

CHAPTER 13. TRIALS

Section 1. Overview

I. Trial System

Any person shall be entitled to the right of access to the courts (Japanese Constitution, Article 32), whether the person is an individual or an enterprise, or whether in a civil dispute or an administrative dispute. This provision does not mean that every dispute must be dealt with in the courts from beginning to the end, but it means that final access to the courts must be guaranteed. It may be reasonable that disputes which require expertise in a particular field be first handled by an administrative agency such as the Patent Office and then submitted to the court for judgment of the appropriateness of the administrative agency's decision.

An administrative agency such as the Patent Office (the Department of Appeal) is called a "semi-judicial agency", and its judgment function is called a "semi-judicial function." The trial itself is not a judicial act. It has some similarity to a judicial act but it is actually an administrative act. It is not a lawsuit. A decision is rendered in a trial, however, prior to any court decision, so that the first instance of a suit against a trial decision is not submitted to the Tokyo District Court where the competent administrative agency (that rendered the decision) is, but to the Tokyo High Court (See Section 63 (1); the Tokyo High Court has a Special Industrial Property Section). These suits consist of a two-step trial system, not a three-step trial system.

Trial decisions are effective against the public.

II. Kinds of Trials

Trials consist of the following types:

(a) (i) Trials against the examiner's decision of refusal (Section 44), and (ii) trials against rulings to decline amendments (Section 45) that are brought as an appeal by a person who has an objection;

(b) Trials for invalidation of trademark registrations (Section 46);

(c) (i) Trials for cancellation of trademark registrations not in use (Section 50); (ii) trials for cancellation of trademark registrations due to illegitimate use by a trademark owner (Section 51); (iii) trials for cancellation of trademark registrations transferred after separation or division for trademarks used in a confusing way with an intent to violate the rules of fair competition (Section 52-2); (iv) trials for the cancellation of trademark registrations due to the illegitimate use of a trademark by the owner of a right of exclusive or non-exclusive use of such trademark (Section 53); and (v) trials for the cancellation of trademark registrations due to registration of the trademark in a foreign country (which is a party to the Paris Convention or a WTO Member) by the trademark right owner's agent or representative, etc. without legitimate reason or the owner's authorization (Section 53-2).

Because these matters concern the material rights and interests of the parties concerned

as set forth in the Trademark Law, they must be disposed by the most prudent procedure; namely, trial proceedings. Moreover, further impartiality and fairness of the procedures are secured by allowing the parties to make an appeal as a legal remedy.

III. Persons Demanding Trials and Persons' Interests Required for Demanding Trials

The former Trademark Law had a provision to limit the persons eligible for demanding trial to interested persons (e.g., Former Trademark Law, Section 22 (2)). This provision tended to lead to fruitless arguments as to whether a person demanding a trial had an interest in the trial or not, for which considerable time and trouble was required. Therefore the current Law deleted the provision related to the eligibility of such persons. Our interpretation of such a revision is that a person is not required to have an interest in the trial he is demanding. However, the current Law has provided that "any person may demand a trial" but the trial he may demand is only the type of trial that may be demanded also by a person not interested in the trial. In addition, the current Law has been revised to include the phrase, "any person may demand a trial" for cancellation of a trademark not in use (Sections 50, 51, 52-2 & 53; i.e., so-called "public trial provisions"). In light of these legislative changes, we can construe that a person demanding a trial is required to have an interest in the trial, say, in cases of a trial for invalidation.

The interests mentioned here mean legal interests. They are more than mere economic interests or actual interests. Any demand for a trial would be accepted in cases where the interest of the person who demands a trial is likely to be impaired by his opponent's legal status or act: for instance, in cases where the demanding person has received a warning based on a trademark right, where the trademark application made by the person has been rejected, where the person is filing a trademark application that is likely to be in conflict with any other trademark (Vol. 2, No. 1, Tokyo High Court, Mutaishu, p. 615, Nov. 21, 1979), where the person is using a trademark that is likely to be in conflict with any other trademark (Vol. 2, No. 1 Tokyo High Court, Mutaishu, p. 44, Feb. 25, 1970), and where the person has a business plan for which a trademark is to be used and because of this, he has requested the transfer of the trademark (No. 1166, Tokyo High Court, Hanji, p. 152, May 14, 1985).

The requirement that a person demanding a trial must have an interest in the trial aims to avoid such irrelevant trials as are demanded just for bringing about confusion, demanded by an agent on behalf of the principal who has an interest but does not actually desire to make such a demand, or demanded by an agent in his name by mistake (for examples of dismissals of such trials, see Vol. 112, 2896, Supreme Court, Sokuho (Prompt Report), p. 112, Oct. 30, 1981 and Vol. 12, No. 2, Tokyo High Court, Mutaishu, p. 678, Nov. 12, 1980). In light of the deleted provision concerning the eligibility of a person demanding a trial, we should not interpret the requirement too strictly. Court decisions basically take the same position. (One court decided that a party's interests are acknowledged in cases where the party had a business plan using the trademark. This decision did not intend to limit the acknowledgment of a party's interests only to such a case, but to relax the interpretation. No. 1166, Tokyo High Court, Hanji, p. 152, May 14, 1985.).

Section 2. Appeal Trials

I. Trial against Examiner's Decision of Refusal

(a) This is an appeal against the examiner's decision of refusal of a trademark application, which forms the main part of the appeal system in which no defendant exists.

A person who is dissatisfied with the examiner's decision that his application is to be refused may demand a trial thereon within 30 days from the transmittal of the examiner's decision (Section 44 (1)).

(b) The Law protects a person who demands a trial by granting the following period of grace:

Where, due to reasons beyond his control, a person is unable to demand a trial under Section 44 (1) within the time limit prescribed therein, he may, notwithstanding the subsection, make a demand within 14 days (where he is a resident abroad, within two months) from the date when the reason ceased to be applicable, but not later than six months following the expiration of said time limit (Section 44 (2)).

"Reasons beyond his control" are not only limited to the party's inability due to acts of God or other unavoidable situations, but also include inability due to any subjective or personal reason that has occurred to the person; that is, illness or any other reason that causes a normally attentive person to miss the time limit, even though they took appropriate care. ("Commentary on the Trademark Law" p. 272; Yoshihara/Takahashi, p. 197. Some argue that reasons beyond his control means only objective and indisputable reasons; Nakayama, Fifty Lectures, p. 107.).

II. Trials against Ruling to Decline Amendment

(a) A person who has received a ruling to decline an amendment that would change the gist of a trademark registration pursuant to Section 16-2 (1) may demand a trial thereon within 30 days from the transmittal of the ruling (Section 45 (1)).

For instance, any change that has been made to the trademark sample attached to the application with an intention to change it to a different trademark is a change of the gist.

(b) Where an applicant for a trademark registration has filed a new trademark application with respect to the designated goods or services as amended within 30 days from the transmittal of a ruling to decline an amendment, the trademark application shall be deemed to have been filed at the time of submission of that amendment and the applicant may not demand a trial against the examiner's decision (Section 17-2; Proviso of Section 45 (1); Design Law, Section 17-3).

The decision as to whether to file a new trademark application or a trial against the examiner's decision is left to the applicant.

(c) The provision mentioned above concerning the grace period allowed for a demand for a trial against the examiner's decision of refusal is applicable here (Section 45 (2); Section 44 (2)).

(d) Where an applicant has demanded a trial against a ruling to decline an amendment, the examiner shall suspend the examination of the trademark application until the trial decision has become final and conclusive (Section 16-2 (4)).

This suspension is because the content of the trademark, or the designated goods or services to be examined would vary, depending on whether the demand for the trial is accepted or dismissed. The details of the trademark or designated goods or services under examination are still undetermined while the demand is pending and re-examination might become necessary, depending on the result of the trial.

The approval of a demand for a trial and the examiner's ruling on the registration of a trademark application are independent from each other. Consequently, there may be a case where a demand for a trial against a ruling to decline an amendment has been accepted but the trademark application has been refused.

Section 3. Trial for Invalidation of Trademark Registration

I. Trial for Invalidation of Trademark Registration

1. Significance

This is an appeal to show opposition to the registration of a trademark, the main system in inter-partes trials.

Any flaw in a trademark registration would go against the public interest and the benefit of free use of indications if that trademark were registered and were to remain effective as an exclusive trademark right. Such trademark registration should be invalidated as a rule. Nevertheless, since the invalidation of a registration will have material effect on the legal standing of the existing owner of the trademark and other parties concerned, a trademark registration would not be invalidated without any specific grounds for invalidation prescribed by law.

2. Grounds for Invalidation of Trademarks

(1) Trial for invalidation

Should a trademark registration fall under any of the following subsections, a trial may be demanded for the invalidation of the trademark registration. In such an event, if two or more items of designated goods or services are covered by the trademark registration, a trial may be demanded with respect to each of such designated goods or services (Section 46 (1)):

(i) where the registration has been effected contrary to Sections 3 (registrability; distinctiveness), 4 (1) (non-registrability), 8 (1), (2) or (5) (first-to-file rule), 51 (2) (prohibition of re-registration after a cancellation decision; including its application under Section 52-2 (2)), Section 53 (2) (same as Section 52-2 (2)), or Section 25

(enjoyment of rights by aliens) of the Patent Law as applied under Section 77 (3) of this Law;

(ii) where the registration has been effected contrary to the provisions of a treaty;

(iii) where the registration has been effected in respect of a trademark application filed by a person who has not succeeded to the right deriving from the trademark application;

(iv) where, after the registration, the owner of the trademark right has become a person who can no longer enjoy such right under Section 25 of the Patent Law as applied under Section 77 (3) of the Law, or the registration no longer complies with a treaty;

(v) where, after the registration, the registered trademark has become a trademark falling under Section 4 (1) (unregistrability) (i) to (iii), (v), and (vii) to (xvi).

(2) Difference between grounds for invalidation of trademark registration and grounds for decision of refusal

The grounds for (Section 46 (1)) invalidation of trademark registration are, because of its nature, almost the same as the grounds for an examiner's decision of refusal (Section 15), except for some special cases.

The provision as to exclusion of identical or similar trademarks under Section 8 (1) (First-to-file) that is included in Section 46 is not included in the grounds for an examiner's decision of refusal under Section 15 (examiner's decision of refusal). This is because when an application is examined, no application would be refused based on the "first-to-file" provision under Section 8 (1). All applications are examined in the light of the provision concerning the existence of previously filed identical or similar trademark registrations under Section 4 (1) (xi). If a junior (later filed) application is registered prior to a senior (earlier filed) application, the junior application would be regarded as violating Section 8, which would constitute grounds for a trial for invalidation of a trademark registration. If the junior application is registered prior to the senior application, the senior application would not be refused pursuant to Section 4 (1) (xi), nor would the senior application, needless to say, fall under the grounds for invalidation of registration, (Commentary on the Trademark Law, p. 1134).

The provision of Section 15 (iii) (principle of one application per trademark) is not included in the grounds for invalidation of trademark registration under Section 46. If a trademark violates the one-application-per-trademark principle (Section 6), and violation is overlooked and the trademark is registered despite the violation, the trademark would not cause any real harm once it has been registered, so that its registration is not regarded as grounds for invalidation. (Commentary on the Trademark Law, p. 1134. Toyosaki regards such a breach as an immaterial procedural flaw that is curable. Toyosaki, p. 438.)

An examiner's decision regarding a trademark application under Section 46 (1) (iii) (non-succession to the right) would not pose any problem, since such non-compliance of the application with this provision can be cured through amendment. Therefore, this

provision is also not included in Section 15. However, once the registration of the trademark has been effected by mistake, the registration would be regarded as grounds for invalidation, because the registration has been made by a person not vested with the right.

Section 46 (1) (iv) (the owner of the trademark right has become a person not eligible to enforce the right (e.g. a person of foreign nationality) after registration) indicates a case where the maintenance of a trademark right has become illegal, even though the registration was not made by mistake.

Subsection (v) was added in connection with the revision of the Law in 1996, whereby the substantive examination for renewal registration was abolished and the trial for invalidation of renewal registration was discontinued.

(3) Restrictive list of grounds for trial for invalidation

The grounds for a trial for invalidation of a registration are limited to those listed in Section 46. No registration is rendered invalid by a trial unless it falls under any of such grounds (Commentary on the Trademark Law, p. 1135). A registered trademark would be maintained even if such maintenance has become inappropriate after the trademark registration. The registration would be maintained if the trademark has become a generic name or a commonly used trademark, except where appropriate grounds for invalidation exist. In such a case, the trademark is individually treated as one to which the prohibitive right is not extended pursuant to Section 26 (1) and (2). (The final court decision is binding on only the parties concerned up to the time of the trial.) Accordingly, should a mark that once became a generic name regain distinctiveness as a trademark in society, the flaw of the substantially invalid trademark registration may possibly be cured.

(4) Cure of defects in grounds for trial

In one case, a trademark was registered contrary to the provisions of Section 4 (1) (xiii) (application within one year from the extinguishment of a trademark right). A trial for invalidation of the registration was demanded on the grounds of the breach of this section. However, when the trial was demanded, one year had already elapsed since the date of extinguishment of the trademark registration. Partly because Subparagraph (xiii) only relates to private interests, the defect was regarded to have been cured and the party was not allowed to demand a trial (Commentary on the Trademark Law, p. 1135; Eguchi (2), p. 56). Breach of Section 51 (1) (prohibition of re-registration after a ruling to cancel an illegitimately used trademark) or Section 53 (2) (same) will be penalized even if 5 years have elapsed. No exclusion period is allowed, nor is any defect curable.

(5) Unit for demands for trials

If two or more designated goods or designated services are covered by one trademark registration, a trial for invalidation may be demanded with respect to each of such designated goods or services (Section 46 (1)). Should one of such designated goods or services be in conflict with another trademark right, it may be too severe to invalidate the whole trademark registration. A trademark registration may be invalidated in part (Commentary on the Trademark Law, p. 1135).

(6) Grounds for invalidation timing

A ruling for the invalidation of trademark registration is rendered based on whether grounds for invalidation existed at the time of the registration, as a rule, except for the post-registration grounds indicated in Section 46 (1) (iv) and (v) (Toyosaki, p. 438).

(7) Examination guidelines concerning demands for trials based on post-registration non-registrability

When demanding a trial for invalidation of trademark registration where the grounds for non-registrability occurred after registration, as set forth in Section 46 (1) (v), the grounds for the trial and a means of proof to verify such a fact must be presented in the demand and should include the fact that the registered trademark in question falls under the non-registrability with respect to the designated goods or designated services referred.

Moreover, it is necessary to show when the registration began to fall under the grounds for post-registration non-registrability and that the fact constituting such grounds continues to exist when the trial is demanded. Proof or evidence will be required under Section 46 (1) (iv).

There are cases where, despite the fact that the registration falls under the grounds for post-registration non-registrability as set forth in Section 46 (1) (iv) or (v), the time (date) when the registration fell under such grounds cannot be identified. To illustrate, in cases where the registered trademark in question has become one likely to be misleading as to the quality of the goods or services (Section 4 (1) (vi)) due to a change in trading circumstances after the registration, it may be extremely difficult to identify the time when the trademark began to fall under the non-registrability grounds. In such a case, it is at least necessary to prove that the trademark was not suitable for registration at the time the demand for a trial for invalidation was filed.

3. Time for Filing Demands for Invalidation

Infringement of a trademark right in a criminal case, and a demand for compensation, or a demand for compensation for unfair profits gained by the infringer in a civil case might cause a dispute even after the extinguishment of a trademark right. It is therefore provided that a trial may be demanded for the invalidation of trademark registration even after the extinguishment of a trademark right (Section 46 (2)).

4. Notification

When a trial for invalidation of trademark registration has been demanded, the persons concerned need to be informed of the fact. The trial-examiner-in-chief shall notify the owner of the right of exclusive use and other persons who have any registered rights relating to the trademark registration (Section 46 (3)).

5. Exclusion Period

(1) Gist

An exclusion period, during which a trial for invalidation cannot be demanded, should

not be specified with respect to trademark registration allowed in spite of the non-registrability provision in view of the public interest. On the other hand, it would be reasonable to have an exclusion period with regard to trademark registration allowed in spite of the non-registrability provision in view of a private interest, if a trial for invalidation has been demanded after the use of a trademark for a long time. An exclusion period is required in order to stabilize both the use of the trademark and the interests of the parties concerned.

(2) Reasons for application

Where a trademark registration has been effected contrary to any of the following provisions, a trial for invalidation of the trademark registration may not be demanded until after five years from the registration of the establishment of the trademark right (Section 47).

1. Section 3 (Registrability);
2. Section 4 (1) (Non-registrability in view of private interest), (viii) (Improper use of names, etc.), (xi) (Similarity to an earlier filed trademark registration), (xii) (Defensive mark), (xiii) (within one year after extinguishment), (xiv) (Agricultural Seed and Seedlings Law);
3. Section 8 (1), (2) or (5) (Senior application);
4. Section 4 (1) (x) (Protection of well-known trademarks) or (xvii) (Mark indicating the origin of wines, etc.) (except where registration was obtained with an intention to violate the rules of fair competition);
5. Section 4 (1) (xv) (Prevention of confusion) (except where the registration was obtained for unfair intention); or
6. Section 46 (1) (iii) (Application by a person who has not succeeded to the right),

(3) Reasons for non-application

In contrast, where a trademark registration has been effected contrary to any of the following, the registration violates a treaty after the registration has been effected, and no exclusion period can be set up with regard to a trial for invalidation of a trademark registration.

1. Section 4 (1) (Non-registrability in view of the public interest) (i) to (vii)¹;
2. Section 51 (2) (Prohibition of re-registration after a decision of cancellation);
3. Section 52-2 (2) (same);
4. Section 53 (2) (same);
5. Section 25 of the Patent Law (Enjoyment of rights by aliens), contrary to a treaty; where a trademark registration falls under Section 25 of the Patent Law (Enjoyment of rights by aliens).

(4) Mutual Kick-Out or Mutual Exclusion

As stated above, if the junior (later filed) application has been registered prior to the

¹ The subsections are as follows: (i) national flag, etc.; (ii) (state coat of arms, etc.); (iii) (mark indicating the United Nations); (iv) (the Red Cross ensign, etc.); (v) (official seal which indicates certification, etc.); (vi) (famous mark indicating a non-profit organization, etc.) and (vii) (contravention of public order or morality)), (ix) (a prize awarded at an exhibition), (x) (well-known trademark in connection with the issue of unfair competition); (xvi) (trademark liable to mislead as to the quality), (xviii) (three-dimensional shape being indispensable to ensure the function), (xix) (protection of well-known trademark in Japan and abroad).

senior (earlier filed) application, the senior application is not refused pursuant to Section 4 (1) (xi), nor is the application regarded as falling under grounds for a trial for invalidation. In such a case, however, if the two registrations coexist, and the exclusion period expires without a trial for invalidation being demanded by the owner of the trademark right of the senior application against the owner of the junior application, double registration takes place. Under the former Law, there was a "mutual kick-out or exclusion of associated trademarks" phenomenon, whereby applications for the registration of both associated trademarks were mutually rejected. The associated trademark system as such was abolished under the current Law, and a similar trademark can be assigned to any other person. Trademark administration is entrusted to the parties concerned, and this has resulted in the ownership by more than one person of two trademarks whose prohibitive rights are interwoven. In such a case, the confusion between both trademarks may be prevented by marking with a suitable indication. However, as a so-called "consent" system has not been adopted, if the assignor files an application for a new similar trademark, there is a possibility of mutual kick-out or exclusion of associated trademarks occurring. As a result, not only the assignee but also the assignor can file a trademark application which corresponds to the associated trademark under the former Law. We must be careful about this point when assigning a former associated trademark or a divided trademark right.

(5) Additional grounds for invalidation after the lapse of the exclusion period

It is not permissible to add any grounds for invalidation for which the exclusion period expired during the pendency of the trial for invalidation. (No. 1028, Supreme Court, Hanji, p. 125, Feb. 17, 1983; when grounds were added one after another, the court decision treated such grounds as exceptions. Daishinin (former Supreme Court), Hanrei (Precedents), p. 2, July 8, 1946.)

The stabilization of interests is important, but the reasonableness of each case is also important. It is no wonder that the owner of the right of a trademark feels the decision of invalidation is unreasonable regarding a trademark registration he has used for only a short period. If this issue is considered in view of the meaning of the legislation, there may be an argument that if the trademark is used by the owner of the trademark right during the exclusion period, such time period of use should be subtracted from the exclusion period, or that non-use of the trademark for a certain period of time by the owner of the trademark right should be included as an exception in the requirement for the demand for a trial.

6. Time When Invalidation of Registration Takes Effect

Where a trial decision that the trademark registration is to be invalidated has become final and conclusive, the trademark right shall be deemed never to have existed. However, where a trademark registration falls under any of the grounds for non-registrability set forth in Section 46 (1) (iv) and (v) afterwards, the trademark right shall be deemed not to have existed from the time the trademark registration came to fall under Section (1) (iv) or (v). (Section 46-2). In such a case, a claim in a criminal case and a demand in a civil case would become groundless. Some argue that royalties must be refunded without special provisions (Yoshihara/Takahashi, p. 202). Others argue that

the party concerned is not eligible to request a refund of royalties because, in practice, he has received the exclusive benefit until the decision of invalidation. The opinion that the party concerned is not eligible to request such refund is generally accepted and predominant in precedents.

II. Trial for Invalidation after Renewal Registration of Trademark Right

It would be inappropriate to effectively maintain a trademark right in cases where there is a material flaw with respect to the renewal registration of the trademark right due for the same reason as the legislative reasons of Section 46 (Trial for invalidation of trademark registration) in relation to the public interest. If there is any reason prescribed by law to invalidate the registration, the registration of the trademark renewal would be rendered invalid. Section 46 is of practical use if the renewal of a trademark registration has been effected although the non-registrability grounds were identified after the establishment of the trademark right has been registered.

Because a substantive examination is no longer conducted during the process of the renewal registration of a trademark right, Sections 48 and 49 of the former Trademark Law (Trial for invalidation of renewal registration) were deleted. If any grounds for invalidation that have existed since the registration of establishment are discovered after the renewal registration of the trademark, a trial for invalidation of such registration (Section 46) would be demanded (Commentary on the Trademark Law, p. 1135).

Section 4. Demanding Trials for Invalidation of Trademark Registrations

I. Trials for Invalidation of Trademark Registrations

1. Gist

The essential objectives of the Trademark Law are to ensure the maintenance of the business reputation of persons using trademarks and to protect trademarks. Despite the registration principle being adopted, trademark registration assumes good faith and fair use of trademarks. To acknowledge the existence of a trademark not in use (which exists only as a formality) without any practical meaning is to restrict the freedom of use of the marks in the industry and unfairly limits the choice of trademarks, which is undesirable in light of the Trademark Law philosophy.

A trademark becomes socially valuable only when it is used. The Trademark Law is intended for the protection of a substantive trademark in use. For the sake of convenience, an application for registration may be filed with respect to a trademark not in use. This, however, also assumes an intention of using the trademark. Accordingly, where neither the owner of the trademark right nor the owner of a right of exclusive use nor the owner of a right of non-exclusive use has been continuously using the registered trademark (or a trademark generally accepted as identical) in respect of each item of the designated goods or designated services in Japan for three years or more, any person may demand a trial for the cancellation of registration of the trademark with respect to such designated goods or designated services (Section 50 (1)).

2. Requirement for Demanding Trials for Cancellation of Registration of Trademarks

Not in Use

A trial for the cancellation of trademark registration may be demanded in the following cases: where neither the owner of the trademark right nor the owner of a right of exclusive use nor the owner of a right of non-exclusive use has been continuously using it in Japan for three years or more (without legitimate reasons).

(1) Continued non-use of a trademark

It is required that the registered trademark has not been used continuously for three years or more. The condition of "three years or more" of non-use of a trademark is indispensable. If the trademark right is assigned or a license of the right of use is granted during the period of non-use, the period of non-use prior to such assignment or licensing must not be overlooked, nor should the computation of the period of non-use be newly started with respect to the assignee or the new owner of the right of use. The court holds that not only the circumstances after the assignment but also before the assignment or licensing must be taken into consideration for judging whether such a legitimate reason exists or not (Vol. 13, No. 2, Tokyo High Court, Mutaishu, p. 903, Nov. 25, 1981).

If a trademark owner is not using a trademark in Japan but he is using the trademark in a foreign country, Section 50 (1) applies.

Continued non-use of a trademark means non-use either by the owner of the trademark right, the owner of a right of exclusive use, or the owner of a right of non-exclusive use for three years. If any of these three parties uses the trademark, Section 50 (1) would be inapplicable. For this provision to apply, non-use by any one of the three parties for a period of three years is not required. It may be reasonable to consider that, based on when the exclusive right of use and non-exclusive right of use are established, the continual period of non-use should be compounded. In cases where assignment of the trademark right has taken place, the period of non-use should be compounded. (Kita argued that this position had been originally taken at the time of legislation. No. 596, "Law concerning Partial Amendment of the Patent Law, etc. (Vol. II)", Shojiro Kita, Juri, p. 114; Amino objected to the position from the standpoint of literal interpretation. He argued that if a trademark right was transferred from person to person within the three years, cancellation of the right would become impossible, and therefore consideration must be given to each case when the rule of non-use was applied. Amino, p. 839.). The computation of the period of non-use starts from when a demand for a trial is registered.

(2) Eligibility of persons demanding trials

The Law prior to the 1996 Revision had no specific provision as to the eligibility of persons demanding trials for cancellation of registered trademarks not in use. Therefore, the interpretation of the lack of a specific provision was that eligible persons should be limited only to "interested persons." On the other hand, the 1996-Revised Law specifies that "any person" is eligible. The Law states that "any person" may demand a trial, but the demand would be regarded as abuse of a right and would not be accepted if the person is deemed to have intent to harm the demandee (Section 50 (1)).

(3) Non-use of a trademark by the owner of the right of use

It is required that "neither the owner of the trademark right, nor the owner of a right of exclusive use, nor the owner of a right of non-exclusive use" has used the trademark right. If any of these three parties has used the trademark, Section 50 (1) would be inapplicable. When the trademark is used in the marketplace by any third party contrary to the intention of these three parties, such use is not regarded as being use of the trademark. (Kaneko/Someno, p. 829; Amino, p. 837). However, advertising and promotion of the goods covered by the trademark in the marketplace is regarded as being use of the trademark, if in compliance with the intention of the three parties.

The right of non-exclusive use referred to here does not include a statutory non-exclusive license such as a prior user's third-party right.

(4) Non-use of trademarks in respect of designated goods or services

Non-use requires that the trademark has not been used in respect of any of the designated goods or designated services. If the trademark is used in respect of any goods or services merely similar to the designated goods or services, this is not regarded as being use of the trademark in respect of the designated goods or services, so Section 50 (1) is applicable. In cases where an associated trademark under the former Law is used, it is regarded merely as the use of similar goods or services and not use of the designated goods or services, so that Section 50 (1) would be applicable however, "identical trademarks" set forth in Section 50 (1) need not be identical in a strict sense. "Trademarks regarded as being generally accepted as identical" would be sufficient (Section 50 (1)).

In cases where more than one of the goods or services among the designated goods or designated services are designated, and the trademark is used in respect of only some of the designated goods or services and not in respect of the others, Section 50 (1) is applicable to the goods or services for which the trademark is not in use.

However, even if the trademark has been cancelled in respect of the goods for which the trademark is not used, the person who has demanded a trial for cancellation cannot use a similar trademark in respect of the goods for which the owner of the original trademark right is using such trademark if they are within the scope of the prohibitive right of the original trademark. This is because the owner of the trademark may demand an injunction by exercising the prohibitive right. This point should not be misunderstood.

A trial for cancellation of a registered trademark not in use may be demanded with respect to some of the designated goods or designated services. On the other hand, if the demandee can prove that the trademark has been used in respect of any of the designated goods or designated services, he can avoid complete cancellation (Section 50 (2)). A demand for a trial for cancellation of a trademark registration not in use may not be withdrawn individually for each of the designated goods or services covered by the trademark (Section 56 (2) interpreted from the opposite point of view. The application of Section 155 (3) of the Patent Law applied to Section 50 (2) of the pre-revised Patent Law was abolished.) Accordingly, it is of vital importance for successful cancellation of a trademark registration to select the designated goods or services with respect to which

such a trial should be demanded. (There was a case where a trial was demanded for cancellation of a trademark with respect to more than one of the designated goods in relation to Section 50 of the former Trademark Law (Law, No. 46, 1975). The court held that if the non-use of the trademark was proved with regard to only some of the designated goods covered by the trademark, the trademark registration should be cancelled for such goods. For instance, the registered trademark, "MAYER", that covers "control bands", etc. as the designated goods, was used by the owner of the trademark right only in respect of a sewing machine included in the designated goods but not used for the remaining items. The court stated as follows: The trial decision that did not cancel the trademark registration for the reason that the fact of non-use was not acknowledged with respect to the items other than the sewing machine was against the law, because its judgment was based on a mistaken fact (No. 357, Tokyo High Court, Hanyu, p. 281, Feb. 23, 1977; to the same effect, No. 1387, Tokyo High Court, Hanji, p. 130, Feb. 27, 1991.) After the revision, the entire demand would be rendered invalid under Section 50 (2), if the use of a registered trademark has been proved with respect to any of the designated goods or services to which the demand in question relates. Which system is better is a legislative matter. However, this argument can be made only with regard to the cases that were pending in the Patent Office as of January 1, 1976 when the pre-revised provision was still applicable.)

Currently, the significance of the use of good or services raises questions. In proving the use of a trademark, it often becomes the topic of an argument whether the trademark is used in respect of goods or services and to what extent the goods or services are related to the mark.

(5) Use of trademarks similar to registered trademarks and trademarks regarded as identical

Non-use of "a registered trademark" is required for the application of Section 50. The provision of Section 50 would be applicable even if a trademark similar to the registered trademark has been used (except for a similar trademark that would be considered identical if they had the same coloring; Section 70 (1)). However, in actual situations, it would be rather unusual were a trademark identical, in a strict sense, to the trademark sample attached to the application to be consistently used in the same mode for business activities. The use of a registered trademark must be interpreted so that it agrees with the interpretation generally accepted by the public; in other words, the meaning and the interpretation of the use of a trademark that is regarded as identical with the registered trademark in some respects are significant. The 1996-Revised Law has specified that a trademark used in respect of the designated goods or services does not have to be strictly identical with the original trademark, but has to be generally accepted as identical. Specifically, such a trademark is described as: "including a trademark consisting of identical characters only with their fonts modified, trademarks which, with their indication mutually replaced with hiragana and katakana characters (Japanese phonetic characters) and Latin alphabet may imply an identical pronunciation and concept, a trademark consisting of figures common in appearance, and other trademarks regarded as being generally accepted as identical with the registered trademark" (Section 50 (1)).

(6) Acknowledgment of use of a registered trademark

Judgement should be made on whether each case should be regarded as use of a registered trademark on a case-by-case basis, after due consideration of the actual business circumstances in each industry to which the designated goods and designated services belong.

[A] Examples regarded as use of a registered trademark

(i) Trademarks consisting of identical characters with only their fonts modified

Ex. 1 Mutual replacement of a different printing typeface (Ch'in-cho type, Ming-cho type, Gothic type, etc.)

- a. Ch'in-cho type
- b. Gothic type
- c. Ming-cho type
- d. Round Gothic type

Ex. 2 Mutual replacement of different styles of longhand (block style, semi-cursive style, cursive style, etc.)

- a. Regular block style
- b. Cursive style

Ex. 3 Mutual replacement of printed-type font and cursive-style font

Ex. 4 Mutual replacement of traditional Chinese characters and simplified Chinese characters

Ex. 5 Mutual replacement of upper-case letter and lower-case letter of the Latin alphabet

(ii) Trademarks which, with their indication mutually replaced in hiragana or katakana characters (Japanese phonetic characters) and Latin alphabet, may imply an identical pronunciation and concept

Ex. 1 Mutual replacement of hiragana and katakana

- a. CHAMPION in hiragana
- b. CHAMPION in katakana
- c. WANPAKU in hiragana (naughty)
- d. WANPAKU in katakana
- e. YOIKO-NO-KUNI in hiragana
- f. YOIKO-NO-KUNI in katakana (A country where good boys and good girls live)

Ex. 2 Mutual replacement of hiragana, katakana and Latin alphabet

- a. RABU in katakana (hiragana) [love]
- b. APPURU in katakana (hiragana) [apple]
- c. RAION in katakana (hiragana) [lion]
- d. POSUTO in katakana (hiragana) [post, mail, position]
- e. SUKURU in katakana (hiragana) [school, class]
- f. SUMOMO in katakana (hiragana) [plum]

g. HOTARU in katakana (hiragana) [lightning bug]

(iii) Mutual replacement of figures having a common appearance

(Examples) See figures

(iv) Other trademarks regarded as being generally accepted as identical with the registered trademark

Ex. 1 Mutual replacement of hiragana, katakana, and Chinese characters in the indication of trademarks which may imply identical pronunciation and concept

a. Hatsuyume in hiragana (katakana) (Dream on the second night of the New Year)

a' Hatsuyume in Chinese characters

b. Kanpaku in hiragana (katakana) (the Chief Adviser to the Emperor in Japanese history)

b'. Kanpaku in Chinese characters

c. Hokutosei in hiragana (katakana) (the Big Dipper)

c'. Hokutosei in Chinese characters

Ex. 2 Use of either the upper line or lower line of a registered trademark consisting of two lines and the upper line and lower line may imply identical concept

Taiyo (sun) in Kanji

Ex. 3 Mutual replacement of vertical writing (from top to bottom) and horizontal writing from left to right or right to left (excluding writing from right to left in case of Latin alphabet) of trademarks consisting of words indicated in identical characters and fonts

Nagai Haru (long spring) in Chinese characters and hiragana

[B] Examples not regarded as use of a registered trademark

(i) Mutual replacement of hiragana and katakana

(Example) A particular concept is changed into a different concept by mutual replacement of hiragana and katakana in cases of trademarks consisting of words of foreign origin

a. choco (simplified way of referring to chocolate) in katakana

a' choko (small sake cup) in hiragana

b. cam (a kind of part for machinery) in katakana

b' kamu (chew) in hiragana

(ii) Mutual replacement of hiragana, katakana, and Latin alphabet

(Example) Trademarks identically pronounced but implying different concepts when

their indication is mutually replaced by hiragana, katakana, and Latin alphabet

- a. pisu (in katakana or in hiragana) peace
piece
- b. hohru (in katakana or in hiragana) hall
hole
- c. raito (in katakana or in hiragana) light
right
write

(iii) Other trademarks NOT regarded as being generally accepted as identical

Ex. 1 Trademarks identically pronounced but implying different concepts when their indication is mutually replaced by hiragana, katakana, and Latin alphabet

- a. Kikyo in hiragana (in katakana)
a' Kikyo in Chinese characters (bellflower)
a" Kikyo in Chinese characters (homecoming)
- b. Saiten in hiragana (in katakana)
b' Saiten in Chinese characters (festival)
b" Saiten in Chinese characters (marking)
- c. Yosei in hiragana (in katakana)
c' Yosei in Chinese characters (fairy)
c" Yosei in Chinese characters (training)
c" Yosei in Chinese characters (request)

Ex. 2 Mutual use of Chinese characters and Latin alphabet in cases of trademarks differently pronounced

- a. Niji (rainbow)
- b. Kyujitsu (holiday)
- c. Ongaku (music)

Ex. 3 Mutual use of characters for a word implying a particular concept and a figure which is regarded to represent the identical concept

Kaeru in a Chinese character (frog)

Ex. 4 Mutual use of a figure representing a particular concept and another figure regarded as representing the identical concept (excluding figures having a common appearance)

It is often argued in the court, among other things, whether or not the trademark has been used to decide the relevance of a demand for a trial for the cancellation of a

trademark registration. To acknowledge the use of a registered trademark in this case, it should be judged whether a trademark in use is regarded to be generally accepted as identical with the registered trademark. In making such a judgment, it must be taken into consideration that the registered trademark would be changed with respect to the arrangement, layout and other modes when used in actual commercial situations. However, it must be noted that "use of a trademark" means the use of a trademark within the scope of the right of use, and it does not include the use of a trademark beyond such scope; that is, the use of a trademark similar to the registered trademark with respect to the designated goods or goods similar to the designated goods (in other words, within the scope of the prohibitive right).

For instance, a trademark, "continental" was completely identical with the registered trademark, "CONTINENTAL" in terms of the pronunciation and concept. Also, no substantial difference was discovered in appearance that would affect business. The court concluded that the use of the trademark, "continental", was regarded to be use of the registered trademark, since the trademark belonged to the category accepted as identical with the registered trademark (Vol. 10, No. 1, Tokyo District Court, Mutaishu, p. 193, May 12, 1978). There was another ruling that the use of a graphic or figure trademark generally accepted as identical was regarded to be the use of the registered trademark (Vol. 21, No. 3, Tokyo District Court, Mutaishu, p. 733, Sep. 26, 1989). With respect to a trademark consisting of horizontally written characters, "clin (in katakana)" in respect of the designated goods classified in Class 7, "Various tiles that belong to this Class, other materials exclusively used for construction or structuring, cement, building stone, glass", a trial for cancellation of the registration was demanded on the grounds that the trademark was not used in respect of "metal materials exclusively used for building or structuring" included in the designated goods. The court held as follows: The part, "expan kanagu" of the trademark, "clin expan kanagu", has been used in order to identify the goods. The part which is regarded to be distinctive as a trademark is only the characters, "clin". Since the trademark would be generally accepted as identical with the registered trademark, the distribution of such mark affixed to the trading documents for joint metal fittings was regarded to be use of the registered trademark (No. 1369, Tokyo High Court, Hanji, p. 147, Oct. 26, 1989). A trademark consisting of the two lines of horizontally written characters, "LITTLEWORLD (in katakana)" and "LITTLEWORLD (in English)", and the same characters placed in a shape of a circle, and a registered trademark consisting of the two lines of horizontally written characters, "LITTLEWORLD" and "LITTLEWORLD (in katakana)" implied identical pronunciation and concept although they had a small difference in appearance. However, when viewed as a whole, they were generally accepted as identical, and accordingly, the court concluded that the use of the trademark was regarded as use of the registered trademark (No. 1350, Tokyo High Court, Hanji, p. 134, Feb. 20, 1990).

If, in cases where a trademark cannot be regarded as very similar in appearance to the registered trademark, the difference of such a trademark is not a change of the basic or essential part of the registered trademark nor would it affect the uniqueness and distinctiveness of such registered trademark, the use of the mark is regarded to be use of the registered trademark set forth in Section 50 of the Trademark Law. The owner of the registered trademark consisting of a figure and the characters "POLA" and "POLA" in katakana, used a mark consisting of a figure completely identical with the figure of

the registered trademark and the characters "POLA" combined with several other figures and characters by affixing it to the center of the bottom of a piece of wrapping paper covering a box containing fruit (the designated goods) when delivering the box to customers. Of the mark affixed to the wrapper, the part described above maintained the distinctiveness of the trademark and was at least regarded to be a mark that fell into the same category as the trademark. Therefore, the court concluded that the trademark had been used (Vol. 23 No. 1, Tokyo High Court, Chitekishu, p. 163, Feb. 28, 1991).

An example of a case where the fact of use was denied is given here. With respect to a registered trademark consisting of the characters "DIAMETRING" and "DIAMETRING in katakana" and a figure with a cross at the center of a hexangular star that covers "spinning rings and machine tools not falling into other classes, each part thereof and various control bands, hoses and packing" under former Class 17 as the designated goods, the court ruled that the use of only the figure without characters was not regarded as use of the registered trademark (Vol. 14, No. 3, Tokyo High Court, Mutaishu, p. 651, Sep. 30, 1982).

Whether a registered trademark was used with respect to the designated goods or not was disputed. The owner of a trademark right was using his registered trademark "SKIN LIFE (in katakana)" in respect of facial cleansing cream. The facial cleansing cream, if practically judged on the basis of the recognition of persons in the business and consumers, fell into "cosmetics" included in the designated goods under the registered trademark. The court adjudged that the registered trademark had been used (Vol. 17, No. 2, Tokyo High Court, Mutaishu, p. 213, May 14, 1985). On the other hand, the court acknowledged the non-use of a trademark in the following case. With respect to a trademark "Amilock (in katakana)" that covers "couplers and other goods that fall into the class" under Class 9 as the designated goods, when, despite the application of the trademark to a coupler, the coupler was used only as a part of a humidifier which was classified into "chemical machine tools" under Class 9, the trademark was not regarded as being used in respect of "chemical machine tools" (Vol. 20, No. 1, Tokyo High Court, Mutaishu, p. 175, Apr. 12, 1988). The owner of a trademark, "nichicon's packcon (in katakana)", which covers the designated goods "electric machinery and tools, telecommunications machinery and tools, electronic application machinery and tools (except for those related to medical equipment), and electric components and parts" used a registered trademark "nichicon", which constitutes associated trademarks together with the trademark "nichicon's packcon" (those trademarks are similar to each other), by affixing it to condensers and thermistors and their packaging. Because these condensers, etc. were merely parts of the various electric machinery and tools, etc. which had been designated as the goods covered by the trademarks, if the associated trademarks were applied to such parts, it would not directly mean that the trademark in question was used in respect of the finished goods for which a trial for cancellation of the trademark registration was demanded (Vol. 22, No. 3, Tokyo High Court, Mutaishu, p. 687, Oct. 29, 1990).

(7) Absence of legitimate reasons

The demandee can avert cancellation if he has justified that there are legitimate reasons for the failure to use the registered trademark. Whether there is any legitimate reason or

not must be judged, taking all the circumstances into consideration. However, as a rule, legitimate reasons are considered to exist in the following cases, where the owner of a trademark right or the right of use of a trademark has not been able to use it due to unforeseeable circumstances beyond his control. Typical of such cases are as follows:

- ① Earthquake, typhoon or any other act of God;
- ② Fire, arson, destruction or any other act of a third party by intention or negligence;
- ③ Embargo, delay in authorization procedure, enforcement of government authorities (No. 2706, Trial decision, Published Trial Decisions, p. 59, Oct. 1, 1985, circumstances under occupation; No. 782, Supreme Court, Published Trial Decisions, p. 93, Feb. 5, 1968, during the liquidation proceedings by law; Trial decision, Hanrei (Precedents), p. 216, Sep. 1, 1950, during the re-evaluation period of pharmaceuticals; No. 2289, Trial decision, Published Trial Decisions, p. 21, Jul. 1, 1982, Permission under the Drugs, Cosmetics and Medical Instruments Act; No. 1869, Trial decision, Published Trial Decisions, p. 75, Dec. 13, 1979, if the prohibition has been canceled with respect to some of the designated goods or the designated services, legitimate reasons for non-use still exist with respect to the remaining prohibited part).

On the other hand, the following reasons are not generally accepted as legitimate reasons for non-use:

- ① A person failed to use a trademark due to an accidental fire (gross negligence), etc. or due to illness;
- ② A person failed to use a trademark because of a delay in the development of the products caused by slump in business, depression, or inability to procure funds, etc.;
- ③ Commercialization of a product is delayed due to technical problems or marketability of the product (No. 2706, Trial decision, Published Trial Decisions, p. 59, Oct. 1, 1985, as to a delay in the completion of bridge construction and the trademark of Naruto Ohashi (bridge)).

Whether any legitimate reason exists or not should be specifically considered for each case and decided in light of generally accepted ideas. The court held as follows: Legitimate reasons mean any circumstances that prevent the use of a trademark with respect to the designated goods referred to in the demand for a trial for cancellation when it is considered too strict in light of generally accepted ideas to attribute the failure to use the trademark to the owner of the trademark right (No. 615, Tokyo High Court, Hanyu, p. 121, Jul. 30, 1985).

3. Transitory Measures as to the Special Provisions concerning Associated trademarks

Prior to the 1996-Revised Law, if the owner of a trademark right, the owner of a right of exclusive use, or the owner of a right of non-exclusive use had used the registered trademark and another registered trademark, both of which "mutually constitute associated trademarks", no person may demand a trial for cancellation of registration also of any registered trademark not in use, despite the fact that none of such owners had used any of the registered trademarks in respect of the designated goods or services

in Japan continually for three years or more (Former Trademark Law, Section 50 (2), statement in parenthesis). The associated trademark system, as a system for reinforcing the protection of rights, played a vital role. Under this system, if only one of the associated trademarks had been used, the remaining associated trademarks were considered to be used, therefore avoiding demands for trials for cancellation of registration. In order to avoid a drastic change and to have enterprises make preparations for trademark protection measures, the 1996-Revised Law provided that pending trials for cancellation of trademark registration due to non-use should follow precedents (Supplementary provisions, Section 10 (1)). The provision of Section 50 (2) of the former Trademark Law is still applicable to trials for cancellation of registration of trademarks not in use demanded prior to March 31, 2000 (Supplementary provisions, Section 10 (1)).

Since associated trademarks became ordinary trademarks from April 1, 1997 (Supplementary provision, Section 4), if the fact of having used, after April 1, 1997, a trademark which used to be an associated trademark has been proved, the associated trademark is not regarded to have been used, and therefore, the special provisions are inapplicable. In a trial for the cancellation of a registered trademark not in use, demanded between April 1, 1997 and March 31, 2000, if the use of a registered trademark and another trademark which "mutually constitute associated trademarks" has been proved, that fact would be an effective defense.

4. Proof of Use of Trademark

(a) In cases where a trial for cancellation of a trademark registration has been demanded, unless the owner can prove the use of the registered trademark in respect of any of the designated goods or designated services to which the demand relates, he shall not avert the cancellation of the registered trademark for the designated goods or designated services (Section 50 (2)).

(b) It may be difficult or impossible in some cases to prove that neither the owner of the trademark right, nor the owner of a right of exclusive use, nor the owner of a right of non-exclusive use has used the registered trademark at any place in Japan. The Law before the revision in 1975 assumed the non-use of a trademark unless the trademark was used in smaller areas such as a city, town, or village where the owner of the trademark was located, and considered that this method would make the proof of non-use easier. However, practically, it was difficult to prove non-use in large cities, so the provision concerning the cancellation of a trademark registration on the grounds of non-use was hardly ever applied. If a stricter method proof were required, the proof of non-use would be called a "devil's proof" and the system of the cancellation of a trademark registration due to non-use would lose its significance. On the other hand, if in fact a registered trademark had been used somewhere, it would be far easier for the owner to prove that he had used it than for the demander to prove non-use. For this reason, a new provision has been made whereby the burden of proof has been transferred to the owner (whereby the system has become more reasonable, some say). Such a revision has made the cancellation of a trademark registration easier and reinforced the obligation to use trademarks (Section 50 (2)).

(c) The courts have stated as follows: In a trial for the cancellation of a trademark registration, the examination covers whether the registered trademark has been used within the three years prior to the demand for the trial. It is a reasonable interpretation that the period allowed for proving the above fact may extend until the conclusion of oral proceedings at the trial. Section 50 (2) has provided, in its text, that the use of a registered trademark should be a requirement for averting the cancellation of the registration. Also, this section has imposed on the owner of a trademark right a partial responsibility for the collection of materials for the judgment of non-use, and thereby has diminished the examiners' burden of responsibility for examining evidence *ex officio* in the trial. This provision is not considered to have made it a requirement for averting the cancellation that the owner of a trademark right should prove use of the trademark at the time of the trial decision. Therefore, this provision would not affect the judgment (Vol. 45, No. 4, Supreme Court, *Minshu*, p. 538, Apr. 23, 1991; No. 2871, Tokyo High Court, *Hanrei*, p. 12, Nov. 30, 1987).

5. Use of a Trademark after Registration of a Demand for a Cancellation Trial

(1) Commencement of the period of non-use

The owner must prove that the trademark has been used within the three years prior to the registration of the demand for the trial. Use after such registration does not serve as grounds for averting the cancellation under Section 50 (2).

If post-registration use is regarded as the use set forth in Section 50 (2), the system would lose its significance. Should the owner of the trademark right use the registered trademark in respect of the designated goods or services related to the demand for a trial for the cancellation of a trademark due to non-use after the registration of such a demand, the grounds for cancellation, namely the continual non-use of the trademark for three years, would no longer be invalid. And so, the cancellation cannot be averted.

However, this provision shall not apply in the case where the owner justifies that there are legitimate reasons for the failure to use the registered trademark. The owner can be exempted from the demand for a trial only while a legitimate reason exists. As soon as the fact constituting the legitimate reason has ceased to exist, the period of non-use of a trademark resumes.

(2) Prevention of last-minute use

(a) The parties concerned, such as the owner of the trademark right, etc. can avert the cancellation of a registered trademark by using the trademark within the three years prior to the registration of a demand for a cancellation trial of registration of a trademark not in use. For this reason, there were many cases where a party concerned suddenly began "last-minute use" of the registered trademark to avert the cancellation upon sensing the possibility of its opponent filing a demand for a trial as a result of the opponent's behavior in negotiations for assignment or licensing.

In order to eliminate such last-minute use of a registered trademark, if a registered trademark for which a cancellation trial has been demanded is used by any party

concerned, such as the owner of the trademark right, from three months before a demand for such cancellation until the date of the registration of the demand, such a use shall not be regarded as use of the registered trademark, provided that the demanding party proves that the registered trademark has been used with the knowledge that the cancellation trial for the registered trademark would be demanded and that the demanding party cannot present any legitimate reasons for such use of the registered trademark (Section 50 (3)).

(b) Proof of last-minute use

The owner is liable to prove the use of a registered trademark, while the demanding party is liable to prove such a use is a last-minute use.

The demanding party must prove that the use of the registered trademark proved by the owner meets the following conditions:

- ① The registered trademark has been used during the period from three months before the demand for such cancellation until the date of the registration of the demand;
and
- ② The registered trademark has been used by the user (the owner of the trademark right, the owner of a right of exclusive use, or the owner of a right of non-exclusive use) with the knowledge that the cancellation trial would be demanded.

Specifically, the demanding party must prove in the course of a trial the fact that the demandant conveyed his intention to file a demand for a cancellation trial by contents-certified mail or in the presence of a third party witness in the process of negotiations for assignment of the trademark right or the like.

(c) Legitimate reasons for use of registered trademark

If the use of a registered trademark by the owner or user, as proved by the demanding party, satisfies the requirements to be considered last-minute use, the use is not regarded as last-minute use in cases where the owner or user can prove any legitimate reasons for such use. Legitimate reasons in such a case include:

- ① The user had a definite plan to use the registered trademark before he knew of the demanding party's intention to file the demand for a trial, and it was pure chance that the user used the trademark during the period in question.
- ② The user was prevented from using the registered trademark by restrictions such as conditions related to the goods, or governmental permission or approval, and he had no choice other than to use it during the period in question.

6. Obligation of Notification

Where a trial has been demanded, the trial examiner-in-chief shall notify the owner of a right of exclusive use with respect to the trademark right and other persons who have any registered rights relating to the trademark registration (Section 55, Section 46 (3)).

7. Time When Cancellation of Trademark Registration Takes Effect

When a trial decision ordering cancellation of trademark registration has become final and conclusive, the trademark right shall become extinguished from that moment (Section 54). As a rule, the trial decision takes effect when the decision becomes final and conclusive (Section 54 (1)). However, a trademark right shall be deemed to have been extinguished on the date the demand is registered for the trial for cancellation where the trial decision has become final and conclusive in the trial (Section 54 (2)). Because of this provision, the owner (or user) of the trademark right is able to avert his opponent's exercise of a right such as a right to file a demand for compensation based on a trademark right for the registered trademark not in use from the date a trial for cancellation of the mark was demanded up to the date the trial decision for cancellation becomes final and conclusive.

II. Trial for Cancellation of Trademark Registration Due to Illegitimate Use

1. System of Cancellation of Trademark Registration Due to Illegitimate Use

(1) Types of cancellation trials

Trials for cancellation of a trademark registration due to illegitimate use of a registered trademark are divided into two types. One is a trial for cancellation due to illegitimate use of a registered trademark by the owner of a trademark right, and the other is a trial for cancellation due to illegitimate use of a registered trademark by the owner of a right of use. Both types aim at protecting consumers' interests.

Section 51 provides that "where the owner of the trademark right intentionally uses a trademark similar to the registered trademark in respect of the designated goods or designated services, or intentionally uses the registered trademark or a similar trademark in respect of goods or services similar to the designated goods or designated services in a way that may be misleading as to the quality of the goods or services or which may cause confusion with goods or services connected with any other person's business, any person may demand a trial for the cancellation of the trademark registration" (Section 51 (1)). Section 53 provides that "where the owner of a right of exclusive or non-exclusive use uses the registered trademark or a similar trademark in respect of the designated goods or designated services or goods or services similar thereto in a way which may be misleading as to the quality of the goods or services or which may cause confusion with goods or services connected with any other person's business, any person may demand a trial for the cancellation of the trademark registration. However, this provision shall not apply where the owner of the trademark right was both unaware of the fact and taking appropriate care" (Section 53 (1)).

(2) Difference in the scope of application

A trial for the cancellation of a trademark registration due to illegitimate use by the owner of a trademark right generally begins with an explanation of the right of use and the prohibitive right. The owner of a trademark right has a right to use the registered trademark in respect of the designated goods or the designated services (right of use), while the use of a trademark right in the scope of the prohibitive right is not an

affirmative right of the owner. The owner is allowed in fact to use the trademark right at will in the scope of the prohibitive right, which actually works to prohibit use by others.

In a trial for the cancellation of a trademark used by the owner of a trademark right, a trial decision of cancellation may be rendered on the grounds of illegitimate use within the scope of the prohibitive right, but not on grounds of illegitimate use within the scope of the right of use.

On the other hand, in a trial for cancellation of a trademark used by the owner (holder) of a right of use, a trial decision may be rendered not only for cancellation on the grounds of illegitimate use within the scope of the prohibitive right but also for cancellation on the grounds of illegitimate use within the scope of the right of use.

Such a difference is not caused by the difference in nature between the two cancellation systems, but by the difference taken as to the protection of consumers.

(3) Provisions concerning public trials

Not only interested persons, but any other person may demand either a trial for cancellation due to illegitimate use by the owner of a trademark right or by the owner of a right of use, as in cases of opposition to the granting of a trademark registration. This is known as a public trial provision. The penalties of such provisions are intended to protect the public. If illegitimate use of a trademark in respect of any of the designated goods or designated services is discovered, the trademark with respect to all such goods or services is cancelled. It is further argued that a trial for cancellation of a registered trademark should be demanded with respect to all the designated goods and services (Toyosaki, p. 431).

(4) Difference of the scope of illegitimate use

A trial for cancellation of trademark registration under Section 53 was formulated in order to eliminate the evils arising from the establishment of the licensing system by imposing an obligation to oversee the use of the trademark upon the owner of a trademark right to avoid situations that may be misleading as to the quality of the goods or services or that may cause confusion (Commentary on the Trademark Law, p. 1153; Questions and Answers 3713, p. 2; Toyosaki, p. 432; Amino, p. 867; Yoshihara/Takahashi, p. 213; Eguchi (1), p. 156)

Whether used by the owner of a trademark or the owner of a right of use, the use of a trademark in the scope of the prohibitive right is not based on their rights, but simply on the fact of the mark's use. Consumers may sustain unexpected losses when misled by designated goods or services or due to confusion of the origin of such goods or services. However, in cases of illegitimate use by the owner of a right of use, a penalty in the form of cancellation is imposed, affecting the use of a trademark within the scope of the right of use of that mark. Accordingly, cancellation due to the illegitimate use of a trademark by the owner of the right of use is more consumer protection-oriented than cancellation due to illegitimate use by the owner of a trademark.

(5) Penalizing a trademark right

The reasons why a trademark right and not a right of use has become the subject of penalty are considered to be as follows: (i) The legal grounds for cancellation of a private right, such as a right of use, by an administrative action are ambiguous and precedents for such legislation are very few; (ii) Should a license agreement be cancelled after the filing of a demand for a trial, the demand would be dismissed due to the loss of the subject matter of the trial and if this is the case, the significance of this trademark registration cancellation system would be lost; (iii) The responsibility of the owner of a trademark right must be clarified (Commentary on the Trademark Law, p. 1154). There is an argument, from a legislative standpoint, however, that the licensing system must be changed to an approval system so that approvals can be cancelled under the cancellation system (Toyosaki, p. 432; Amino, p. 867; Eguchi (1), p. 156).

2. Trial for Cancellation of Trademark Registration due to Illegitimate Use by the Owner of a Trademark Right

(1) Gist

The owner of a trademark right has a right to use the registered trademark in respect of the designated goods or services (right of use). However, his use of the trademark in the scope of the prohibitive right is no more than a de facto use. Should the owner of a trademark right intentionally use the registered trademark in a way which may be misleading as to the quality or may cause confusion of origin, consumers would sustain unexpected losses. This trial system is intended for the protection of consumers by imposing restrictions on the owner of a trademark right through cancellation of the registered trademark, should he use it illegitimately (Commentary on the Trademark Law, p. 1148).

This cancellation system of a registered trademark is a penalty rule to protect impairment of consumers' interests by the owner of a trademark right through his illegitimate use of a trademark. (Commentary on the Trademark Law, p. 1148. In opposition to this position, Suekawa argues that this cancellation system is a penalty against the abuse of a trademark right. This opinion is, however, doubtful. Hiroshi Suekawa, Vol. 19, No. 6, "So-called Intention in Section 15 (1) of the Trademark Law", Minsho, p. 20. The author agrees with Dr. Ishii who opposes regarding an "intention" as a requirement. Teruhisa Ishii, No. 64, "Commentary on Cases", Hanmin, 1932.) Section 51 (1) is a provision intended for consumer protection. Not only an interested person, but any person may demand a cancellation trial if there exists a fact that meets the requirements (Section 51 (1)).

(2) Requirements

Any person may demand a trial for the cancellation of a trademark registration due to illegitimate use by the owner of a trademark right, if the following requirements are met: (i) The owner of the trademark right (ii) intentionally (iii) uses a trademark similar to the registered trademark in respect of the designated goods or designated services, or intentionally uses the registered trademark or similar trademark in respect of goods or services similar to the designated goods or designated services (iv) in a way which may be misleading as to the quality of the goods or services or which may cause confusion with goods or services connected with any other person's business (Section 51 (1)).

(a) Illegitimate use of a trademark by the owner of a trademark right

Section 51 (1) provides that any person may demand a trial (public trial provision) but the recipient of the demand is the owner of the trademark right. This subsection limits an illegitimate user only to the owner of the trademark right; Section 53 separately provides for illegitimate use by the owner of a right of exclusive use or non-exclusive use. If a person who is to become the owner of a trademark right afterwards intentionally used the trademark illegitimately prior to the filing of an application for registration, a trial for cancellation of the trademark registration might be demanded even after he becomes the owner of the trademark right (Vol. 22, Daishinin (former Supreme Court), Minshu, p. 291, Apr. 20, 1943; Sho Takeda, "Application of Section 15 (1) of the Trademark Law [Hanpi (Commentary on Precedents)", Vol. 18, No. 6, Minsho, p. 94]).

The Supreme Court held: Section 51 provides that any person may demand a trial. Although this provision appears to imply that any person without exception may demand a trial, a demand for cancellation of a registered trademark against the principle of good faith and trust would not be acceptable, even if the demand were based on this provision formulated with the public interest in mind (No. 1207, Supreme Court, Hanji, p. 114, Apr. 22, 1986).

(b) In cases where a trademark that has been used consists of its original element plus any figure within the scope of the prohibitive right of a registered trademark owned by another person, it may be inappropriate to narrowly interpret that such a use is regarded to be use of the trademark, if the trademark is recognized as a composite trademark as a whole.

(c) Intention: Section 51 applies only in cases where a trademark is intentionally used, and not where it is used in negligence. However, if a trademark that was used by negligence in the beginning continued to be so used knowingly, the use would finally fall under the provision.

The opinions as to the definition of "intentional use" can be roughly divided into the following two types: To be acknowledged as "intentional use", (i) the user must be aware of a trademark of another person (No. 3841, Daishinin (former Supreme Court), Newspaper, p. 17, Apr. 16, 1935); (ii) the user must be aware not only of the trademark of another person but also of the confusion that such use may cause to goods (Gaku, Explanatory Comments, p. 810; Yoshitsugu Harima, "Requirements for Application of Section 51 of the Trademark Law", Vol. 78, No. 1, Hatsumei (Invention) p. 108; No. 3062, Daishinin (former Supreme Court), Newspaper, p. 9, Jul. 10, 1929; Daishinin (former Supreme Court), Hanrei (Precedents), p. 920, Dec. 28, 1940; Vol. 22, Daishinin (former Supreme Court), Minshu, p. 761, Aug. 10, 1943; Vol. 12, No. 2, Tokyo High Court, Mutaishu, p. 417, Jul. 28, 1980; Vol. 14, No. 3, Tokyo High Court, Mutaishu, p. 829, Dec. 23, 1982; No. 132, Supreme Court, Minshu, p. 175, Feb. 24, 1981). The Third Petty Bench of the Supreme Court held as follows: To be acknowledged as "intentional use", the owner of the trademark right must use a trademark similar to the registered trademark in respect of the designated goods or designated services, or use the registered trademark or a similar trademark in respect of the designated services and the owner must be aware that such use may cause confusion with goods or services

connected with any other person's business. As stated above, the court takes the position of (ii).

However, it is another problem whether the intent of unfair competition or to infringe profit is necessary in addition to these requirements (Morikatsu Aragaki, "Various Trials under the Trademark Law", Vol. 10, Compendium of Industrial Property Rights Practices, p. 218). It turns out these requirements are not necessary.

Many practical issues have been mostly disposed according to Opinion (i). (No. 406, Kokoku Shinpan (Appeal Trials), 1938, Hanrei 2849, p. 2 and many other arguments uphold the opinion (i). Questions and Answers, p. 3712.) Opinion (i) is regarded as an accepted theory in a number of treatises (Toyosaki, p. 430; Amino, p. 856; Kaneko/Someno, p. 835, Miyake (Hatsu) as to the former Law, p. 370). From the viewpoint of consumer protection, the author agrees with Opinion (i), by which the acknowledgement of use is easier than Opinion (ii), which has been upheld by a couple of court decisions.

The acknowledgement of intentional use is not so difficult in the precedents, because the intent of unfairly competing has been excluded from their requirements. The court held as follows: For instance, "intentional use" should be interpreted as an awareness on the part of a trademark owner when using a trademark similar to the registered trademark in respect of the designated goods, or using the registered trademark or a similar trademark in respect of the designated goods and his awareness of the likelihood of confusion with goods or services connected with any other person's business as a result of such use. If the use of a trademark similar to the registered trademark in respect of the designated goods is based on a judicious compromise made with the owner of the existing trademark right similar to said registered trademark, it cannot be concluded that the owner of the trademark right who is using the similar trademark was not aware of the use. Therefore, it cannot be said that the owner had no intent (Vol. 14, No. 3, Tokyo High Court, Mutaishu, p. 829, Dec. 23, 1982). If the use of the trademark were continued, neglecting a demand to modify the mode of indication or for the discontinuance of the use of a trademark liable to cause confusion, such use would be a typical case of intentional use. A quasi-intention is not required for the acknowledgment of intentional use (Toyosaki, p. 430; Amino, p. 622; Eguchi (1), p. 151; Daishinin (former Supreme Court), Ibid., Jul. 10, 1929; Daishinin (former Supreme Court), Ibid. Aug. 10, 1943; Supreme Court, Ibid., Feb. 24, 1981). If both facts, namely, that the trademark user is doing business in the same industry and the trademark is well-known, are taken into consideration, the court can presume the person's intentional use. (In many trials, the court reaches a decision of the user's awareness of the likelihood of confusion or even his intentional use only on the basis of the fact that the trademark is well known.) As an example of such a decision, in a case where the registered trademark "Trappistinus-no-Oka (in katakana) (The Trappistinus Hills)" and a figure, etc. was used in respect of the designated goods, which included candies and other confectioneries, with the knowledge that another confectioner was manufacturing and selling their products under the trade name of "Trappistinus Covenant" or "Trappistinus", the use was regarded as intentional use (No. 1580, Tokyo High Court, Hanji, p. 131, Jul. 18, 1996).

(d) Misleading use as to quality and confusion of goods

Section 51 applies where (i) the owner of a trademark right uses the trademark in a way which may be misleading as to the quality of the goods or services, or (ii) which may cause confusion with goods or services connected with any other person's business. "Misleading as to the quality of goods," mentioned in (i), means using a trademark in a way such that it may mislead consumers to mistake a cold medicine for a digestive medicine. In a commentary on the Trademark Law (Chikujo Kaisetsu) p. 1149, it is argued that cases where the owner of the trademark right has used the trademark in a way misleading as to the quality by merely degrading the quality of the goods do not fall under the provision of this section. "Confusion with goods or services" in (ii) falls under Section 51 if there is a likelihood of causing confusion, although there exist no goods or services connected with any other person's business to be confused. (Questions and Answers 3713, p. 2; On the other hand, there is also another opinion that regards the use of a trademark as a precondition (Yoshihara/Takahashi, p. 210). The author agrees with the former opinion in view of consumer protection and the public interest.)

To acknowledge the awareness of confusion, it is not sufficient to acknowledge the similarity of the trademarks in question with cited trademarks. The likelihood of confusion should be judged with regard to both trademarks and the designated goods or services. "Any other person's business" in such a case should include the business of the owners of the trademark rights of both trademarks, the owners of the right of use, and the owners of the trademark rights not yet registered (Commentary on the Trademark Law, p. 1149; Aragaki, Treatise op.cit., p. 218; Questions and Answers, p. 3713).

Confusion does not necessarily mean actual confusion. A likelihood of confusion would be sufficient. The text of the provision does not state, "a trademark that has caused confusion." "Misleading use as to quality and confusion of the origin" need not have actually occurred as in the provisions of Section 4 (1) (xvi) and (xv) (Amino, p. 856; Aragaki, Treatise op.cit., p. 218; Daishinin (former Supreme Court), Hanrei (Precedents), p. 928, Jul. 7, 1930). If the trademark is further modified so that it becomes more similar in appearance to a trademark of any other person, such modification would be acknowledged likely to cause confusion (Vol. 11, Daishinin (former Supreme Court), Minshu, p. 801, May 2, 1932).

(3) Effects

Since Section 51 is a provision intended for the protection of the public, if such illegitimate use is identified with respect to a part of the designated goods or services. In such a case, a trial for cancellation of the registered trademark should be demanded with respect to all the designated goods or services, and the registration of the trademark would be cancelled with respect to all as well (Commentary on the Trademark Law, p. 1148; Nakayama, Fifty Lectures, p. 150).

(a) Time when cancellation takes effect: When a trial decision ordering cancellation of a trademark registration has become final and conclusive, the trademark right shall become extinguished from that moment (Section 54). The effect is not retroactive.

(b) Unregistrable period: Where a trademark registration has been cancelled as a penalty, the former owner of the trademark right may not obtain a trademark registration

of the same or similar trademark, for the designated goods or designated services covered by the trademark registration or for goods or services similar thereto, until five years have elapsed since the date when the trial decision ordering cancellation became final and conclusive (Section 51 (2)). Any application in violation of this subsection would be rejected and any registration in violation of this subsection would fall under the reasons for non-registrability (Commentary on the Trademark Law, p. 1148).

(c) Exclusion Period: If a trademark was used illegitimately in the past, but it has since been used legitimately afterwards, it would be too severe to leave such a trademark unregistered permanently. Accordingly, a trial for the cancellation of the trademark registration may not be demanded after the lapse of five years from the date on which the owner of a trademark right ceased to use the trademark in an illegitimate manner (Section 52). The reason for this legislation is that during the five years of legitimate use, a reputation would be built up and it would be inappropriate to injure such a reputation.

Conversely, there are cases where a trial for the cancellation of trademark registration may be demanded with respect to a trademark that was illegitimately used in the past, despite purely legitimate uses during the five years from the date on which the owner of a trademark right ceased to use the trademark in a legitimate manner. (Generally accepted theory. A court held that a trial could be demanded after such a trademark owner ceased the illegitimate use. See Vol. 15, Daishinin (former Supreme Court), Minshu, p. 1159, Jun. 19, 1936.) In cases where a trademark is taken over by a general successor, if the former owner of the trademark right illegitimately used the trademark, a trial for the cancellation of the trademark registration may be demanded, despite the fact that his successor is legitimately using the trademark and the illegitimate use has ceased to exist (Vol. 15, Daishinin (former Supreme Court), Minshu, p. 1159, Jun. 19, 1936; Hidefumi Egawa, Vol. 90, Hanmin, Commentary on Case, p. 384, 1929). The same interpretation would apply also in cases of succession by a limited successor, so that this provision remains effective (Egawa, *Ibid.*; Negative opinion under the previous Law, Miyake (Hatsu), p. 370).

3. Trial for Cancellation of Trademark Registration due to a Party's Act Which May Cause Confusion After Separate Transfer of the Trademark

(1) Gist

After the revision of the Trademark Law (the 1996 Law, No. 68), a trademark right can be divided and each one of the divided trademark rights may be separately transferred. Upon this revision of the Law, the associated trademark system was abolished and the separate transfer of each divided trademark right came to be approved. Since separate transfer of a trademark came to be approved also for each item of similar goods and services (Section 24-2), there was a possibility of confusion of such goods and services. The trial system for cancellation of trademark registration has been established in order to prevent such confusion.

Therefore, the following provision has been formulated: Where, as a result of the transfer of a trademark right, a trademark right that is similar or identical to a registered trademark and is used for identical goods or services or similar goods or services comes

to belong to a different owner, who has an intention of violating the rules of fair competition and may cause confusion with the goods or services connected with the business of the owner of the original registered trademark or the owner of the right of its exclusive or non-exclusive use, and where the original registered trademark is in use by its owner, any person may demand a trial for the cancellation of the trademark registration (Section 52-2).

(2) Requirements

(a) In cases where one of the trademark rights owned by a single owner has been separately transferred or where there are two or more items of the designated goods or designated services, and the trademark right has been transferred separately for each of such items (Section 24-2 (1)), a trademark similar to the registered trademark used for identical goods or services, or the registered trademark or similar trademark used for similar goods or services belongs to a different owner of the trademark right.

(b) The owner of a trademark right has used the registered trademark with an intention of violating the rules of fair competition for its designated goods or designated services in a way which may cause confusion with goods or services connected with the business of owners of other registered trademarks. In a situation where confusion is likely to occur among consumers, it can be assumed that one of the owners of trademarks similar to each other is trying to gain a profit by letting confusion reign and taking advantage of the other owner's reputation. Based on such an assumption, the intention of unfair competition can be found; for this reason, the intention of unfair competition has been included in the requirements for the cancellation of registration. Confusion is an objective fact that goes to whether unfair competition actually exists or not. Therefore, unless an intention of unfair competition is a requirement for cancellation, the trademark owned by the party whose reputation has been taken advantage of and whose interest has been impaired would also be cancelled, unreasonably. Legislators decide if the intent to violate the rules of fair competition is present on a case-by-case basis, taking all factors, such as motive, purpose, the actual conditions of the use, how well the trademark is known, and the level of confusion, into account.

There could be a case where both parties mutually demand a trial for cancellation after an amicable transfer of the trademark. In such a case, the trademark owner with an intention of unfair competition is identified by examining which party will sustain the impairment of reputation, taking into consideration how well known both trademarks are. The trademark of the owner identified to have an intention of unfair competition in this way will be cancelled.

(3) Persons vested with a right to demand a trial

Any person may demand a trial for the cancellation of a registered trademark that has been used in a way which may cause confusion.

Since the use of a registered trademark with an intention of unfair competition in a way that may cause confusion would impair the interest of consumers, the provision allows any person to file a demand for a trial for the cancellation of the trademark registration. Therefore, any person also includes a person other than the parties, such as a consumer organization or a trade association.

A party, either assignor or assignee, may demand a trial. It does not matter which filed a demand earlier. If a trademark is divided into two or more items of the designated goods or services and each trademark is assigned separately, the dispute will take place between the assignees.

If one of the parties who own trademarks similar to the other as a result of the assignment of trademarks mentioned above has caused confusion by using another trademark similar to his own registered trademark, the provision of Section 51 (1) would apply. Furthermore, if use by the owner of a right of use has caused confusion with the owner etc. of any other registered trademark, a trial for the cancellation of registration may be demanded under Section 53 (1); Section 51-2 does not provide for these circumstances.

(4) Effects

If the owner of a trademark has used a registered trademark (even if it is his own trademark), with the intention of unfair competition in a way that may cause confusion with goods or services connected with any other person's business, he may be granted a trial decision whereby the trademark registration related to the registered trademark used in that way would be entirely cancelled. He would not be permitted to demand individual trials for cancellation for each item of the designated goods or services. If the trademark registration covers more than one category of the designated goods or services, the registration would be cancelled with respect to all such categories.

When a trial decision ordering cancellation of a trademark registration has become final and conclusive, the trademark right shall be extinguished from that moment (Section 54). The owner of the trademark right may not obtain a trademark registration of the same or similar trademark for the designated goods or designated services covered by the trademark registration until five years have elapsed since the date when the trial decision ordering cancellation became final and conclusive (Section 52-2 (2); Section 51 (2)), provided, however, that there is an exclusion period of five years with respect to the demand for a trial for cancellation.

4. Trial for Cancellation Due to Illegitimate use by the Owner of a Right of Use

(1) Gist

Where the owner of a right of exclusive or non-exclusive use uses the registered trademark or a similar trademark in respect of the designated goods or designated services or goods or services similar thereto in a way which may be misleading as to the quality of the goods or services or which may cause confusion with goods or services connected with any other person's business, any person may demand a trial for the cancellation of the trademark registration. However, this provision shall not apply where the owner of the trademark right was both unaware of the fact and taking appropriate care (Section 53 (1)).

As a result of the establishment of a right of exclusive use and the licensing system of a right of non-exclusive use, the trial system for the cancellation of a trademark registration under Section 53 was formulated in order to remove "evils arising from the establishment of the licensing system" by imposing an obligation to oversee on the owner of a trademark right with regard to the use of a trademark that may be misleading

as to the quality of goods or services or that may cause confusion (Commentary on the Trademark Law, p. 1153; Questions and Answers 3713, p. 2; Toyosaki, p. 432; Amino, p. 866; Yoshihara/Takahashi, p. 213; Eguchi (1), p. 156; Aragaki, Treatise op.cit., p. 220). Section 53 provides for "evil prevention measures" that penalize illegitimate use so as to ensure a fair right of use system. This provision is intended for preventing excessive establishment and granting of rights of use and ultimately for the protection of consumers (Amino, p. 867).

By the provisions of Section 53, consumers are more firmly protected in that cancellation of a trademark registration may be demanded also with respect to the use of a trademark in the scope of the right of use. Accordingly, this system of cancellation of a trademark registration is intended as a more severe penalty aimed at stronger consumer protection than the system of cancellation on the grounds of illegitimate use of a trademark by intention by the owner of the trademark right (Toyosaki, p. 432; Amino, p. 867).

Under Section 53, not only interested persons, but any person may demand a trial as in cases of an opposition to the granting of a trademark registration. This is known as a public trial provision. Section 53 is a penalty provision. Therefore, if any of the designated goods or designated services is illegitimately used, the trademark registration would be cancelled with respect to all the designated goods or designated services. It also stands to reason that the scope of similarity of a trademark under Section 53 need not be interpreted more narrowly, because Section 53 is a more severe provision than Section 51 in terms of consumer protection.

(2) Requirements

The provision of Section 53 shall be applicable in cases where: (i) the owner of a right of exclusive or non-exclusive use (ii) uses the registered trademark or a similar trademark in respect of the designated goods or designated services or goods or services similar thereto (iii) in a way that may be misleading as to the quality of the goods or services or that may cause confusion with goods or services connected with any other person's business.

(a) Action of the owner of a right of use of a trademark Section 53 is regarded to be a penalty provision in cases of illegitimate use by the owner of a right of use. Its purposes are to prevent the evils of the establishment of the right of use and the granting of licenses, to prevent excessive establishment of rights of use and the excessive granting of licenses, and ultimately to protect consumers, so that this section specifies that the owner of a trademark right must oversee when the owner of a right of use uses the trademark. In particular, Section 53 does not require an level of intent on the part of the owner of a right of use. It applies also in cases of negligence. Should one of the owners of a right of use illegitimately use a trademark, all the owners of rights of use would be penalized. Because of this, a person who has granted a license to use a trademark and other owners, if more than one owner of a right of use is involved, must exercise care.

(b) Scope of illegitimate use: Section 53 applies to illegitimate use of a trademark in general (or a similar trademark) in respect of the designated goods or the designated

services, or goods or services similar to the registered trademark. This provision is applicable typically in cases where a trademark is used in respect of goods or services whose quality has been degraded, and as a result the trademark misleads consumers as to the quality of the goods or services, or where the use of a trademark is likely to cause trouble to consumers by causing confusion about the origin of the goods or services. However, applicable cases are not limited to those mentioned. A trial for cancellation under Section 51 of the Trademark Law, as stated in Subsection 2, "Trial for Cancellation of Trademark Registration due to Illegitimate Use by the Owner of a Trademark", is a provision to control illegitimate use of a trademark within the prohibitive scope, while Section 53 includes "use of a trademark in respect of the designated goods or designated services" in the requirements, which is not included in Section 51. For this reason, the illegitimate use of a trademark is not required to be within the scope of the prohibitive right. The section also provides for "illegitimate use within the scope of a right of use of a registered trademark", such as the owner of a trademark right affixing the trademark to goods or services of inferior quality, contrary to consumers' expectations (Commentary on the Trademark Law, p. 1153; Questions and Answers 3713, p. 3; Toyosaki, p. 432; Amino, p. 868; Yoshihara/Takahashi, p. 213; Eguchi (1), p. 156; Aragaki, Treatise, op.cit., p. 220).

If the requirements for cancellation provided for in Section 51 are compared with those in Section 53, Section 53 is obviously stricter than Section 51 in that Section 51 includes the requirement of intent for a person who uses the trademark, and excludes from the requirements the use of a trademark in respect of the designated goods or designated services.

Also, under Section 53, a trademark that appears to be similar, either as a whole or in part, to any other trademark, and which is likely to cause confusion with such other trademark should be regarded as a similar trademark from the view point of consumer protection.

(c) Intention and negligence: Section 53 does not include "intention" in its requirements, like Section 51 does. In other words, the section applies also in cases of illegitimate use by negligence (Toyosaki, p. 432; Amino, p. 868; Yoshihara/Takahashi, p. 213; Eguchi (1), p. 156; Aragaki, Treatise op.cit.).

(d) Misleading use that affects the quality and confusion of goods or services: The provision of Section 53 shall be applicable in cases where the owner of a right of exclusive or non-exclusive use uses the registered trademark or a similar trademark in respect of the designated goods or designated services or goods or services similar thereto (i) in a way which may be misleading as to the quality of the goods or services or (ii) which may cause confusion with goods or services connected with any other person's business.

① "Use of a trademark in a way that may be misleading as to the quality of the goods" means, for example, cases where use of a trademark has misled consumers to mistake a cold medicine for a digestive medicine, or has disappointed consumers by supplying goods or services inferior to the goods or services of the owner of the trademark right (Commentary on Trademark Law, p. 1153).

② "Use of a trademark in a way which may cause confusion with goods or services connected with any other person's business" means even cases where, if "goods or services connected with any other person's business" do not actually exist, use of the trademark is likely to cause confusion just as if the hypothetical goods or services were actual goods or services connected with any other person's business. The likelihood of confusion under Section 53 should not be judged based on abstract arguments but on specific arguments on such possibility. However, specific arguments in this case does not necessarily mean the actual occurrence of confusion; the existence of an objective risk of confusion would be sufficient. Section 53 does not state "which has caused confusion", but states "which may cause confusion." "Use of a trademark in a way which may cause confusion" does not mean a situation where consumers have been actually misled as to quality nor where goods or services have actually been confused (Supreme Court, Hanrei (Precedents) 2881, p. 316, Feb. 15, 1985; Supreme Court, Hanrei (Precedents) 2881, p. 310, Oct. 19, 1983).

The requirements as to the acknowledgment of misleading use and confusion should not be interpreted too strictly in order to protect consumers. The decision of how well known the trademark is one of the elements for judging whether there is confusion. If the owner of a trademark has modified his own trademark, and thereby it has become similar to a trademark of another person, the trademark is likely to cause confusion with the other trademark (Vol. 11, Daishinin (former Supreme Court), Minshu, p. 801, May 2, 1932; Tokyo High Court, Ibid., Oct. 19, 1983).

For example, a registered trademark, "Minefood (in katakana)", consists of only one line taken from an original trademark that consisted of three lines, Minefood (in Katakana), Minefood (in hiragana) and MINEFOOD (in Latin alphabet). Another trademark, "Minefood (in katakana)", was used in respect of goods identical with the designated goods covered by the original trademark consisting of three lines. The court held that the use of the trademark, "Minefood (in katakana)", had caused confusion between the designated goods of the original trademark and the identical goods of the second mark and approved the cancellation of the registered trademark, "Minefood (in katakana)" (No. 1825, Supreme Court, Hanrei (Precedents) p. 138, Jul. 11, 1989).

The "other person" includes the owner of a trademark right, the owner of a right of exclusive use, and the owner of a right of non-exclusive use (Toyosaki, p. 432; Amino, p. 868). It can be said that confusion of origin is expected when a license is granted. However, the following two cases must be considered separately: (a) the use of the trademark has misled consumers as to the quality of the goods or services; and (b) the use of the trademark has caused confusion with goods or services connected with any other person's business. Section 53 would apply in the case of (a), and also in the case of (b) if, as a result of such use, consumers' expectations were not satisfied (the use has misled consumers as to the quality-Amino, p. 869). Illegitimate use by the owner of a prior user's right should be regarded as a reason for cancellation of the prior user's right. If such a use is not regarded as intentionally violating fair competition rules; this would represent one of the inadequacies of the Law.

"Any other person" under Section 53 should include a person who owns a trademark

not yet registered. The trademark cited may be either a registered mark or an unregistered mark.

There was a case where the court gave a decision as to misleading use and likelihood of causing confusion of a trademark based on only one catalogue (Supreme Court, *Ibid.* Feb. 15, 1985; Tokyo High Court, *Ibid.* Oct. 19, 1983).

There was also a case where the court attached greater importance to a judicial compromise than acknowledgement of the misleading use or the likelihood of confusion of a trademark. The following is taken from the original court judgment (Vol. 14, No. 3, Tokyo High Court, *Mutaishu*, p. 829, Dec. 23, 1982): The main purpose of Section 51 (1) is to protect the interests of the public by allowing the cancellation of a registered trademark owned by a person who has illegitimately used the trademark, whereby the owner of a trademark right is prevented from using his trademark in a way which may mislead as to quality or cause confusion with goods connected with any other person's business. In light of the above stated purpose of the provision, even if the illegal use of a registered trademark is based on a judicial compromise between A and B, the illegitimacy of the use of the trademark is not diminished. Therefore the trial decision which held that the registered trademark should not be cancelled for the reason that the use had been based on a judicial compromise and not due to intentional modification was against the Law. However, the court of *Jokoku*-appeal adjudged that a demand for a trial for the cancellation of a trademark registration pursuant to the provision of Section 51 (1) was not permissible because it violated the principle of faith and trust. The court argued as follows: The provision of Section 51 (1), in view of the protection of general consumers, aims to avoid the impairment of the public interest by the illegitimate use of a trademark by penalizing the owner of the trademark right who has used the trademark illegitimately. On the other hand, the Trademark Law protects the interests of the owner of a registered trademark right after the lapse of five years or more from the registration of the trademark, even if the registered trademark is likely to cause confusion when it is illegitimately used, and pays less attention to the interests of persons in business or the public interest. For example, the owner of a trademark (A) has used a trademark similar to his own registered trademark in a way which may cause confusion with goods connected with B's business. B, however, once he admitted A's use of the registered mark in a judicial compromise between A and B, withdrew its opposition to the granting of the registered trademark owned by A and received payment as compensation. As a consequence, A continued to use the trademark. Taking the purpose of the Trademark Law as well as the above-stated facts into consideration, the court held that a demand for the cancellation of the trademark registration that is against the principle of fairness and trust is not permissible and reversed and remanded the demand (No. 120, Supreme Court, *Hanji*, p. 114, Apr. 22, 1986; Despite this decision rendered by the Supreme Court, the registered mark was extinguished due to non-payment of the registration fee). The author disagrees, from the standpoint of consumer protection, with this decision that attached more importance to the judicial compromise than the misleading use and confusion.

(e) Exceptions

Section 53 has been formulated to penalize illegitimate use by the owner of a right to use a trademark, preventing evils as a result of the authorization of the licensing system

and reinforcing the obligation to oversee the use of trademarks. However, although an obligation to take appropriate care has been imposed on the owner of a trademark right by the provision, the illegitimate use provided for in this section means use by the owner of a right of use; therefore, it would be too severe to cancel the trademark registration if the owner of the trademark right both takes due care and is unaware of the illegitimate use. Accordingly the provision of Section 53 would be inapplicable in such a case.

Due care with respect to the use of a trademark means not only taking care or overseeing but also more practical overseeing acts such as periodical supervision or attention to reports. The responsibility of proof lies with the owner of a trademark right (Toyosaki, p. 433; Amino, p. 870).

(3) Effects

(a) Time when cancellation takes effect: When a trial decision ordering cancellation of a trademark registration has become final and conclusive, the trademark right shall become extinguished from that moment (Section 54).

(b) Non-registrable period: To penalize illegitimate use effectively, where a trademark registration has been cancelled, the former owner of the trademark right and the former owner of the right of exclusive or non-exclusive use may not obtain a trademark registration of the registered trademark or a similar trademark for the designated goods or designated services covered by the trademark registration or for goods or services similar thereto until five years have elapsed since the date when the trial decision ordering cancellation became final and conclusive (Section 53 (2)). Any application against this section would be rejected and any trademark registration against this section would be regarded as falling under the grounds of non-registrability (Commentary on the Trademark Law; p. 1148).

(c) Exclusion Period: A trial for the cancellation of a trademark registration may not be demanded after the lapse of five years from the date on which the owner of a trademark ceased to use the trademark illegitimately (Sections 52 & 53 (3)). It would be too severe a penalty to cancel a trademark permanently on grounds of illegitimate use of the trademark in the past, if the trademark is used legitimately afterwards (Commentary on the Trademark Law, p. 1150). Section 52 provides that a cancellation trial may not be demanded after five years from the date on which the fact of illegitimate use ceased to exist (Section 52). This provision has been made for the reason that it would be inappropriate to ruin the reputation of the trademark that might be built up during the five-year period (Commentary on the Trademark Law). If the trademark was used illegitimately in the past, a cancellation trial may be demanded within five years from the date on which the owner of a trademark right ceased to use the trademark in an illegitimate manner. We must accept it in view of consumer protection, if the reputation is impaired within that five year period.

III. Trial for Cancellation of Illegitimate Trademark Registration by Agent of Foreign Owner

1. Gist

(1) Illegitimate Registration by an Agent

Trademark rights are established under the sovereignty of each nation and they are registered in their respective home countries. However, goods and services are distributed internationally today, and therefore, it would be impossible, by only strictly interpreting the territorial nature of each trademark right, to take appropriate protective actions to cope with the current international state of affairs and to assure the fair international distribution of goods and services.

Import agents for foreign owners of trademark rights who sell goods under the trademarks in the destination country (e.g., Japan) file applications for registration of the trademarks without obtaining the approval of the foreign owners of the trademarks from time to time so as to prevent the trademarks from being registered by other persons (or occasionally because the foreign trademark owners are indifferent to registration), to prevent illegal imports (or occasionally because the foreign trademark owners are indifferent to illegal importation) or to defend their own interest in the distribution.

Such a trademark registration may result in the granting of an exclusive distributorship to the agent in the destination country against the owner's will. This may be unreasonable anyway in view of fair competition and international good faith (because the trademark has been registered without the owner's approval, even if the foreign trademark owner was initially indifferent to the registration and trademark). Also, consumers in the destination country tend to recognize the goods with the trademark affixed as originating from the foreign trademark owner in many cases, whether the trademark has been registered in the country or not. Thus, an application filed without authorization impedes the smooth flow of trade, and goes against consumers' interest and international good faith commercial practices.

(2) Lisbon Amendment of the Paris Convention

The illegitimate registration by an agent as discussed above caused a controversy among many nations, so that Article 6-7 of the Paris Convention was adopted at the Lisbon Amendment Conference.

Japan ratified this Lisbon Amendment in 1965. Upon this ratification, the revised provisions were included, such as: Section 53-2 (Demand for a trial for cancellation of registration) and Section 4 (4) (Application by the demandant after cancellation) of the Trademark Law, Section 1 (2) (Demand for injunction of use), Section 1-2 (3) (Demand for compensation), and Section 6 (Exceptions to registration) of the Unfair Competition Prevention Law. These provisions were not completely identical with the provisions of the Convention, but the provisions as to the protection of a foreign trademark owners were adopted in order to satisfy the obligations imposed by the Convention. Furthermore, a provision has been incorporated to allow a person with a right to a

trademark to demand a trial for the cancellation of its registration against illegitimate registration of the trademark by his agent, etc. (Section 53-2).

2. Requirements

Where a registered trademark is a trademark of a person who has a right to the trademark in a country party to the Paris Convention or a Member of the World Trade Organization or a country party to the Trademark Law Treaty (but only where such right is equivalent to the trademark right) or is similar to such a trademark, and the goods or services relating to such right or similar goods or services have been made the designated goods or designated services, and moreover the trademark application concerned was made, without a legitimate reason and without the authorization of the person who has the right to the trademark, by his agent or representative or by a person who was his agent or representative at any time during the year preceding the filing date of the application, then the person who has the right to the trademark may demand a trial for the cancellation of its registration (Section 53-2).

“Legitimate reasons” include cases where a person who has a right to the trademark has surrendered the trademark or such a person has convinced other persons that he is not interested in obtaining the right in the country in question (Botenhausen, *Annotated Paris Convention*, p. 121; Haruo Goto, *Lectures on Paris Convention*, p. 340).

The expression, "a right to the trademark" is used instead of "a trademark right", because "a trademark right" would mean "a trademark right under the Trademark Law of Japan." The topic addressed here is "a trademark right under the Trademark Law of each member country", so that the expression, "a right to the trademark" is used. Also, since "a right to the trademark" would include a right such as "a pledge on the trademark," etc., the phrase, "but only where such right is equivalent to the trademark right" was added as a note in parenthesis.

Some uphold a broad interpretation that "agent or representative" means an agent, a sole agent, or a commission agent who imports and distributes the goods for the trademark owner (Toyosaki, p. 391; Gaku, p. 854) and others uphold a narrow interpretation that a representative means a representative authorized by the trademark owner who is a legal entity and that an agent is a person, whether he is a natural person or a judicial person, who is granted some type of authority by the trademark owner. Normally, "agent or representative" would mean a person who is authorized to conduct transactions of goods or services, but it does not necessarily mean only such a person. It also includes a person authorized to conduct any acts other than such transactions (*Commentary on the Trademark Law*, p. 1156). However, Section 53-2 provides that a person who has a right to the trademark may demand a trial for cancellation of a registration in cases where his agent or representative has filed a trademark identical or similar to such a trademark without a legitimate reason and contrary to the trust relationship between the agent or representative and the person who has the right to the trademark. In the case concerning the trademark, "CASITE", the applicant of the trademark was a customer of the exclusive exporter of the goods to which the trademark registered in the United States was affixed and he was merely an importer/distributor. The applicant had no legal status in Japan as sole agent or sole import agent, based on a special distribution agreement or commercial practices with respect to the goods, nor was any special trust

relationship acknowledged to exist with the trademark owner mentioned above. For these reasons, the court did not adjudge the person as an agent or representative provided for in Section 53-2 (Vol. 15, No. 3, Tokyo High Court, Mutaishu, p. 832, Dec. 22, 1983).

3. Effects

(1) Time when cancellation takes effect

When a trial decision ordering cancellation of a trademark registration has become final and conclusive, the trademark right shall become extinguished from that moment (Section 54). The effect is not retroactive. Such a trial decision of cancellation is rendered on the grounds of the relationship between the principal and the agent, and such grounds do not fall under reasons for non-registrability in general which arise from objective defects of the registration itself.

(2) Exclusion Period

If a trademark was registered illegitimately in the past but it has been used for many years, it would be too severe to leave such a trademark permanently cancellable in view of the circumstances of both parties. If the principal is considered to be taking appropriate care, a trial for the cancellation of the trademark registration may not be demanded after the lapse of five years from the registration of the establishment of the trademark right (Section 53-3). The reason for this legislation is that, during the lapse of five years, a reputation may be built up and if so, it would be inappropriate to ruin such a reputation provided that the trademark owner is taking appropriate care. Article 6-7 of the Paris Convention provides that domestic legislation may provide an equitable time limit within which the proprietor of a mark must exercise the rights provided for in this Article.

Section 5. Trial Procedure

I. Formal Requirements of Demands for Trial

(1) A person demanding a trial shall submit a written demand to the Commissioner of the Patent Office stating the following (Section 56 (1); Section 131 (1) of the Patent Law):

(1) Written demand

- (i) the name and the domicile or residence of the demandant and his representative;
- (ii) an identification of the trial case;
- (iii) the relief sought in the demand and the grounds therefor

(2) Amendments to the written demand

An amendment to the written demand shall not change the gist thereof except with respect to the grounds for the demand (Section 56 (1); Patent Law, Section 131 (2)).

II. Formality Examination

(1) Formality examination

When a submitted written demand has been accepted, a formality examination is

conducted in order to check the adequacy of the demand as to formality.

(2) Invitation to amend the demand

When a demand does not comply with the requirement to state the name and the domicile or residence of the demandant and his representative, and the grounds for the relief sought in the demand, etc., or the demandant has not paid the prescribed fees, the trial examiner-in-chief shall invite the demandant to amend the demand, designating an adequate time limit (Sections 56 (1) & 76; Patent Law, Sections 131 (1), (2) and 133 (1)).

(3) Trial decision for dismissal on grounds of non-compliance with formal requirements

The trial examiner-in-chief may dismiss the procedure by a ruling where a person whom he has invited to make an amendment to a procedure fails to make the amendment within the designated time limit (Section 56 (1); Patent Law, Section 133 (3)).

A ruling for dismissal of the procedure shall be in writing and shall state the reasons therefor (Section 56 (1); Patent Law, Section 133 (4)). The ruling in this case is a decision for dismissal and the trial is only a formality and is thus simple, so that instead of a collegial body, the trial examiner-in-chief may render the ruling at his sole discretion.

III. Reply

(1) Submission of a written reply

When a trial has been demanded, the trial examiner-in-chief shall transmit a copy of the written demand to the demandee after formality examination, and shall give him an opportunity to submit a written reply, designating an adequate time limit (Section 56 (1); Patent Law, Section 134 (1)).

(2) Transmittal of a written reply and a written refutation

Upon receipt of the written reply from the owner, the trial examiner-in-chief shall transmit to the demanding party a copy of the written reply (Section 56 (1); Patent Law, Section 134 (3)). Legally, the transmittal of a written refutation by the parties to each other is left to the discretion of the trial examiner-in-chief. However, a trial is a semi-judicial procedure and therefore, a transmittal of the written refutation would be necessary to satisfy both parties with respect to the trial and to assure fairness and completeness of the procedures; written refutations are so transmitted in practice.

(3) Examination of the parties

The trial examiner-in-chief may examine the parties and interveners with respect to the trial in order to assure a proper examination (Section 56 (1); Patent Law, Section 134 (4)). A trial examination may be given orally or by documents.

IV. Dismissal of Irregular Demand by Trial Decision

(a) An irregular demand for a trial which cannot be amended may be dismissed by a trial decision without giving the demanding party an opportunity to submit a written reply (Section 56 (1); Patent Law, Section 135).

(b) Where there is a specified period for filing a demand for a trial, and the demand is filed after the expiration of that period or by a person who is not competent to make the demand, the trial decision will be for dismissal. Grounds for such dismissal are not amendable, so that the decision of dismissal is rendered immediately. The trial dismissal decision is made by a collegial body of examiners after trial examination.

V. Trial Examination

1. Various Principles as to the Formality of Trial Examination

(1) Oral examination proceedings and documentary examination proceedings

Examination for a so-called inter-partes trial is conducted orally as a rule, while that for an ex-parte trial is conducted by documents. In oral proceedings, a party's statement gives examiners a fresh and strong impression. Examiners can ask parties relevant questions on the spot, avoiding unnecessary statements and expediting the examination process. An oral proceeding tends to make the examination open to the public and more direct, but at the same time, it may cause the possibility of omission due to difficulty in hearing, insufficient understanding of the particulars of technical issues, inconvenience in organizing the result and lack of reliability in consequence. On the other hand, in a documentary examination, parties' statements are accurate, technical materials can be read repeatedly for understanding the particulars, and the result can be conveniently organized in a reliable manner. However, documentary proceedings have weakness in that a large volume of related materials requires hours to read, the real intention of the party is hard to ascertain, and exchange of documents and organizing of points at issue take a long time. The Trademark Law has adopted both oral examination and the documentary examination as stated above, taking the strengths and weaknesses of both types of examination into consideration. However, in practice, trial examinations are mostly conducted by documentary proceedings at present for various reasons.

(2) Inter-partes trial examination

The inter-partes trial examinations (trial for invalidation of trademark registration and trial for cancellation of trademark registration) shall be conducted by oral trial examination. However, the trial examiner-in-chief may decide to conduct the trial by documentary examination on a motion by a party or an intervener or ex officio (Section 56 (1); Patent Law, Section 145 (1)).

(3) Ex-parte trial examination

The ex-parte trial examinations (trial against the examiner's decision of rejection, trial against the examiner's decision to decline amendments, trial for exclusion of trial examiner, and trial for challenge of trial examiner) shall be conducted by documentary examination. However, the trial examiner-in-chief may decide to conduct the trials by oral examination on a motion by a party or ex officio (Section 56 (1); Patent Law, Section 145 (2)).

(4) Notification of oral proceedings

Where a trial is conducted by oral examination, the trial examiner-in-chief shall fix the date and place thereof and transmit a document stating such date and place to the parties

and the intervener (Section 56 (1); Patent Law, Section 145 (3)).

2. Public Examination Principle

(1) Significance

Oral examinations shall be conducted in public in order to assure fairness. This is the biggest reason why a trial examination is said to be a semi-judicial procedure. However, this provision shall not apply where public order or morality is likely to be injured thereby (Section 56 (1); Patent Law, Section 145 (5)). The judgment of whether the examination is liable to injure the public order or morality changes as the times change. Decision by a collegial body of trial examiners is required when an examination ceases to be conducted in public.

(2) Interpreter

If a party or intervener to an oral examination does not have command of Japanese, or is deaf or dumb, an interpreter shall attend the examination. A deaf or dumb person may give statements in writing and may be questioned in writing. This serves to assure openness to the public as well as the accurateness of the examination (Section 56 (1); Patent Law, Section 146; Civil Code Procedure, Section 154).

(3) Preparation of oral argument record and public examination principle

(i) With respect to a trial by oral examination, the trial clerk designated by the Commissioner of the Patent Office shall prepare the record setting forth the gist of the trial examination and other necessary matters whenever a trial takes place (Section 56 (1); Patent Law, Sections 144-2, 147 and 150 (4)).

(ii) The provisions concerning the record of oral argument (Section 160 (2) and (3)) of the Code of Civil Procedure shall apply *mutatis mutandis* to the record. (Section 56 (1); Patent Law, Section 147 (2)) Anyone may be allowed to inspect or copy the record of oral argument (Section 56 (1); Patent Law, Section 186). The preparation of the record of the oral argument is meant to assure the accurateness of the examination, and the publication of such a record is a manifestation of one of the public examination principles.

3. Trial Ex Officio

(a) Since any case concerning trademarks is effective against the public and affects not only the propriety interest of a party but also the interest of the public, the trial examiner-in-chief may decide to conduct the trial on a motion *ex officio*, regardless of the intent of a party or an intervener. Even where a party or an intervener fails to initiate a procedure within the time limit prescribed by law or designated in accordance with the law or fails to appear on the date designated for oral examination, the trial examiner-in-chief may proceed with the trial proceedings (Section 56 (1); Patent Law, Section 145 (3) & Section 152).

(b) Any trial case is effective against the public, so that even grounds that have not been pleaded by a party or an intervener should be examined in a trial. In such a case, the trial examiner-in-chief shall notify the parties and the interveners of the result of the

trial examination and give them an opportunity to state their opinion thereon, designating an adequate time limit. Since a trial examination is a semi-judicial procedure, it should not be conducted on grounds unknown to a party or an intervener (Section 56 (1); Patent Law, Section 153 (1) & (2)).

(c) Nevertheless, because of the semi-judicial nature of a trial, to examine grounds that have not been pleaded in a trial would be going too far and is unnecessary. Only the relief sought by the demandant may be considered in the trial examination (Section 56 (1); Patent Law, Section 153 (3)). However, even grounds that have not been pleaded by a party or an intervener may be examined (Section 56 (1); Patent Law, Section 153 (1) & (2)).

VI. Proceedings

1. Joint Trial

(1) Significance and types

A joint trial means a trial demanded jointly by more than one person, or in which more than one demanding party exists. Joint trials are divided into: (i) "voluntary joint trials" which may be demanded by two or more demanding parties, who are not required to make a joint demand; and (ii) "required joint trials" which are demanded jointly by more than one demanding party or where all the joint owners must be made "demandants." In a joint trial, a demand is made jointly. In other words, a trial is demanded with respect to the same trademark right on the same grounds. This is because a trial decision should become final and conclusive with respect to all the demandants.

(2) Voluntary joint trial

Where two or more persons demand a trial concerning the same patent right, the demand may be made jointly (Section 56 (1); Patent Law, Section 132 (1)). Such a trial is a voluntary joint trial.

(3) Required joint trial

(i) Where a trial is demanded against any of the joint owners of a trademark right, all the joint owners shall be made a party (Section 56 (1); Section 132 (2)). Such a trial is a necessary joint trial.

(ii) Where the joint owners of a trademark right or a right to obtain a trademark demand a trial concerning the right under joint ownership, the demand shall be made jointly by all the joint owners (Section 56 (1); Patent Law, Section 132 (2)). The joint owners of a right arising from a trademark application demand a trial concerning the right under joint ownership when they demand a trial against an examiner's decision of rejection or a trial against an examiner's decision to decline amendment. Such a trial is also a necessary joint trial.

(4) Final and conclusive decisions effective on all parties

Where there are grounds for interruption or suspension of the trial proceedings on the part of one of the demanding parties or owners in a joint trial, the interruption or

suspension shall have effect on all of them (Section 56 (1); Patent Law, Section 132 (4)). This is natural in cases of a joint trial, which requires that the trial decision becomes final and conclusive with respect to all the parties.

2. Intervention

(1) Significance

“Intervention” refers to the system wherein a third party joins one of the parties to the trial, while an inter-partes trial is pending, in order to continue the trial proceedings. Interventions under the Trademark Law consist of two types: intervention in the joint trial as a party and intervention in order to assist one of the parties. "While the trial is pending", namely, "until the conclusion of the trial" means until the conclusion of the trial is notified.

(2) Intervention

(a) Intervention in the joint trial as a party

Any person who may demand a joint trial, that is, who is qualified to demand a joint trial, may intervene in the trial as a demandant until the conclusion of the trial (intervention in the joint trial as a party) (Section 56 (1); Patent Law, Section 148 (1)).

Such an intervener may continue the trial proceedings even after the demand for the trial has been withdrawn by the original party (Section 56 (1); Patent Law, Section 148 (2)). This is analogous with the case where, after the demand for the trial has been withdrawn by one of the demandants in a joint trial, the remaining demandants may continue the trial proceedings.

(b) Intervention in order to assist one of the parties

Any person who has an interest in the result of the trial may intervene in the trial, in order to assist one of the parties, until the conclusion of the trial (Intervention in order to assist one of the parties; Section 56 (1); Patent Law, Section 148 (3)). "Any person who has an interest in the result of the trial" means any person whose legal interest is affected by whether or not a trademark right exists, such as a person who has a right to exclusive use or non-exclusive use or a pledgor in a trial for invalidating a trademark registration.

Such an intervener may initiate and take part in any procedure relating to a trial, since a trial decision has effect on the intervener and the intervener has a material interest in the result of the trial (Section 56 (1); Patent Law, Section 148 (4)).

(3) Interruption and suspension of the trial proceedings

Parties and interveners are closely connected in their interest. Therefore, where there are grounds for interruption or suspension of the trial proceedings on behalf of an intervener, the interruption or suspension shall also be effective against a party other than the intervener (Section 56 (1); Patent Law, Section 148 (5)).

(4) Intervention procedure

(a) Formal requirements of a demand for intervention

A person desiring to intervene shall submit to the trial examiner-in-chief a written

demand (for the details of its form, see Trademark Enforcement Regulations, Section 22 and Patent Law Enforcement Regulations, Section 49, Form 65) to intervene. The trial examiner-in-chief shall transmit a copy of the demand to intervene to the parties and the interveners and give them an opportunity to express their opinions, designating an adequate time limit (Section 56 (1); Patent Law, Section 149 (1) & (2)).

(b) Ruling to approve intervention

Where a demand to intervene is made, the trial examiner in the trial concerned shall render a ruling thereon through a trial. Such a ruling shall be in writing and state the reasons therefor. No appeal shall be filed against the ruling (Section 56 (1); Patent Law, Section 149 (2), (3) and (4)).

3. Combination and Separation of Trials

When one or both of the parties to two or more trials are the same, the trial examinations may be combined. Trial examinations that have been combined may later be conducted separately (Section 56 (1); Patent Law, Section 154 (1) & (2)). Section 154 (1) of the Patent Law applied mutatis mutandis to Section 56 (1) of the Trademark Law provides for the combination of trials. However, the Law does not approve combining trial decisions. (The former Trademark Law approved the combination of both trials and trial decisions.)

4. Taking of Evidence (and Evidence Preservation Procedure)

(1) Taking of evidence

With respect to a trial, evidence may be taken on a motion by a party or an intervener, or ex officio (Section 56 (1); Patent Law, Section 150 (1)). Taking of evidence means to examine personal means of proof such as witnesses, experts, or the parties concerned, as well as material means of proof such as documents and inspection results. Taking of evidence is a means to obtain basic materials for a trial.

(2) Preservation of evidence

(a) Gist

With respect to a trial, evidence may be preserved on a motion by an interested person, before the demand for the trial is made, and on a motion by any party or intervener, or ex officio, during the pendency of the trial (Section 56 (1); Patent Law, Section 150 (2)).

Preservation of evidence means an act of examining and securing evidence, when there are some circumstances which would make it impossible or difficult to examine the evidence unless it is taken in advance. Urgent preservation of evidence would be required in cases where a witness is likely to die from illness or has a plan to go abroad on a long business trip. Therefore, preservation of evidence not only available during the pendency of the trial but also before the filing of a demand for a trial.

(b) The motion before the demand for a trial should be presented to the Commissioner of the Patent Office (Section 56 (1); Patent Law, Section 150 (3)), because a trial examiner has not been designated yet. Where a motion has been presented before the demand for a trial, the Commissioner of the Patent Office shall designate the trial

examiner and the trial clerk in charge of preserving the evidence (Section 56 (1); Patent Law, Section 150 (4)). The designated trial examiner preserves evidence.

(c) Any evidence that is unknown to the parties or interveners should not be examined in a trial. The trial examiner-in-chief should notify the parties and the interveners of the result thereof and shall give them an opportunity to state their opinion, designating an adequate time limit (Section 56 (1); Patent Law, Section 150 (5)).

(d) Entrusting to take or preserve evidence

Taking or preservation of evidence may be entrusted to a local court or a court with summary jurisdiction in the place where the case is to be handled (Section 56 (1); Patent Law, Section 150 (6)) for the convenience of case processing.

(e) Application mutatis mutandis of the Code of Civil Procedure

The provisions of the Code of Civil Procedure shall be applied mutatis mutandis to the taking or preservation of evidence (Section 56 (1); Patent Law, Section 151).

The provisions of the Code of Civil Procedure such as "Designation of date"(Patent Law, Section 151; Code of Civil Procedure, Section 93 (1)), and "Summon on a fixed date" (Patent Law, Section 151; Code of Civil Procedure, Section 94) are applied mutatis mutandis to the taking or preservation of evidence through the application of the Patent Law (Section 56 (1); Patent Law, Section 151). In these applications, however, the "facts that the party admitted in court and the obvious facts therein" shall read "obvious facts." Since a trial decision adopts ex officio principles, the phrase of the Code of Civil Procedure, "facts that the party admitted in court", in compliance with the adversary system has been deleted (Section 56 (1); Patent Law, Section 151).

5. Withdrawal of Demand for Trial

(a) A demand for a trial may not be withdrawn after the conclusion of the trial examination has been notified (Section 56 (1); Patent Law, Sections 155 (1) & 156 (1)). A trial decision concerning a trademark is effective against the public and therefore trial proceedings are conducted ex officio. Because of this, a demand for a trial may not be withdrawn after a trial examiner has been professionally convinced and is ready to make a judgment.

(b) A demand for a trial may not be withdrawn, without the consent of the adverse party, after the written reply has been submitted by the demandee, because such withdrawal would waste the efforts of the adverse party (Section 56 (1); Patent Law, Sections 134 (1) & 155 (2)).

(c) When a demand for a trial for invalidation of trademark registration has been made with respect to two or more items of the designated goods or services covered by the trademark, the demand may be withdrawn for any of the designated goods or services (Section 56 (2); Patent Law, Section 155 (3)) in the same way as such a demand may be made for any of the designated goods or services.

6. Conclusion of Trial

(1) Notification of conclusion of a trial

Since trial proceedings are handled *ex officio*, the time for rendering a trial decision should be notified in advance to the parties and the interveners. When a case is ready for the rendering of a trial decision, the trial examiner-in-chief shall notify the parties and the interveners of the conclusion of the trial examination (Section 56 (1); Patent Law, Section 156 (1)). "When a case is ready for the rendering of a trial decision" means "when all the evidences and reasons are considered to have been sufficiently examined."

(2) Reopening of trial examination

In cases where any evidence that has an effect on the trial proceedings needs to be reexamined because the trial examiner has failed to examine such evidence, the trial examiner-in-chief may, if necessary, reopen a trial examination, upon a motion by a party or an intervener, or *ex officio*, in order to assure the completeness of the trial examination (Section 56 (1); Patent Law, Section 156 (2)).

(3) Time for trial examination

The trial decision shall be rendered within 20 days from the notification of the conclusion of the trial examination. However, the decision may be rendered after the lapse of 20 days if the case is complicated or if there are unavoidable circumstances (Section 56 (1); Patent Law, Section 156 (3)). The provision of the Patent Law that has been applied *mutatis mutandis* to Section 56 (1) of the Trademark Law is an instructive provision. Any breach of this provision would not constitute a violation of Law.

7. Trial Decision

(1) Conclusion of a trial decision

When a trial decision has been rendered, the trial shall be closed (Section 56 (1); Patent Law, Section 157 (1)). A trial examination is closed upon the rendering of a trial decision, except for trial examination cases which are closed upon a ruling, such as a ruling for exclusion of a trial examiner, a ruling for challenge, or a ruling for intervention. A trial examination is closed also upon the withdrawal of the demand for the trial.

(2) Written trial decision

The trial decision shall be in writing and state the particulars mentioned below (Section 56 (1); Patent Law, Section 157 (2)):

- (i) the number of the trial;
- (ii) the name and the domicile or residence of the parties and the interveners as well as of their representatives;
- (iii) an indication of the trial case;
- (iv) the conclusions of the trial decision and the reasons therefor;
- (v) the date of the trial decision.

(3) Transmittal of trial decision

Once a trial decision is rendered, the Commissioner of the Patent Office shall transmit

the trial decision to the parties, the interveners, and persons whose demand to intervene has been refused (Section 56 (1); Patent Law, Section 157 (3)).

(4) Effects of trial decision (Double jeopardy prohibition)

When a final and conclusive trial decision in a trial for invalidation of a trademark registration or a trial for the cancellation of a trademark registration has been registered, no one may demand a trial on the basis of the same facts and the same evidence (Section 56 (1); Patent Law, Section 167). Section 167 of the Patent Law applied mutatis mutandis to Section 56 (1) of the Trademark Law provides the principle prohibiting double jeopardy in order to give authority to the final and conclusive power of a trial decision and to avoid unnecessary procedures. Because a trademark right is effective against the public, it would be reasonable to consider that the prohibition against double jeopardy is binding not only on the parties but also on third parties. The Law provides that such a principle takes effect when a final and conclusive trial decision has been registered, because third parties never know of such a final and conclusive decision unless registered.

"The same facts" mean basic facts other than new facts which are sufficient to overrule a final and conclusive decision previously rendered, while "the same evidence" means no powerful new evidence that would be sufficient to overrule a final and conclusive decision. "The trial" means the same type of trial. In fact, if one of the piece of evidence is different, the principle of double jeopardy prohibition may not be applied.

8. Relationship between Trademark Trials and Other Trials or Litigations

(1) Suspension of trial proceedings

Trial proceedings are related to other trials or litigations and effect those proceedings. The trial proceedings may, if it is deemed necessary in the trial, be suspended until a ruling on an opposition to the trademark or a trial decision in another trial has become final and conclusive or litigation proceedings have been concluded (Section 56 (1); Patent Law, Section 168 (1)).

For instance, if a trial for invalidation of trademark registration is demanded while a trial for cancellation of the trademark registration is pending, it would be reasonable to suspend the procedure for the cancellation trial until the trial decision in the invalidation trial becomes final and conclusive. Should a witness in the trial be charged with perjury while a trial for invalidation of a trademark registration is pending, it would also be reasonable to suspend the procedure for the invalidation trial until the litigation with regard to the perjury has been concluded.

(2) Suspension of Litigation

Where a suit has been filed, the court may suspend the proceedings until a trial decision has become final and conclusive (Section 56 (1); Patent Law, Section 168 (2)).

For instance, if a trial for invalidation for a trademark registration is demanded while a civil or criminal action with respect to infringement of a trademark right is pending, it would be reasonable to suspend such proceedings until the trial decision in the trial has become final and conclusive.

9. Bearing of Trial Costs

(1) Costs

(i) Who shall bear the costs in connection with a trial for the invalidation of a trademark registration or a trial for the cancellation of a trademark registration shall be decided ex officio by way of the trial decision where the trial is terminated by a trial decision or by a ruling in the trial where the trial is terminated other than by a trial decision (Section 56 (1); Patent Law, Section 169 (1)).

Sections 61 to 66, 69 (1) and (2), 70 and 71 (2) (Bearing of litigation costs) of the Code of Civil Procedure shall apply mutatis mutandis to the costs in connection with the trial under the preceding subsection (Section 56 (1); Patent Law, Section 169 (2)).

(ii) The costs in connection with a trial against an examiner's decision of refusal or a ruling to decline amendment shall be borne by the demandant or the opponent (Section 56 (1); Patent Law, Section 169 (3)).

Section 65 (Costs of joint litigation) of the Code of Civil Procedure shall apply mutatis mutandis to the costs borne by the demandant or the opponent under the preceding subsection (Section 56 (1); Patent Law, Section 169 (4)).

(iii) The amount of costs in connection with a trial shall be decided by the Commissioner of the Patent Office, upon request, after the trial decision or the ruling has become final and conclusive (Section 56 (1); Patent Law, Section 169 (5)).

The extent, amount and payment of the costs of a trial, as well as the payment necessary for procedural acts for the trial to be effected, shall be governed by the provisions in the Law on Civil Procedure Costs, etc. (Law No. 40 of 1971) which relate to these matters, unless they are incompatible (Section 56 (1); Patent Law, Section 169 (6)).

(2) Enforceable ruling on amount of costs

A final and conclusive ruling on the costs in connection with a trial shall have the same effect as an enforceable title of liability (Section 56 (1); Patent Law, Section 170).

Section 6. Retrial

1. Gist

The final and conclusive effect of a trial decision must not be unreasonably revoked. However, should there be a material defect in the procedure leading to the trial decision or in the facts on which the trial decision was based, it would be appropriate to revoke the final and conclusive effect of the trial decision in order to ensure fairness. Retrial is a method of objection against the final and conclusive trial decision and a procedure to revoke the final and conclusive effect of the trial decision, reopen the examination, and render a decision again.

2. Retrial Cases

(a) Against a final and conclusive ruling to revoke a registered trademark or a final and conclusive trial decision, the party concerned or an intervener may demand a trial. The

provisions of the Code of Civil Procedure shall apply mutatis mutandis to grounds for a demand for a retrial (Section 57; Code of Civil Procedure, Sections 383 (1)&(2) and 339).

Retrial is a method of objection available in exceptional circumstances. Disputing a final and conclusive decision impairs legal stability, so that a demand for a retrial is not admitted without some compelling reason. Since the Trademark Law allows a demand for a trial against any final and conclusive trial decision, such a demand should be admitted in practical situations for a trial against a trial examiner's decision of rejection or a trial against examiner's decision to decline amendment.

(b) Where the demandant and the demandee in a trial have in collusion caused a trial decision to be rendered with the purpose of injuring the rights or interest of a third person, such person may demand a retrial against the final and conclusive trial decision. In such a trial, the demandant and the demandee shall be made joint demandees (Section 58). This provision addresses a demand for retrial against the decision caused to be rendered by the demandant and demandee in collusion for fraudulent purposes.

3. Time Limit for Demand for Retrial

(a) A retrial must be demanded after the ruling to cancel a trademark or the trial decision became final and conclusive and within 30 days from the date on which the demandant became aware of the grounds for the retrial (Section 61; Patent Law, Section 173 (1)).

(b) Where, due to reasons outside his control, a person is unable to demand a retrial within the time limit prescribed in paragraph (a) above, he may, notwithstanding the provision of paragraph (a), make the demand within 14 days (where he is a resident abroad, within two months) from the date when the reasons ceased to be applicable, but not later than six months following the expiration of said time limit. Where a retrial is demanded on the grounds that the demandant was not represented in accordance with the applicable provisions of law, the time limit provided for in paragraph (a) shall be counted from the day following the date on which the demandant or his legal representative became aware that the ruling to revoke a trademark or the trial decision had been rendered, due to the transmittal of a copy thereof (Section 61; Patent Law, Section 173 (2) & (3)).

(c) No demand for a retrial may be made after the expiration of three years from the date on which the ruling to revoke a trademark or the trial decision became final and conclusive (Section 61; Patent Law, Section 173 (4)).

(d) Where grounds for a retrial have arisen after the ruling to revoke a trademark or the trial decision became final and conclusive, the time limit prescribed in the preceding paragraph (a) shall be counted from the day following the date on which the grounds first arose (Section 61; Patent Law, Section 173 (5)).

(e) Section 173 (1) and (4) shall not apply to a demand for a retrial made on the grounds that the trial decision conflicts with a final and conclusive trial decision previously rendered (Section 61; Patent Law, Section 173 (6)).

4. Restriction on Effects of Trademark Right Restored by Retrial

(a) Where a trademark right relating to a revoked or invalidated or cancelled trademark registration has been restored through a retrial, the effects of the trademark right shall not extend to the following acts:

(i) the use in good faith of the registered trademark in respect of the designated goods or designated services after the ruling to revoke or the trial or retrial decision became final and conclusive but before the registration of the demand for a retrial;

(ii) the acts mentioned in each paragraph of Section 37 performed in good faith after the ruling to revoke or the trial or retrial decision became final and conclusive but before the registration of the demand for a retrial.

(b) Where a trademark right relating to a revoked or invalidated trademark registration has been restored through a retrial, or where the establishment of a trademark right under a trademark application which was refused by a trial or retrial decision has been registered through a retrial, and where a person has, in good faith, been using the registered trademark in Japan or a trademark similar thereto on the designated goods or designated services or goods or services similar thereto after the ruling to revoke or the trial or retrial decision became final and conclusive but before the registration of the demand for a retrial and, as a result, the trademark has become well-known among consumers as indicating the goods or services as being connected with his business at the time of registration of the demand for a retrial, such person shall have a right to use the trademark on the goods or services, provided that he does so continuously. The same shall apply in the case of a person who has succeeded to the business concerned. Section 32 (2) (Request to mark person's goods or services with a suitable indication so as to prevent any confusion) shall apply mutatis mutandis to such a case as described above (Section 60).

5. Application Mutatis Mutandis of Trial Proceedings

The provisions concerning trial proceedings such as Section 131 of the Patent Law apply mutatis mutandis to retrials against trial decisions in many trademark trial cases.