968: As a rational being, each herdsman seeks to maximize his gain. This would be made explicitly or implicitly, more or less consciously. Adding one more animal to the herd, the positive and personal utility of the herdsman is nearly +1. Meanwhile, since the burden associated with such addition would be shared by all the herdsmen, the negative utility would always be less than -1. Because geographical indications are shared properties, where

there is no substantial management, if any negligence is made in the steps related to the quality or characteristics of the relevant product or service and thereby the relevant regional brand suffers any damage, the burden will be incurred by all the members, and thus the loss to an individual member would be small. Therefore, there may be cases where it becomes impossible to restrain these kinds of negative acts.

⁶⁰ Olszak, Norbert. *Des Appellations D'Origine et Indications de Provenance, Technique & Documentation*, p. 4 (Tec & Doc, 2001).

In contrast, it is not the same for agricultural products, and especially wine products. Of course, we can transport the type of grapes, vintners, hydraulic presses, barrels and stills, and there is indeed a global market for these items, but you cannot change the soil or climate. It is true that some regions are similar to other regions. Yet, there still remain subtle differences, which are strengthened by cultural and historical characteristics. And this is precisely *le terroir*, which is a unique combination of human and natural factors.

⁶¹ As of November 2012, 519 regional collective marks have been registered under the current system. While the registration requirements for regional collective marks should be analyzed, this number is—without a doubt—an important reference.

⁶² The term "designation of origin" means the name of a region, a specific place or, in exceptional cases, a country, and is used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country
- the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and;
- the production, processing and preparation of which take place in the defined geographical area.

⁶³ According to the Nagano Appellation Control Committee, the Nagano Appellation Control System was introduced with the purpose of disclosing production information to the consumers and gaining consumers' confidence through the provision of high-quality agricultural products or agricultural processed products and thereby developing the region. The system started its operation in 2002 with the Japanese sake and wines brewed that year, and up to now, 710 types of wines and 2,245 types of Japanese sake have been recognized. The system has been further applied to other items; for example, *Shochu* (distilled spirits) has been covered since February 2005 and 196 types have now been recognized; from June 2007 to now, cider has been recognized with 41 types; and rice has also been covered by this system since its 2004 crop and, by now, 299 types have been recognized. (The numbers recognized are all those as of February 5, 2013.)

⁶⁴ Kim, Byungil. "Research on the Legal Protection of Geographical Indications," *Trade Relief 2004 Autumn Edition*, p. 227 (2004).

⁶⁵ *Ibid.*

⁶⁶ Takakura, Shigeo. "*Chiritekihyoji no Kokusaitekihogo*" (International Protection of Geographical Indications), *Chizaiken (IIP) Forum No. 40*, p. 32 (2002).

⁶⁷ *Ibid.*

⁶⁸ Onzo, Naoto. *Comoditikashijo no Maakinguriron* (Marketing Theory in Commoditized Market) p. 2 (Yuhikaku Publishing Co., Ltd., 2007): Commoditization refers to "a situation where the technical level of companies gradually becomes the same and it becomes difficult to differentiate one's products or services from those of others in terms of their substantial parts, and thus the consumers can hardly find any difference between any brands."

⁶⁹ See supra note 68, p.43: Even if there are no major differences in the performance of the product, not to mention subcategories, uniqueness could possibly be established on the basis of experience value. While conventional customers were in pursuit of rational values, today's customers place greater value on emotional values, which means that they value products that offer more excitement, enjoyment, education or challenges. Thus, there is a sufficient environment for experience value to be accepted. Implementation of the strategy of experience value does not mean any changes to the field where competitions take place. It refers to the attitude to compete by using new skills without being wholly dependent on conventional skills.

⁷⁰ See supra note 68, p. 60: With the increase in the number of brands offered by companies for various categories of products, the options available for consumers have dramatically increased. Moreover, the involvement of new media, such as the Internet, has increased the amount of information on each brand at an accelerated pace. Meanwhile, the advanced commoditization has led to little difference in the basic quality of each brand. On the surface, it may seem that buying behavior has improved and consumer satisfaction has reached a high level. However, in reality, consumers are using more time and energy in the buying process, and the quality of the buying process is deteriorating.

⁷¹ Aoki, Hirofumi. "*Chiritekihyoji no Hogo to Shohyo Seido*" (The Protection of Geographical Indications and the Trademark System), *Journal of Law No. 49* (1), p. 52 (2008).

⁷² Araki, Masaya. "*Chiritekihyojihogoseido no Igi*" (The Significance of Geographical Indication Protection Systems), *Chizai Kanri (Intellectual Property Management) No. 55*(5), p. 577 (2008).

⁷³ The collective trademark system only provides for the requirement on the entity with respect to the registration of trademarks used by a specific association instead of an individual. Thus, the Trademark Act lacks provisions to be applied in cases where a mark representing a geographical name has been attached to goods or services produced in a region other than the relevant region.

⁷⁴ Gangjee, Dev. "Protecting Geographical Indications as Collective Trademarks: The Prospects and Pitfalls" *IIP Bulletin 2006*, p. 81 (2006).

⁷⁵ Recently, there have been movements to expand the scope of applicants to include the chambers of commerce, commerce and industry associations, and specified non-profit organizations (NPOs) (see the report titled "An Ideal Trademark System to Protect New Types of Trademarks and for Other Measures" compiled at the 31st meeting of the Trademark System

Subcommittee under the Intellectual Property Policy Committee of the Industrial Structure Council held on February 8, 2013). Yet, depending on the definition of geographical indications, local governments and public institutions could possibly be included, and thus further expansion of the scope of applicants should be sought.

⁷⁶ In the process of defining the two concepts, the requirements for constituting an appellation of origin should be more rigorous and sever than those of geographical indications, while stronger protection should be provided to the former than the latter. With respect to geographical indications, problems exist in that provisions regarding the relationship with ordinary trademarks (especially the relationship with prior-use marks) must be established, and control and supervision on the quality and/or characteristics originating in the relevant geographical factors should be achieved. On the other hand, the key issues for the appellation of origin would be the establishment of provisions to provide additional protection without imposing any requirements on confusion to realize a protection stronger than that provided to geographical indications, as well as the standards for the examination and management regarding the concept of *le terroir*, which will serve as the theoretical grounds for establishing the abovementioned provisions.

⁷⁷ Takabayashi, Ryu, Mimura, Ryoichi, and Takenaka, Toshiko. *Gendai Chitekiziasanho Koza II Chitekizaisanho no Jitsumuteki Hatten* (Modern Intellectual Property Laws Vol. II – Practical Development of Intellectual Property Laws), p. 333 (Nippon Hyoron Sha, Co., Ltd., 2012). The following cases are listed as the major court cases: judgment of the Tokyo District Court, July 11, 1980, *Hanrei Jiho* No. 977, p. 92 (TV Manga case); judgment of the Tokyo District Court, May 27, 1981, unpublished on the law reports (website of the court) (Case of research institute for advancement of management); judgment of the Tokyo High Court, July 31, 1973, *Mutaireishu*, Vol. 5, No. 2, p. 250 (Omocho no Kuni case); judgment of the Tokyo High Court, January 13, 2005, unpublished on the law reports (website of the court) (Ink ribbon case); judgment of the Osaka District Court, July 25, 2005, *Hanrei Jiho*, No. 1926, p. 130 (Shinko case); judgment of the Osaka District Court, June 12, 2007, unpublished on law reports (website of the court) (YG personality test case); judgment of the Sendai District Court, October 2, 2007, *Hanrei Jiho*, No. 2029, p. 153 (Sendai Shiro case); and the judgment of the Tokyo District Court, March 26, 2010, unpublished on law reports (website of the court) (CRYSTALKING case).

Under the current Trademark Act, "in many cases, the court holds that the trademark right has not been infringed based on the following logic in the cases where a trademark (mark) identical or similar to a registered trademark is used for the purpose of describing the origin or substance of the relevant goods (services): while it is presumed that the "essential function of a trademark is to distinguish its own goods or services from those of others, and there are functions such as the indication of origin, guarantee of quality and advertising that derive from the first mentioned function," "as long as the right of prohibition

based on a trademark right is provided for the purpose of prohibiting any use that hinders the performance of the essential function of registered trademarks as mentioned above, when the defendant's use of the trademark cannot be found to be made in a manner to perform the function to distinguish its own goods from those of others, such use of the trademark cannot be prohibited."

⁷⁸ Shibuya, Tatsuki. "*Shohyoyo niyoru Chiritekihyoji no Hogo*" (Protection of Geographical Indications under the Trademark Act), Patent News No. 11417, p. 5 (2004).

⁷⁹ For example, trademarks for goods and services may collectively be referred to as trademarks, while appellation of origin and geographical indications may collectively be named geographical indication marks.

⁸⁰ In particular, in conjunction with the introduction of the certification mark system to the Trademark Act, substantial management and supervision shall be performed on the quality and/or characteristics originating in the relevant geographical factors by independent administrative organs or relevant public agencies, i.e., the Ministry of Agriculture, Forestry and Fisheries could take charge of agricultural and marine products as well as the processed products thereof, while marks representing geographical indications for traditional crafts, liquors and spas could be managed and supervised by the Ministry of Education, Culture, Sports, Science and Education or each local government, Ministry of Finance, and Ministry of Land, Infrastructure, Transport and Tourism, respectively.

⁸¹ *Supra* note 78, p. 7; Shibuya, Tatsuki. *Shohyoho no Riron* (Theory of Trademark Act) p. 334ff (University of Tokyo Press, 1973).

This is based on the understanding that "(i) Similarity of goods or services is found when, on the assumption that the same trademark that has an average distinctiveness is used both for the goods or services of the holder of a trademark and an alleged infringer, it is likely that that consumers who have accessed the goods or services offered by the alleged infringer would be confused of the origin or the provider of the goods or services, under the rule of thumb of transactions; and (ii) similarity of trademarks is found when a registered trademark is used for its designated goods or services and a trademark actually used by an alleged infringer is used for his/her goods or services that have been found identical or similar to said designated goods or services, if it is likely that the consumers who have accessed the goods or services offered by the alleged infringer would be confused of the origin or provider of the goods or service, under the rule of thumb of transactions."

⁸² Maruyama, Ryo. "*Chiritekihyoji no Hogo to Dantai, Chikishohyo Seido*" (Protection of Geographical Indications and the Systems of Collective Trademarks and Certification Trademarks), *Tokkyo Kenkyu* (Patent Studies), No. 38, p. 55 (2004). "Under the TRIPS agreement, geographical indications are those of which the characteristics such as the quality and social reputation of the goods are attributable to the geographical place of origin. Thus, both the geographical indication itself and such characteristics of goods must be protected concurrently."