

The Protection of the Marks with Reputation in Europe and in Japan (*)

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The owner of a trademark is traditionally protected in the field of the speciality, i.e. against the use in the course of trade of a sign identical with or similar to his trademark in relation to goods or services which are identical with or similar to those for which the trademark is registered. When the trademark is famous or well-known, the protection is extended to the use made in relation to goods and services which are not similar to those for which the earlier trademark is registered. In Europe such an use is considered as a infringement. However, the protection is not absolute. Indeed, in order to implement this particular protection, it is necessary to demonstrate that the trademarks at issue are identical or similar by virtue of which the relevant public established a link between them and that there must be a risk that the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character (dilution) or the repute of the earlier trade mark (tarnishing). If the system seems complete, it is far from perfect and totally efficient. Indeed, the case law has made useless the concept of dilution. In order to have a better understanding of this issue, it could be interesting to compare the question trademark country in Japan. A transversal approach of this question could be useful and oblige to rethinking the understanding of the trademark with reputation.

I. Introduction

1. The scope of protection

The trademark right is limited where the sign has been registered by the office. It is the principle of territoriality¹. Then, the trademark right can only be implemented in against the use of the third relating to the identical or similar goods designated in the registration. The trademark right is governed the principle of speciality².

2. The exception : the trademark with reputation

Exceptionnally, the scope of protection can be much broader. In some cases, the owner can be protected beyond the principles of territoriality – beyond the boarder of a State – and of the speciality – for dissimilar goods and services. It happens when the trademark is considered by the offices or the judges as well-known, famous or repute. In other words, it happens when the trademark is « known » by the public.

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¹ See on this question, N. Bouche, *Le principe de territorialité de la propriété intellectuelle*, L'Harmattan, 2002. V. également, F.-K. Beier, *La territorialité du droit des marques et les échanges internationaux*, JDI 1971, p. 5.

² See, A. Bouvel, *Principe de spécialité et signes distinctifs*, Litec, IRPI, *Le droit des affaires, Propriété intellectuelle*, t. 24, 2004.

(1) The recognition of the trademark with reputation

(i) At the international level

The article 6bis relating to the well-known marks provides an exception to the principle of territoriality. It gives the opportunity to the owner of a well-known trademark, which is not registered in one country, to avoid the registration of a sign as trademark if this sign constitutes a reproduction or an imitation of his trademark. A similar rule has been then recognized, more recently, in the TRIPS agreement, but this provision extends the protection of the non-registered well-known trademark to the service mark and to the issue of the mark designating different goods and services.

(ii) At the European level

At the European level, the well-known trademark – of the article 6bis of the Paris Convention – is aimed in the Directive³ and the Regulation⁴ in the provision relating to condition of availability of the sign.

However the European provisions go further with the article 4, paragraph 4, a) of the former Trademark Directive⁵, relating to the question of availability and the article 5, paragraph 2 which provide a specific protection for the trademark with reputation beyond the principle of speciality. The same provisions exist in the Regulation⁶: the article 8 paragraph 5, relating to the availability, and the article 9, paragraph 1, c), relating to the right conferred by the registration⁷.

(iii) At the Japanese level

The provisions related to the well-known trademark in the Trademark act do not concern the issues of infringement but only the ones of registration. They aim different cases: the article 4(1)(x) concerns the question of the sign identical or similar to a non-registered well-known trademark and

³ Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, then Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version). Today, Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks

⁴ Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trade mark, and then Council Regulation (EC) No. 207/2009 of 26 February 2009. Today, Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark.

⁵ Directive 2008/95/EC.

⁶ Regulation (EU) 2017/1001

⁷ It is important to notice that in a case of infringement for different goods and services, the owner could claim in the field of trademark right and not in an unfair competition proceedings.

indicating the same or similar goods and services ; the article 4(1)(xv) provides that a sign cannot be registered if it is likely to cause confusion in connection with the goods or services pertaining to a business of another person ; the 4(1)(xix) aims the file of a sign made for unfair purposes ; the articles 32(1) and 64(1) are respectively relating to the right to use the trademark arising from prior use and to the defensive trademark, which is a concept totally unknown in European Union. Insofar as, there is no article in the Trademark Act related to the infringement of a well-known trademark, it is necessary for the owner of such a trademark to use the UCPA : the article 2(1)(i) concerns the use of a sign which causes a confusion with a well-known appellation (and not necessary a registered trademark) ; the article 2(1)(ii) aims the acts of using an indication identical or similar to a famous one.

II. The concept of trademark with reputation

1. The concept of trademark with reputation in Europe

(1) The definition of the trademark with reputation

A trademark with reputation can be defined as a registered mark, protected beyond the principle of speciality, known by a significant part of the public concerned by the goods or services designated in the registration and in a substantial part of the Member state. If this definition could be considered as satisfactory, unfortunately it does not based on objective element – a substantial part of the Member state or known by a significant part of the public- and must be assessed case by case.

(2) The assesement of the trademark with reputation

(i) The principles

The reputation must be demonstrated regarding all relevant facts as, in particular, the market share held by the mark, the intensity, geographical extent and duration of its use, and the size of investment made by the undertaking in promoting it⁸. The assessment of the reputation must definitily do on a case-by-case basis, and not on a abstract level. It depends of the market concerned and all the other factors.

⁸ ECJ, 14 Sept. 1999, C-375/97, General Motors., para. 27.

(ii) The exceptions

The article 9(1)(c) of the regulation must be interpreted as meaning that, in order to benefit from the protection afforded in that provision, a European Union trademark must be known by a significant part of the public concerned by the products or services covered by that trademark, in a substantial part of the territory of the EU, and that the territory of the Member state may be considered to constitute a substantial part of the territory of the Community⁹.

Then an earlier European Union trademark is unknown to the relevant public in the member state in which a registration of a national mark is applied for, the use of the national trademark does not, in principle, enable unfair advantage to be taken of it or of the distinctive character or reputation of the earlier mark and is not detrimental to them. However, even if the earlier European Union trademark is not known to a significant part of the relevant public in the Member state in which registration of the national mark has been applied for, it is conceivable that a commercially significant part of the latter may be familiar with it and make a connection between that mark and the later national mark¹⁰.

(2) The concept of well-known trademark

A well-known trademark is like a trademark with reputation, but one is non-registered and the other one is. Then, a well-known trademark is a trademark known by a significant part of the relevant public in a substantial part of a Member state, a city and to its surrounding area being not able to constitute a substantial part of the Member State. The rules of assessment are the same of the ones retained for the trademark with reputation.

2. The concept of trademark with reputation in Japan

(1) The well-known trademark

(i) The well-known trademark and the availability

(a) The article 4(1)(x)

- The definition

⁹ CJEU, 6 Oct. 2009, C-301/07, PAGO International GmbH c/ Tirolmich registrierte Genossenschaft MBH SAS, para. 30.

¹⁰ CJEU, 3 Sept. 2015, C-125/14, Iron & Smith v. Unilever.

According to the article 4(1)(x), a well known trademark is a sign protected in the field of the speciality, but beyond the principle of territoriality, which is widely known amongst Japanese end-consumers or relevant traders¹¹, throughout Japan or in a particular area or, for a foreign trademark, well-known in one or several countries. Indeed, well-knownness in foreign country is one of the factors in determining whether it is well-known in Japan or not.

- The assessment

The well-knownness of a trademark must be assessed according to the rules known for the assessment of the acquisition of the distinctiveness by the use provided by the art. 3(2) of the Trademark Act.

(b) The article 4(1)(xv)

The well-known trademark according to the article 4(1)(xv) is a sign which does not need to be recognized throughout Japan, by the relevant consumers, and protected beyond the principle of territoriality. Concerning, the assessment of the well-knownness, the JPO guidelines refer one more time to the guidelines relating to the article 3(2) of the Trademark act.

(c) The article 4(1)(xix)

The article 4(1)(xix) seems to protect the well-known trademark, the registered or the non-registered one, beyond the principle of speciality against the cases of dilution, tarnishment or free ride. The JPO guidelines specify that the rules retained about the article 4(1)(x) apply *mutatis mutandis* to the determination on whether or not the relevant trademark is well-known among consumers.

(ii) The defensive trademark

The defensive trademark gives the opportunity to owners of a well-known trademark to prevent the third party from registering/using the mark that is similar or identical to the earlier mark in relation to dissimilar goods or services¹². The well-known trademark in question must be well-known

¹¹ See for an example, Hiroshima Dist. Ct., 30 Sept. 1982, DCC Coffee v. Daiwa Coffee K.K. 499 Hanrei Times 211.

¹² H. Onishi, *op. cit.*, p. 184.

amongst the relevant public across the country as the indication of source of the applicant¹³ and can be protected against the use of a second trademark for dissimilar goods or services which cause a likelihood of confusion¹⁴.

(iii) The prior use

According to the article 32 of the Trademark act, the prior use of a sign as a mark creates some trademark related rights¹⁵. As Professor Port noticed it, « *if one entity's mark becomes widely recognized by consumers, that prior user may be able to use that fact to prevent another from registering the same or similar marks for use on the same or similar products* »¹⁶. It allows prior users of marks that have become widely recognized can continue to use the mark on or in connection with those same goods or services¹⁷.

(2) The trademark with reputation in the field of the UCPA

(i) The well-known trademark

- The definition

According to the article 2(1)(i) of the UCPA, a well-known » trademark is a registered or non registered sign protected in the field of speciality, known by the general public in a certain area of Japan.

- The assessment

All the relevant circumstances should be used to determine the degree of recognition of the mark.

(ii) The famous trademark

- The definition

¹³ *Ibidem*.

¹⁴ *Ibidem*. See the examples given, Seiko defensive trademark application, No. 3460 of 1963 ; Haisee defensive trademark application, No 24034 of 1981 ; Toyota defensive trademark application, No 21655 of 1981 ; Kurabit defensive trademark application, No 11427 of 1999.

¹⁵ K. L. Port, Protection of famous trademarks in Japan and the United States, 15 Wisconsin International Law Journal 259 (1997), p. 271.

¹⁶ *Ibidem*.

¹⁷ *Ibidem*.

According to the article 2(1)(ii) a famous trademark is a registered or a non registered sign which must be recognized throughout Japan, and not only by the relevant consumers protected beyond the principle of speciality.

- The assessment

The relevant factors used for the assessment of the famousness are not so far from the ones used in European Union. It is a case by case issue.

III. The protection of the trademarks with reputation

1. The protection of the trademarks with reputation at the time of the registration

(1) The protection in Europe

(i) The protection in the field of speciality

- The protection conferred by the well-known trademark

The well-known trademarks are protected against the reproduction or the imitation which could be registered for designating the same goods and services. The protection is not automatic. It is not sufficient to notice that the signs and the goods are the same or similar, it is necessary to demonstrate that the second trademark could cause a « likelihood of confusion ».

- The protection conferred by the trademark with reputation

The Court of Justice, in the decision Davidoff¹⁸, decided that Articles 4, paragraph 4, a) has to be interpreted as entitling the Member States to provide specific protection for registered trade marks with a reputation in cases where a later mark or sign, which is identical with or similar to the registered mark, is intended to be used or is used for goods or services identical with or similar to those covered by the registered mark.

(ii) The protection beyond the principle of speciality

¹⁸ ECJ, 9 janvier 2003, C-292/00, Davidoff.

- The protection conferred by the well-known trademark

The article 6*bis* relating to the well-known trademark limits the protection to the identical or similar goods and services. Nevertheless, the TRIPS agreement added that this provision shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interest of the owner of the registered trademark are likely to be damaged by such a use¹⁹.

- The protection conferred by the trademark with reputation

Regarding the article 4, paragraph 4, a) of the former trademark Directive²⁰, the Member states were authorized, but not obliged, to consider the trademark with reputation as an earlier trademark being able to avoid the registration of another one for different goods or services.

In the new trademark Directive, the protection of the trademark of reputation for dissimilar goods and services as a relative ground of refusal will be compulsory for all the member states²¹. The regulation provides also such a specific protection for different goods and services. It is aimed in the article 8 paragraph 5²².

(2) The protection in Japan

(i) The protection in the field of speciality

The article 4(1)(x) of the Trademark act is the equivalent of the article 6*bis* of the Paris Convention. It allows the protection of the domestic and foreign non-registered trademark by providing merely that no sign shall be registered as trademark if this sign is identical with, or similar to, another person's trademark which is well known among consumers as that indicating goods or services in connection with the person's business, if such a sign is used in connection with such goods or services or goods or services similar thereto. The Japanese provision does not require any demonstration of a likelihood of confusion.

¹⁹ The TRIPS agreement, Annex 1C of the Marrakesh Agreement establishing the World Trade Organization, signed on 15 April 1994, art. 16, § 3.

²⁰ Directive 2008/95/EC.

²¹ Directive (EU) 2015/2436, art. 5, § 3, a).

²² Regulation (EU) 2017/1001.

(ii) The protection beyond the principle of speciality

- The article 4(1)(xv)

The article 4(1)(xv) provides that a sign cannot be registered if it is likely to cause confusion in connection with goods or services pertaining to to a business of another person. As explained above, it allows a protection beyond the principle of speciality.

- The article 4(1)(xix)

When the articles 4(1)(x) and (xv) cannot be applied, there is one last solution for the owner of a well-known trademark : article 4(1)(xix). In order to apply this article, the signs at issue must be similar, but do not have to be a source of any confusion. Actually, the second trademark cannot be registered when it is filed for unfair purposes, i.e. unfair profits, causing damage to the other person, or any other unfair purposes. As for the item (xv), this provision allows the owner being protected beyond the principle of speciality. This provision allows a protection against the registrations made by bad faith and the ones which could dilute the well-known trademark.

2. The Protection of the trademarks with reputation against the misuses

(1) The protection in Europe

(i) The protection beyond the principle of speciality

(a) The type of protection

The protection of the trademark with reputation was optional in the member states. In 2019, with the transposition of the directive resulting from the « trademark package », the protection of the trademark with reputation will be compulsory and the member state will not have the choice anymore concerning the type of protection : the misuse will constitute an infringement to the exclusive right. It will be considered as a counterfeiting.

Concerning the European Union trademark, the former regulation²³ provided already that the use without the authorization of the owner of a trademark with a reputation for different goods or services constitutes an infringement to the exclusive right, i.e. a counterfeiting. The new regulation did not change anything on this point²⁴.

(b) The conditions of the protection

- The link

Contrary to the traditionnal cases of infringement made in the same speciality, the concept of likelihood of confusion does not exist when the misuse is made for different beyond the principle of speciality²⁵. The reason is simple : in such a case, the function of origin is infringed. Indeed, the consumer cannot believe, when the goods and services are different, that they come from the same company or companies having a commercial link. Therefore, it was necessary to find another way to assess the infringement. Thus, the Court of justice, in the decisions Adidas²⁶ and Intel²⁷, made a reference to the notion of the link.

- The damage or the fault

○ The dilution

In the decision Intel, the judges specified that a trademark with a reputation necessarily has distinctive character at the very least acquired through the use. Therefore, even if an earlier mark with a reputation is not unique, the use of a later identical or similar mark may be such as to weaken the distinctive character of that earlier mark. And there is a dilution, when the mark's ability to identify the goods or services for which it is registered and used as coming from the owner of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark²⁸.

○ The tarnishment

²³ Regulation (EC) No. 207/2009, art. 9, § 1, c).

²⁴ Regulation (EU) 2017/1001, art. 9, § 1, c).

²⁵ And more generally, when the owner wants to implement the rules of protection of the trademark with reputation.

²⁶ ECJ, 23 Oct. 2003, C-408/01, Adidas-Salomon et Adidas Benelux.

²⁷ ECJ, 27 Nov. 2008, C-252/07, Intel Corporation.

²⁸ ECJ, 27 Nov. 2008, C-252/07, Intel Corporation, para. 76.

The misuse can be detrimental to the reputation of the trade mark. It is the prejudice of tarnishment. In the such case, the infringement concerns the image of the trademark, the values conveyed by the sign. This detriment is made out where the goods for which the mark applied for is used appeal to the public's senses in such a way that the earlier mark's power of attraction is diminished. In a Hollywood case²⁹, the Board of appeal of the EUIPO recognized three types of tarnishment.

- The free-ride

The concept of free-ride relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign³⁰. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation³¹.

- (ii) The protection in the field of the speciality

In the decision Adidas, the Court of justice asserted that : « *a Member State, where it exercises the option provided by Article 5(2) of the Directive, is bound to grant the specific protection in question in cases of use by a third party of a later mark or sign which is identical with or similar to the registered mark with a reputation, both in relation to goods or services which are not similar and in relation to goods or services which are identical with or similar to those covered by that mark* »³². The « trademark package » includes this change and aims a protection against the misuse concerning identical, similar or non similar goods and services³³.

(2) The protection in Japan

- (i) The protection in the field of speciality

The article 2(1)(i) of the Unfair competition act provides a protection for the well-known trademark against the use by the third of a sign identical or similar to it for the same or similar goods and

²⁹ OHIM, 3rd Board of Appeal, 25 avril 2001, aff. R 283/1999-3.

³⁰ ECJ, 18 June 2009, C-487/07, L'Oréal e.a., para. 41.

³¹ *Ibidem*, para. 49.

³² ECJ, 23 Oct. 2003, C-408/01, Adidas-Salomon et Adidas Benelux, para. 22. See for the article 9, § 1, c), CFI, 22 mars 2007, T-215/03, SIGLA v. OHMI.

³³ Directive (EU) 2015/2436, art. 10, § 2, c) ; Regulation (EU) 2017/1001, art. 9, § 1, c).

services which could cause a confusion. Insofar as it is question of confusion, the protection is in the field of speciality.

(ii) The protection beyond the principle of speciality

As mentioned above, the article 2(1)(ii) of the Unfair competition act provides a specific protection for a particular type of sign : the famous indication, which includes the famous trademark. Even if the concept is not aimed by the provision, it is question about the concept of dilution. Indeed, this provision is quite broad in its scope, insofar as it aims any use of another's famous good or other appellation, regardless confusion and regardless competition between the parties, creates a cause of action. More than the dilution, it seems that the tarnishment and the free ride could also constitute an infringement on the basis of this provision.

IV. Conclusion : rethinking the protection of the trademark with reputation

The protection conferred by the reputation seems complicated, not coherent and sometimes totally useless. That is why it seems necessary to rethink the system.

The mark could be considered as a mean for its owner to convey some aspects of his personality.

1. The transformation of the trademark : the legal phenomenon of « extrapatrimonialisation »

(1) The trademark with reputation : the pseudonym of the owner ?

Why could not we consider a trademark with reputation as the pseudonym of the owner ? Even if it is not its function, the trademark hides the identity of the owner. As the pseudonym, in a first time, there is a full property right and with the reputation, it becomes a mean to convey a part of the personality of the owner. Thus, the trademark is protected beyond the speciality, for different goods and services. But, these feelings, these moral values, are not the ones of the trademark, but the ones that the owner wants to share with the public. The mark with reputation become the symbol of the owner³⁴. Finally, as the pseudonym, the trademark does not become the mean of identification of the owner, but the mean of identification of its personality or of the part of its personality. And, the legal regime of the mark with reputation allow the protection of these elements.

³⁴ See D. Brandt, La protection élargie de la marque de haute renommée au-delà des produits identiques et similaires – Étude de droit comparé, Lib. Droz, 1985, p. 79.

(2) The mark with reputation : the seat of personality rights ?

Even if the French doctrine is still divided on this question, the judges – the French³⁵, but also the European court of Human rights³⁶ - recognized the possibility for the legal persons to be the owner of personality rights. Then, the best way to define the personality rights – and the best way to distinguish it from the property right - is their finality, which is the protection of interests linked to a person³⁷. In consequence, a mark could be the seat of a personality right because of its finality (but could not be considered as a fully one) As for the work protected by a copyright, the trademark with reputation could be the seat of personality rights which could protect a part of the personality of the owner.

2. The consequences of the transformation of the mark

(1) The free assignability of the mark with reputation

It is difficult to admit that the assignment of a trademark with reputation concerns also the feelings or the values conveyed by this sign. The mere assignment of the trademark should not allow the transfer of the personality rights. The assignment should be done in the same time of the transfer of the business. Such a transfer, attached to the trademark, could ensure the continuity of the personality of the former owner³⁸. Indeed, the business could be considered as the material translation of the personality of the owner in the field of his activity.

(2) The coherence of the regime of protection of the mark with reputation

The mark with reputation is protected against the dilution, the tarnishment and the free-ride. Concerning the damage of the dilution, it has been mentioned that its proof was almost impossible to bring. That is why it seems important to have another approach and to understand differently the notion of dilution.

³⁵ See for example, V. Cass. com., 6 Nov. 1979, D. 1980, IR, p. 416, obs. C. Larroumet ; Cass. civ., 1^{re} ch., 27 Sept. 2005, Propr. intell. 2006, n° 18, p. 81, obs. J. Passa.

³⁶ ECHR, 6 Apr. 2000, n° 35382/97, Comingersoll S.A. c/ Portugal ; ECHR, 30 June 2011, n° 8916/05, Assoc. Les témoins de Jéhova c/ France, D. 2011, p. 1820.

³⁷ O. Boskovic, La patrimonialité des droits – Brèves observations sur une notion fondamentale, R.R.J. 2005, n° 4, p. 1783.

³⁸ P. Dunant, Traité des marques de fabrique et de commerce des indications de provenance et des mentions de récompenses industrielles en Suisse, Genève, Eggiman, 1898, n° 116.

The dilution should be noticed when the perception of the image or of the identity of the trademark is disturbed or influenced by irrelevant informations, as the use by a third of identical or similar sign.

Then, concerning the prejudice of tarnishment, it is clear that the image conveyed by the trademark is infringed. Indeed, the third part use the sign without the authorization of the owner in a context that does not correspond to the values, the feelings conveyed by the trademark.

Finally, in a case of free ride, the value, the image or the feelings convey by the trademark are transfered to an another sign, to other goods and services. It would be considered also that the protection against « the use which takes unfair advantage » is an indirect protection of the personality of the owner.