Research Study on Bad-Faith Trademark Filings (Summary)

I. Purpose of the Research Study

The issue of so-called "Bad-Faith trademark filings" has been common, where trademarks such as famous brands or the like is filed by third parties without permission and registered. There is no definition of Bad-Faith in the legal systems of the five Trademark Offices (TM5) of Japan, the US, Europe, China and South Korea. However, in the TM5 Bad Faith Trademark Filing Project, Bad-Faith trademark filings refers to an act in which a trademark is filed for unfair purposes, mainly taking advantage of the fact that another person's trademark is not registered in the country/region concerned.

In each country/region including the Five Trademark Offices (TM5), factors and timing to decide whether there is Bad-Faith or not are stipulated in its own law and system respectively. Provisions under Japanese Trademark Act relevant to Bad-Faith trademark filings are the first sentence of art.3(1), art.4(1)(vii), (viii), (x), (xv), (xiv), and art.53bis.

Therefore, the purposes of this research are (i) to analyze issues about Bad-Faith trademark filings by investigating foreign and domestic case examples and (ii) to create basic reference material to study the ideal forms the future legal systems through questionnaires/hearing survey. In addition, in order to understand the issues more precisely, it was also aimed to prepare basic materials for considering the way of the future legal system through surveys such as questionnaires and hearings.

II. Content of the Research Study

1. Issues on Bad-Faith trademark filings

(1) Introduction

Since there is no definition of the term Bad-Faith in the law and system of TM5, there has been an issue that it is not clear what corresponds to Bad-Faith trademark filings. Therefore, an analysis of the extension of Bad-Faith was conducted in "(2) Method for Analyzing the Extension of Bad-Faith Trademark Filings".

After making careful analysis on which articles have been applied to Bad-Faith trademark filings, in "(3) Relevant Provisions under the Trademark Act", applicable scope of art.4(1)(vii), art.4(1)(xix) and other provisions applicable to Bad-Faith trademark filings were examined.

(2) Method for Analyzing the Extension of Bad-Faith Trademark Filings

(i) Attitude of Mind in Organizing the Extension of Bad-Faith Trademark Filings

Under Japanese Trademark Act, it is not explicitly stipulated as reasons for refusal that an applicant filed a trademark application in Bad-Faith. Therefore, when considering application of the provisions to Bad-Faith trademark filings under Japanese Trademark Act, it is necessary to obtain a

certain common understanding about the extension of what kind of trademark filings correspond to Bad-Faith trademark filings.

At the ad-hoc committee in the research study, firstly, it was considered to define what are Bad-Faith trademark filings, and secondly, measures were considered to categorize Bad-Faith trademark filings in order to obtain common understanding internationally.

(ii) Definition of Bad-Faith Trademark Filings

In the ad-hoc committee of the research study, it was attempted to define Bad-Faith trademark filings from the perspective of "intention to use". Therefore, in order to organize the attitude of mind about Bad-Faith trademark filings, the following two contrasting ideas were proposed and items to be considered at the time of defining Bad-Faith trademark filing were examined.

(Ideas to be examined)

1) A filing not intended to be used by an applicant per se is a Bad-Faith trademark filing. Provided, however, that this shall not apply in cases where there is a legitimate reason for business.

2) A filing not intended to be used by an applicant per se is a Bad-Faith trademark filing when it is acknowledged that the applicant is aiming to obstruct another person.

Although the two proposals were examined, there was no agreement which idea was good, from the reason that "both the definitions of 1) and 2) are likely to be too broad than the extension which is supposed to be prescribed, and do not adequately cover the content which is supposed to be prescribed."

(iii) Types of Bad-Faith trademark filings

Refusal or cancellation of trademark registration is supposed to be based on objective grounds, whereas discussion on Bad-Faith trademark filings is seen differently from other grounds for refusal in terms of the aspect that the mode of actor is questioned. Therefore, categorization was attempted by capturing the Bad-Faith in Bad-Faith trademark filings as a concept to question subjectivity or mode of acts of an applicant. Types of acts which should not be allowable as being Bad-Faith include at least the followings:

<Types of acts listed as Bad-Faith>

1) Trademark filing (registration) from an agent or a representative of a proprietor without the latter’s authorization (Art.6 septies of the Paris Convention)

2) Trademark filing from a party concerned other than an agent ora representative of a proprietor

3) An act that a person having no relation such as representative or business partnersip files and registers a trademark in a country which has become well-known or famous in another country, (unlawful occupation of well-known trademark - squatting)

4) An act to file and register a trademark regardless of the intention to use (unlawful occupation of trademark - squatting)

5) A trademark filing such as to obstruct the business activity of a competitor

By categorizing acts as described above, the following two grounds on which evaluation of Bad-Faith is given are clarified.

1) Bad-Faith Filing as filing to harm another person’s "state of occupation worthy of protection"

2) Bad-Faith Filing as filing to impair the protection of well-known or famous trademark

According to the above, there may be cases where an aspect different from the presence or absence of "intention to use" is considered, and hereafter it is necessary to consider from which viewpoint “Bad-Faith trademark filing” may be referred to.

(3) Relevant Provisions under the Trademark Act

(i) Provisions applicable to Bad-Faith trademark filings

In the research study, in the survey on the cases related to Bad-Faith trademark filings, such cases were found that Art.4(1)(vii) was applied to “a trademark filing with ‘unfair purpose’ which does not satisfy the requirements of well-known or famous marks in Art.4(1)(xix).

(ii) Art.4(1)(xix)

In the ad-hoc committee of the research study, as to the way of thinking of application of Art.4(1)(xix), there was an opinion that, if the degree of "unfair purpose" is highr, it may be possible to interprete more flexibly the requirements of well-known character under Art.4(1)(xix) than the degree of recognition of trademark having been well known among consumers in Japan under Art.4(1)(x) (requirements of well-known character). Besides, there were such opinions that, by thinking that "filing a trademark similar to the trademark having been used is inferred as filing with ‘unfair purpose’, if there is famous character higher than well-known character,” it will be possible to proceed with practice more smoothly.

In light of these opinions, in order to be able to facilitate the operation under Art.4(1)(xix), with the need to consider the issue on right or wrong of flexible interpretation of that provision, also the way of thinking of application of Art.4(1)(vii) of the same Para. was examined in the research study.

(iii) Art.4(1)(vii)

Having scrutinized the cases where Art.4(1)(vii) was applied, such cases were found that the person who should originally acquire the right is obstructed to use the trademark chosen by himself by an act of a third party.

Besides, in the above cases, since there is Bad-Faith of the act by the applicant and it constitutes a factor for determining in applying Art.4(1)(vii), it may be desirable to provide minimum criteria in applying Art. 4(1)(vii).

III. Summary

In the research study, issues related to "Bad-Faith trademark filings" were organized as follows.

Firstly, while it was attempted to define Bad-Faith trademark filings from the viewpoint of "intention to use", it was found that there are cases that may fall under Bad-Faith trademark filings based on a viewpoint different from "intention to use".

As above, it is desirable to clarify the extension of Bad-Faith trademark filings by paying attention to the characteristics of Bad-Faith trademark filings and continuing to examine and organizing cases to be regarded as Bad-Faith trademark filings.

Accodingly, for Bad-Faith trademark filing, Art.3(1), first sentence, Art.4(1)(vii), (viii), (x), (xv) and (xix) and Art.53-2 of Japanese Trademark Act may be applied. In particular, it is likely that Art.4(1)(xix) may be applied more flexibly than ever before, in consideration of the background of the legislation for example.

Concerning the measures abroad, it is desirable to study further potential establishment of a flexible operation whereby trademark examniners would refer to foreign well-known trademarks when they examine trademark applications, by sharing a database of such foreign well-know trademarks among countries.