The Institutional Functions of Well-known/Famous Trademarks Protection in Japan and Beyond (*)

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Japanese trademark laws adopt RSUR that is not always consistent with the purpose of goodwill protection, which causes inconsistencies between RSUR and purpose of goodwill trademark laws. The inconsistencies caused by RSUR in Japan can be categorized into two types, the internal inconsistencies and the external inconsistencies. The methods in TMA for resolution of internal inconsistencies include: (1) cancelation of trademark right registration based on lack of use; (2) prevention of registration because of usurpation of third parties' well known trademarks; (3) trademark application estoppel of agents; (4) use alone as ground of priority to restrain trademark rights; (5) prior right protection; (6) cancellation of registered trademark for misuse; (7) trademark use doctrine; and (8) registered defensive trademark system. The methods outside TMA for resolution of external inconsistencies include: (1) protection of well-known indications by UCPA; (2) protection famous indications by UCPA; and (3) prevention of registered trademark right abuses by Civil Code. Japanese trademark law is a remarkable legislative model of combination of merits both in RSUR and RSUU by collaboration and coordination of TMA, UCPA and Civil Code.

The report is mainly an analysis of structures and relevant policies of Japan' trademark laws in a macroscopic viewpoint, and a specific analysis of institutional functions of well-known/famous trademark protection in the structures. By this analysis, readers could more easily to understand the internal structures of Japanese trademark laws and their policy and philosophy, by which it is helpful to predict possible trend of development of Japanese trademark laws as general and possible attitudes of courts in specific cases.

The report is consisted of 6 sections. In Section I, the report mainly introduces the basic theory of trademark right as a private right and its purpose. Trademark right as a private right is purposeful to protect goodwill of trademark users, which is their labor fruits during trademark use in course of business. This purpose is manifested in Art 1. of TMA. Trademark right generated by use is called right subsisting upon use (RSUU) system, which is mainly adopted in common law countries. And trademark right generated by registration is called right subsisting upon registration (RSUR), which is mainly adopted by civil law countries including Japan. In Japan's judicial practices, goodwill protected by RSUR is broken into 3 functions, function of indicating origin and ownership; quality guarantee function and advertising function.

In Section II, the report analyzes why RSUR instead of RSUU is adopted in many countries. Because

of ambiguous, varied and untouchable goodwill generated in trademark use, RSUU is itself difficult to right subsisting upon registration (RSUR) system is adopted, by which trademark right is generated upon registration instead of use in business. RSUR is more transparent, stable and predictable than RSUU system, which is preferential to efficiency of right protection and implementation. The merit of RSUR is more efficient than RSUU, because content and boundary of right are statutory, which include exclusive right to use and prohibitive right to use, and infringements of RSUR are categorized.

The ideal consistency of RSUR system is that the institutional function of registered trademark right is for suitable for protection of registrant's goodwill in course of business, which is in a good balance between fairness and efficiency. But in some situations, the efficiency-preferential RSUR system is inconsistent with the purpose of TMA, that is, goodwill protection, the fairness-preferential private right notion. These inconsistencies can be categorized into two groups, internal inconsistencies and external inconsistencies. Internal inconsistencies refer to inconsistencies caused by RSUR and to be resolved by TMA itself; and external inconsistencies refer to inconsistencies caused by RSUR but to be resolved by laws other than TMA, such as UCPA and Civil Code. Well-known/famous trademark protections are institutional functions among others for resolving these inconsistencies.

The internal inconsistencies mainly include (1) trademark registration for banking purpose; (2) trademark registration is in conflict with prior user's goodwill; and (3) goodwill of registrant is spilled out of registered trademark. And the external inconsistencies mainly include (1) no protection in TMA for goodwill on unregistered indications; (2) no protection in TMA for goodwill spilled out of registered trademarks; and (3) abuses of registered trademark rights.

Section III of the report discusses different meanings of well-known/famous trademarks in different context and their backup policies. The institutional functions of well-known/famous trademark protection in TMA are to protect goodwill of trademark users from usurpation by registered trademark right holders. The goodwill worthy of protection in different context is different. Therefore, in Japan' trademark laws, well-known trademarks are different accordingly, which include regional well-known, national well-known and international well-known. There is no famous trademarks concept in TMA, but in UCPA, famous indications exist.

The report summaries typical measures to cure internal inconsistencies in Section IV. They are: (1) cancellation of trademark registration for banking purpose; (2) registration prevention for protection of prior goodwill; (3) application estoppel of agents who betray of trust between principals and agents; (4) preventing usurpation of honest users' goodwill; (5) expanding protection for well-known registered trademarks by registered defensive trademarks; and (6) trademark use doctrine.

Measures to cure external inconsistencies are discussed in Section V. The first external inconsistency is the loophole of goodwill protection in TMA. In three situations, goodwill is not protected in TMA, the first one is goodwill enshrined on not-registered trademarks; the second one is goodwill enshrined

on non-registrable indications; and the third one is goodwill spilled out of scope of registered trademarks including registered defensive trademarks. The loophole of goodwill in these three situations is made up by well-known and famous indications protection in UCPA. The second external inconsistency is abuse of RSUR, i.e. registered trademark right holders abuse the right for purposes other than goodwill protection, which are considered unfair. In judicial practices, Japanese courts prohibit such abuses of registered trademark rights according to Art. 1 of Civil Code. The relevant cases could be summarized into 4 types, abuse of right with illicit purpose; abuse of right for market exclusion; abuse of right for unfair purpose; and abuse of right in parallel imports.　And Section VI is the conclusion.　By grasping the big picture of Japan' trademark laws and overlooking well-known/famous trademark protection in such macroscopic point of view, we can understand the institutional function of well-known/famous trademark protection more accurately, which will help us to predict which trend Japanese trademark will develop and what policy could be adopted by courts in a specific case concerning well-known/famous trademark protection.