

CHAPTER 2. THE HISTORY AND DEVELOPMENT OF TRADEMARK LAW

SECTION 1: THE HISTORY OF TRADEMARK LAW

I. Pre-history

A "trademark for commercial goods" necessarily requires commercial goods; in societies based on the barter system, therefore, there was no basis for "trademarks for goods."¹ Trademarks not only identify goods, but create a distinction between goods from various sources. Consequently, a competitive relationship exists, and an overly simplistic mark is insufficient to be a trademark. The trade of goods came into practice long ago, and the use of trademarks is thought to have evolved from that.

The origin of trademarks can be traced back as far as the beginning of the circulation of goods. The history of marks is nearly as old as the histories of mankind and religion. Scientists have come across excavated artifacts from places such as ancient Egypt with various symbols carved thereon for religious and superstitious reasons. "Potters marks" appeared in relics left from the Greek and Roman periods and were used to identify the maker (potter) of a particular vessel). Among those who specialize in researching the cultural heritage of marks, the studies surrounding "potters marks" are famous. It would be difficult, however, to say that these marks are trademarks in the sense of the modern meaning.

Over time, different methods of identification and distinction developed. Loved ones and pets were given names. "Proprietary marks" (in the form of a name or symbol) were affixed to goods to enable one person to distinguish their own possessions from those of others. Craftsmen applied their names, unique drawings, or simple inscriptions to identify goods they created. Even though these marks surely helped in distinguishing goods, it is difficult to say that these marks were trademarks with distinctiveness in the modern sense of the word. Symbols on goods used in ancient Rome and other countries near the Mediterranean sea had similar characteristics to the trademarks of today. Because this ancient region is considered to be the first to actively circulate goods, it is widely thought that trademarks evolved in response to the emergence of a society in which goods circulate in commerce. However, even in those days, a trademark system based on property rights did not yet exist.

Around the 10th century, a mark called a "merchants mark,"² appeared, and symbols among traders and merchants increased significantly. These marks, which can be considered one kind of "proprietary mark," essentially were used to prove ownership rights of goods whose owners were missing due to shipwrecks, pirates, and other disasters. Even now, in every part of the world, horses, sheep, and other animals are still branded with a mark identifying the owner. In Japan, a symbol is affixed to lumber that is tied onto a raft and sent down a river to its mouth. These types of marks are reminiscent of the "merchant's mark" of the past.

¹ Hereinafter, "trademark for goods" will be referred to as "trademarks," and "trademark of services" will be referred to as "service marks"

² Merchants marks were simple and formed merely linear designs, for example.

In guilds of the middle ages, craftsmen and merchants affixed marks to goods in order to distinguish their work from the makers of low quality goods and to maintain trust in the guilds. These marks, known as "production marks," served to punish the manufacturers of low quality goods for not meeting the guild's standards and to maintain monopolies by the guild's members. These production marks helped consumers to identify and assign responsibility for inferior products, such as, goods short in weight, goods comprised of poor quality materials, and goods made with inferior craftsmanship.

Because these marks were affixed out of compulsion or obligation, rather than one's own self-interest, they also became known as "police marks" (polizeizeichen) or "responsibility marks" (pflichtzeichen). They acted not only to distinguish between sources of goods, but to serve as an indicator of quality as well. While modern marks work to ensure the quality and superiority of certain goods, the obligatory marks served to uncover defective goods. "Responsibility marks" were more burdensome than real property, and could not be changed easily once the mark had been adopted. Furthermore, it is thought that this type of mark did no more than simply guarantee minimum quality. Finally, these symbols were different from modern marks in that they emerged to benefit the guilds, and were not for the benefit of the production mark owner.

From the Middle Ages, through "police marks" and "responsibility marks," modern trademarks slowly developed as the Industrial Revolution sparked the advent of what is now modern-day capitalism. Gradually, the guild systems disintegrated, and free business was established. Marks began to actively identify the source of goods rather than obligatory guild membership. About this time, special criminal laws protecting trademarks were also developed out of early forgery, counterfeiting, and fraud laws. Civil protection was gradually and systematically established against those who would use another's mark with out permission ("infringers").

II. France

In France, the "Factory, Manufacture and Workplace Act" of April 20, 1803, (Article 16) is internationally noted for establishing a system which made it a crime to pass off another's seal as one's own. Further, the Criminal Acts of 1810 (Article 142) and 1824 (Article 433) made it a punishable crime to abuse the name of others or wrongly use the names of production areas.

Even this system was not nearly as advanced as the comprehensive trademark legal structure as we see today. On June 23, 1857 France established the first comprehensive trademark system in the world with the "Manufacture and Goods Mark Act," a trademark deposit system that embodied theories of both use-based and examination-based³ trademark registration systems. Until the passage of that Act, France had employed an exclusively use-based system. In fact, in France's old colonial territories, the influence of this system continues. This law was partially amended in 1890 and 1944, and was repealed in 1964. On December 31, 1964, a registration-based system

³ Examination systems are not substantively based.

was established⁴ in which the commencement of trademark rights was conditioned on "deposit" (filing) and a loss of rights occurred through failure to use the mark. The current law was established in January, 1991 and included concepts such as the protection of famous trademarks, three-dimensional marks, sound marks, and an application publication system, following the lead of the European Community ("EC").

III. England

Under the English common law system, fraud and the improper use of marks known as passing off" an action for which remedies were contemplated that continue today. A trademark equity law was added eventually to supplement common law protection, but England did not establish a comprehensive system for trademark protection until 1905, nearly 50 years after the establishment behind France. Prior to the 1905 Act, "The Merchandise Marks Act," which focused on provisions dealing with deceptive indications, was passed on August 7, 1862. The "Trade Mark Registration Act" was also passed in 1875. The 1905 Act was amended in 1919 and 1937, until a new Act was passed in 1938. This Act fundamentally changed the system in many ways, permitting registration based on intent-to-use, creating an examination-based process, and creating an application publication system. It equipped the English system with advances that surpassed the trademark law of France at that time. Consequently, U.S. and Japanese trademark laws were greatly influenced by the 1938 Act.

England's 1938 Trademark Act contained novel concepts such as "associated trademarks," a consent-to-use system, a defensive mark system, and non-claiming right system. Further, unlike U.S. trademark law at that time⁵, even without actual use, an applicant who had a "bona fide intent to use" a mark could gain registration. On the other hand, registrations under the British law, unlike registrations in Japan or Germany, would only provide a presumption of trademark ownership, without establishing a "fixed right." In England, on October 1, 1986, a service mark registration system was incorporated (The 1986 Act). By 1995, England, the U.S., Germany, France and Japan, the so-called G5 ("Group of 5") were all utilizing a service mark registration system. Almost all industrialized countries have a service mark registration system today. England, following an EC directive, expanded the scope of its trademark subject matter, amending its trademark requirements on October 10, 1994. In addition to this, the associated trademarks system and the defensive mark system leftover from the 1938 Act were abolished. The Japanese associated trademarks system and defensive mark system were largely constructed out of the influence of English law, but, although the associated trademarks system was abolished under the 1996 amendments, the defensive mark system remains.

IV. Germany

The Trademark Protection Law (Gesetz der Markenschutz), enacted on November 30, 1874, is considered to be the first German trademark law. It put into place a non-substantive trademark registration and examination system. A later statute, the

⁴ Service marks were included in the 1964 law.

⁵ Until 1988, the U.S. trademark system was purely use-based. In 1988, the U.S. established an intent-to-use registration system as well.

Trademark Protection Law (Gesetz zum Schutz der Warenbezeichnungen) of May 12, 1894, followed principles of an examination-based system that was substantively based. Germany's 1936 amendment put the law in the form of the modern trademark law (Warenzeichengesetz); however, there was still no publication requirement upon application. Also, a trademark could be registered only when there was no objection raised by a prior registrant upon receipt of a notice about the application from the Patent Office. In 1957, the registration system adopted the publication requirement upon application. In 1967, the law underwent a major amendment that introduced a use-based examination system. Registered trademarks that had not been in use for more than five years were canceled. Service marks were included by amendment in 1979. The German unification on October 3, 1990 triggered the Industrial Property Right Expansion Law that was enacted on May 1, 1992.

Prior to the 1995 amendment, German trademark law was different from Japanese trademark law in that when the registrant who filed first did not object, the subsequent application was also registered, resulting in a double registration. Another difference was Germany's use of the opposition system, under which an examination to determine whether an applicant's trademark was similar to a registered trademark was conducted only when there was an objection made in response to publication. The Trademark Law enacted on January 1, 1995 was a major amendment to the law, increasing the number of articles to 164. The present German trademark law solidified certain concepts, such as: permitting the assignment of trademarks; the expansion of the subject matter available for trademark registration; and a post-registration opposition system. After 1995, Germany adopted a system that allowed oppositions to be made subsequent to trademark registration, contrary to the trademark system in Japan. Early German trademark law adopted the registration system, an examination system, and a publication requirement for an application. Japanese trademark law is considered to be most influence by English and German trademark laws.

Additionally, German trademark law has a regulation to provide protection for well-known shapes and indications (Ausstattung) that is equivalent to protection provided under Japanese Unfair Competition Prevention Law. Shapes in Germany are protected by both the Trademark Law and the Unfair Competition Prevention Law (German Unfair Competition Prevention Law, art. 25; Trademark Law, art. 3).

V. The United States

American trademark law was initially influenced strongly by English trademark law. In the U.S., various avenues are available for seeking a remedy. The state courts will adjudicate based on state registration or common law right; the federal courts will adjudicate based on federal registration. The trademarks in the U.S. that are owned by Japanese companies are primarily federally registered trademarks.

On July 8, 1870, the Federal Trade Mark Act was enacted as the first U.S. federal law to protect trademarks. In 1879, however, the U.S. Supreme Court held the law was unconstitutional due to a conflict with the provision on patents in the U.S. Constitution.⁶

⁶ The U.S. federal government has the power to regulate the military, foreign affairs, and postal

It was therefore abolished. In its place, a trademark law was enacted on March 3, 1881 that targeted trademarks used in interstate commerce (and in the commerce with Indian tribes) based on the interstate commerce clause in the U.S. Constitution (art. 1, sec. 8, cl. 3). This law, however, was unable to accommodate the development of the American economy and underwent a major amendment in 1905. It underwent further partial revisions occasionally during subsequent years.

Upon the enactment of the Lanham Act on July 5, 1946, American trademark law came to rank equally with English or German trademark laws. The Act was named after a congressman who had devoted himself to its creation in accordance with American traditions. The Lanham Act is similar to English trademark law because it adopted use-based principles as its foundation. The Act, however, put much more emphasis on use than the English law did initially, requiring not merely an intention to use the mark, but an actual use of the mark in order for the mark to be registered. This emphasis, however, was later altered in response to changes made internationally.

In response to international pressure, the House of Representatives passed an amendment to the Act on October 19, 1988, and the Senate approved it the following day. It was signed into law on November 16, 1988. The amended Act still requires use of a mark; however, an intent to use is now sufficient to apply for trademark registration. The American trademark law also differs from English trademark law by protecting marks under state trademark law in addition to the federal trademark law.⁷

The Lanham Act adopted the principle of examination and included a publication requirement for applications. Further, it was the first United States trademark law which approved the registration of service marks.

SECTION 2: HISTORY AND DEVELOPMENT OF JAPANESE TRADEMARK LAW

I. Pre-History

Considering that a trademark, which serves as a mark of goods, is a necessity for the circulation of goods in society, it is easy to imagine that much of the trademark development discussed in section one also took place in Japan. For instance, Taihouritsurei of 701 A.D. set forth laws on indications. Indication were a system designed to regulate and prohibit the mass production of articles of inferior quality. Thus, the character of an indication was far from that of a modern-day trademark.

Literature tells us that the fraudulent use of trademarks has existed since olden times. It is documented that there was a punishment for trademark infringement in the Muromachi period and also that there were regulations on trademarks within the trade associations Za and Kabunakama. These measures, however, were still primitive in

services, among others. However, art. 1, section 8, clause 8 of the U.S. Constitution states only that patents and copyrights fall under the federal power, and does not mention trademarks. Thus, the Supreme Court argued that the federal government did not have the power to regulate trademarks.

⁷ As stated earlier, there are trademark cases based on common law, state trademark registrations, and federal trademark law.

nature and are nothing more than pre-history from today's standpoint. The uniform system of trademark was first created in the Meiji period (1868-1912).

II. Period Up to The Enactment of the Trademark Regulations of 1884

From 1600-1868, Japan existed in a self-imposed isolation under the Sakoku government that ultimately left it crippled relative to the technology and advancement of the west. When the reform government, the Meiji, took over, a primary focus was Japan's economic and technological recovery and re-entry in to the market. The reform agenda of Japan was built mainly on two pillars: reform of the country's industry and rebuilding the strength of the military.⁸ To fulfill these political measures, it was necessary to establish industrial property rights, such as patent and trademark laws.

Korekiyo Takahashi, who later became the first chief of the Trademark Registration Office and the Patent Office, was the central figure responsible for the formulation of Japanese trademark law. In 1876 and 1878, trademark regulations were drafted consisting of nine articles. However, the votes on whether to pass these regulations were split and preparation had to be stopped for a time. In 1881, a change came about with a trademark infringement case involving the export of a special paper for silk production. That case triggered the Tokyo Chamber of Commerce and Law (now called the Tokyo Chamber of Commerce and Industry), which had opposed the laws, to make a statement urging the enactment of the trademark regulations. The Osaka Chamber of Commerce and Law had already submitted its approval in 1880, and so a draft of the trademark regulations was submitted from the Minister of Finance to the Prime Minister on February 4, 1881.

This was passed one year prior to the enactment of the copyright law promulgated on April 18, 1885, and it was Japan's first draft of regulations on industrial property rights. It features the registration system, and from that time on, Japan has followed the principle of "first-to-file."

III. From Trademark Regulations to the Trademark Law of 1921

(1) Trademark Regulations of 1884

The first Japanese trademark law was enacted in the form of trademark regulations in 1884, and consisted of 24 articles and additional rules. It was simple, but contained all the fundamental systems that shaped modern Japanese trademark law, including the principles of registration, "first-to-file," first use, "one trademark, one application," publication, an effective period of registration, application for the renewal of registered trademarks, and the classification of goods by type. The 1884 law required the applicant to submit his application to the Ministry for Agriculture and Commerce via a local agency; however, after an 1888 amendment, the applicant was allowed to send the application directly to the Minister of Agriculture and Commerce.

⁸ This agenda was called Fukoku kyouhei, which translates into "Enrich the country, strengthen the military."

(2) Trademark Regulations of 1888

As a result of Korekiyo Takahashi's mission trip to investigate trademark systems abroad, new regulations were proclaimed on December 18, 1888.⁹ The regulations, consisting of 28 articles, became effective on February 1, 1889 and were designed to create conformity with Patent Regulations regarding examination and judgment. The 1888 regulations incorporated new concepts such as special conspicuousness as well.

(3) Trademark Law of 1899

In 1899, Japan signed the Paris Convention. As a result, amendment of the law on industrial property rights became necessary. The Trademark Law was proclaimed on March 1, 1899 and became effective on July 1 of that year. The new law established a system allowing agents to act on behalf of individuals overseas and regulations concerning priority. The Law also permitted an applicant to appeal the result of a trademark examination to Daishinin, the highest court under the Meiji constitution.

(4) Trademark Law of 1909

To accommodate industrial development in Japan and to respond to requests for international protection of industrial property rights, the "four laws" on Industrial Property Rights were amended at the same time. This amendment played a role as a foundation for the law in 1921 by adjusting the registration requirements and the benefits to trademark owners and third parties. It also introduced a system to protect well-known trademarks, a system to allow "associated trademarks," a system to cancel unused trademarks, and a system that allowed appeals against examination results.

IV. Trademark Law of 1921

The number of trademark applications jumped as Japan underwent industrial development. As a result, the law of 1909 required an amendment. The most extensive amendment to the trademark law took place in 1921. It was proclaimed on April 30, 1921 and went into force on January 11, 1922. Although small amendments of the law were made in the years 1929, 1934, 1938, 1947, 1948, 1949, and 1951, the law of 1921 remained in effect until the present trademark law was passed in 1959.

The Trademark Law of 1921 ranked equally with the trademark laws of the West. This law adopted the system requiring publication and allowing oppositions to be filed before trademark registration. It also empowered the trademark office to issue notices of refusal. It abolished the re-examination system, but permitted appeals against judgments of examination, including appeals to the highest court. Also, the law permitted collective trademarks, the non-claiming right system, and the trademark registration cancellation system. Today, the Trademark Law of 1921 is still well-known. It is often quoted as "the former law" and compared with the present law.

V. Present Law

⁹ At the same time, the Patent Regulations and Design Regulations were also enacted.

As the Japanese government dealt with economic reconstruction after the Second World War, it continued deliberating on amending the industrial property rights system by establishing an inquiry commission. The commission submitted a report on December 24, 1956 that became the foundation for the draft of the law. The law came into existence in the thirty-first Diet in February 1959, promulgated as Law No. 127, on April 13, 1959, and went into force on April 1, 1960.

The new law contained many changes setting it apart from the former law. It defined terms such as "trademark," "registered trademark," "mark" and "use." It abolished the system for collective trademarks, the system limiting the scope of color trademarks, the non-claiming right system, and the scope of right confirmation. Other notable characteristics of this law included establishing as a requirement that a trademark be distinguishable from other marks, shortening the duration of the trademark term from 20 years to 10 years, and creating a system under which the trademark could be freely transferred and used with consent. The law also made registration a requirement in order to set up or transfer trademark rights, created a defensive mark system, created a system to judge trademarks, and divided trademarks into thirty-four categories that partially matched the international classification system by not classifying goods according to their contents, but by identifying goods using the thirty-four categories.

Most of the regulations mentioned above are considered appropriate today; however, there are some that have been amended in response to criticism.

VI. Partial Amendments to Trademark Law

The present trademark law, which was enacted in 1959, went through numerous partial amendments until 1975, when the law was amended in its entirety. The amendments came about as a result of: the abolition of the Petition Law and the Special Law for Administrative Cases, the enactment of the Complaints against Administrative Acts Inquiries Act and the Administrative Litigation Act (through Law No. 140 of 1962 and the amendment in Law No. 161 of 1962), the introduction of electronic calculators for work related to trademark registration (Law No. 148 of 1964) and lastly, Japan's joining of the Lisbon Treaty and the country's application of arts. 6-7 (regulations on applying for registration by using an agent and on other matters).

Additional amendments followed, such as an amendment to adjust the articles of the law (Law No. 81 of 1965) and amendment of the Patent Law pertaining to an expedited publication and examination systems, as well as legal technical procedures in Trademark Law corresponding to many in the Patent Law (Law No. 91 of 1970). The biggest amendment, however, was made as a result of a movement towards international norms, and to deal with the accumulation of unprocessed trademark applications (with the focus on strengthening the obligation to use trademarks) in 1975.

Between the years of 1972 and 1973, the number of trademark applications reached about 200,000 and the degree of accumulation of unprocessed applications increased dramatically. This led to a delay in the examination of filed applications, the process often taking many years from the time the applicant decided to use the mark as a

trademark in developing goods to the time of the actual registration of the mark. Consequently, the delay decreased the merit of registering marks, the fundamental role of which is to ensure stable use of a mark. Japan lagged behind other countries in processing applications, even though it was assumed that Japan would join the Trademark Registration Treaty (TRT), which required its members to complete the examination process within 15 months of the submission of the application. The number of registrations piled up and well over half were unused registered trademarks. Moreover, a vicious circle developed as companies prepared themselves for developing new goods by stocking unused trademarks in light of the delay in the examination process that led to further delay in examination. To respond to this problem, a small "trademark committee" was established within the Industrial Property Right Inquiry Commission's Division for the amendment of the system. Based on the committee's report, the Industrial Property Right Inquiry Commission submitted a report to the Minister of Commerce and Industry on December 18, 1974. The result of this submission is the amended law (Law. No. 46) of June 25, 1975, enacted on January 1, 1976.

The main objective of the amended law was to eliminate the increased backlog of applications. The amended law focused on strengthening the registrant's duty to use his trademark by setting out a requirement for the applicant to record his business in the application (Trademark Rule, art. 1); by assigning the burden of proving non-use in a cancellation proceeding for non-use (art. 50, sec. 2); and by examining the usage of a registered trademark at the time of its renewal (art. 19, sec. 2, cl. 2 and sec. 3). In revising the "Trademark Examination Guidelines" (September 1977), the operation of the trademark system was also improved, by for example, increasing the range of similarity of trademarks and of goods.

VII. Introduction of Service Mark Registration System

In Japan, the concept of service mark registration was first considered during the process of amending the law in 1921. So by the time the Inquiry Commission began making amendments to the industrial property rights system at the Patent Office in November 1950, service mark registration had already been evaluated. At that time, however, it was considered too soon to adopt a system to register service marks.

However, as industrialized countries adopted the service mark registration system one after the other, the Japanese government inquired about it at the Industrial Property Right Inquiry Commission in June 1990. The government received its answer on February 5, 1991 and an amendment to the trademark law introducing service mark registration was established on April 25, 1991 (Law No. 65, 1991). It was passed on May 2 and made effective on April 1, 1991. Thus, 40 years passed between the time when the idea of service marks were first discussed to the time that they are introduced into Japanese Industrial Property law.

The primary reason this introduction took a long time to materialize is because the Unfair Competition Prevention Law protected service marks. Additionally, there were only a few strong requests for the protection of service marks from the majority of companies in the service industry. Moreover, the Patent Office had to come up with a

measure to handle the increased number of applications due to the introduction of service mark registrations.

Still, the in years leading up to the amendment, several factors contributed to the push for service mark protection. First, transactions in the service industry had been showing a tendency towards increase and development both nationally and internationally. Second, the goodwill of service marks had not been protectible except through the Unfair Competition Prevention Law. Third, most major countries in the world had adopted the service mark registration system, and from the viewpoint of international harmonization Japan's delay particularly began to stand out. Finally, within Japan, requests for service mark registration by those in relevant industries had become stronger. The existence of these circumstances, among other things, resulted in the amendment of the law, resolving a long standing industry concern.

VIII. The Amendment of 1996

The Amendment of 1996 was established on June 4, 1996 and was proclaimed as Law No. 68 of 1996 on June 12, 1996. The amendment was designed to cope with both Japanese internal and external issues and included measures to tackle unused registered trademarks and the need to grant trademark rights quickly. It was also aimed at joining the Trademark Law Treaty, the purpose of which was to simplify formalities and become a member of international harmonization.

The Amendment of 1996 consisted of many substantive changes. 1). A multi-class application system was introduced to bring Japan into compliance with the Trademark Law Treaty.

2). The requirement that an applicant enter his type of business in the application was removed.

3). The "associated mark" system was abolished, in an effort to tackle the problem of unused trademarks.

4). A system was established, allowing objections to be raised after a trademark was registered. This change was implemented to respond to the demand for the speedy grant of trademark rights.

5). The implementation of a standard lettering system.

6). The new amendments forbade the filing of applications with fraudulent intent, in an effort to protect famous trademarks.

7). The creation of the three-dimensional trademark system in Japan.

8). A collective trademarks system was adopted.

9). The system for explaining the designated goods was revised.

The articles on trademark regulations set forth in the Paris Convention were incorporated into Japanese law by adding the words, "member countries of the Trademark Law Treaty,"¹⁰ among other things, to the relevant regulations in the Japanese trademark law and Unfair Competition Prevention Law. Some of the features of the Paris Convention Treaty regarding reciprocity that were incorporated into

¹⁰ This language was added to meet the reciprocity requirement of the Paris Convention, whereby signatory countries had to extend protection to the citizens of other signatory countries.

Japanese Trademark Law via the 1996 amendments included: art. 4 (priority right), art. 6, sec. 3 (protection of a country's symbols, among others); art. 6, sec. 7 (protection of a person with the right to a trademark when his agent or representative applies fraudulently); and art. 11 (temporary protection for goods when exhibited at an international expo). Japan' 1996 amendments ensured that it would comply with those relevant regulations regarding the other signatory countries. The amendments were enacted on the day the Treaty took effect in Japan (Amended additional rule, art. 1., sec. 1).

IX. Amendment of 1998

The Amendment of 1998 concerned corrections on structure and formalities and was minor in nature. Significant amendments were made to the Patent Law and the Design Law; however, as far as trademarks were concerned, only rules regarding the trademark registration certificate were changed. The change allowed issuance of a "certificate of trademark registration" and a "certificate of defensive mark registration" (art. 71, sec. 2, cl. 1) and guaranteed re-issuance of these certificates (art. 71, Sec. 2, cl 2).

X. Amendment of 1999

To harmonize the system of industrial property rights with international standards, Japan amended its laws in 1999 to enable a faster acquisition of the trademark right. The time period for submitting request for examination was shortened and remedial measures in cases of trademark infringement were broadened. At the same time that these amendments were made, adjustments were also made to the formalities involved in application for an international trademark registration, in an effort to implement the Madrid Protocol.

Japan made amendments in several areas. It amended its trademark law to facilitate a faster trademark examination. The amendment also smoothed out the process of dispute resolution over infringement of rights by implementing information exchanges on infringement cases between the courts and the Patent Office. To ease the difficulty of proving the infringement of rights, the discovery-of-documents system was expanded. The system of calculating monetary damages from infringement was simplified, and a system of using experts to help in the determination and calculation of damages (subject to judicial approval) was implemented. Punishment for crimes of fraud and false markings was increased. Also, to assist adjudicators, an "expert's opinion" system was set up.

The central aspect of the amendment, however, was to establish article 7-2 in the trademark law. The article regulates the international trademark registration process through the Japanese trademark registration system, with the aim of carrying out the Madrid Protocol for international harmonization in the industrial property rights system.

Moreover, in order to provide early protection of trademarks, Japan established a system that enabled the applicant to obtain a certain amount of protection for his trademark prior to its registration. It also introduced a system which granted an applicant the right to seek damages prior to trademark registration (art. 13-2). The

Madrid Protocol states that, by obtaining international trademark registration from the WIPO International Bureau, a registrant secures trademark protection in the designated member states in advance. A trademark registered under the Protocol has the same effect as a trademark filed at a designated member state government office, starting from the time it is registered with WIPO. The designated member state has the option of rejecting trademarks registered with WIPO, but is required to submit a notice of rejection within 12 or 18 months. If it fails to submit the notice, the registered trademark will be considered effective in the designated member state from the day it was registered with WIPO, for the same duration as domestically registered trademarks.

The Madrid Protocol was adopted as an independent agreement from the Madrid Agreement in June 1989, so that as many countries as possible could join the Agreement. It became effective in December 1995 and has been administered since April 1996. There are 37 member states as of June 1999, including the United Kingdom, Germany, France and China. It is expected that there will be many others joining the Protocol. Under these circumstances, Japan decided to become a member also.

The Law of 1999, having the objective of implementing the articles of the Madrid Protocol, was deliberated in the 145th regular Diet. It was passed and established on May 7, 1999, and was promulgated as Law Number 41 on May 14, 1999. The enforcement date of the amended law was set to coincide with the day that the Madrid Protocol took effect in Japan, January 1, 2000. The law was amended by introducing a system of publication and establishing a system for granting the right to seek monetary damages prior to trademark registration, among others.

One additional, much desired revision was also under the 1999 Amendments that enabled the applicant to pay the registration fee and, at the same time, lower the number classes designated in the application (article 68, 2 → article 68, 40).

SECTION 3 INTERNATIONAL TREND OF TRADEMARK LAW

I. The International Nature of Trademark Law

Even though trademarks are regulated by each country independently, because goods travel beyond country borderlines and bear trademarks, trademark law has international implications. In Japan, the first trademark regulations were enacted in 1884, prior to the enactment of the Japanese Constitution and civil law. The reason behind enacting such a law was not only because of the Meiji government's commitment to strengthen Japan's industry and military, but also because of the strong international influence exerted by the countries that had signed commercial treaties with Japan. They demanded that Japan regulate trademarks. However, most people consider 1899 to be the start of internationalization of Japanese trademark law, when Japan joined the Industrial Property Rights Protection Alliance Treaty, also known as the Paris Convention.

The Paris Convention was concluded in 1883 and its interpretation was supplemented in Madrid. It further underwent several amendments in 1900 (Brussels), 1911 (Washington, D.C.), 1925 (The Hague), 1934 (London), 1958 (Lisbon), and 1967 (Stockholm). It was revised in 1979 to the form as we know it today. Japan joined the

treaty in 1899. Japan became a member of the treaty amended in Lisbon in 1965, and the treaty amended in Stockholm in 1975.

II. Paris Convention (relating to the protection of industrial property)

The treaty will not be discussed exhaustively here; commentaries on the treaty should be consulted to obtain additional information. The following, however, is a list of the major relevant articles of the treaty:

- * member states protect the trademark rights and other industrial property rights of other member states (art. 2);
- * each member state must maintain the fundamental principle that citizens of other member states receive the same protection as its own citizens (art. 2); and
- * member states must recognize the assertion of priority rights (art. 4).

The articles that are particularly relevant to the trademark law include:

- * remedies for cases in which registered trademarks are not used, including sanctions (art. 5);
- * the independent status of the trademark law (art. 6);
- * protection of well-known trademarks (art. 6, sec. 2);
- * adjustment regulations on the transfer of trademark rights (art. 6, sec. 4);
- * regulations on trademarks registered in a foreign country (art. 6, sec. 5, the so called "telle quelle" trademark system)
- * protection of service marks (art. 6, sec. 6);
- * regulations controlling applications for trademark registration made by an agent, among others, without permission of the applicant (art. 6, sec. 7);
- * removal of trademark registration limitations based on the disposition of the goods (art. 7);
- * protection of collective trademarks (art. 7, sec. 2);
- * control of the importation of counterfeit goods (art. 9);
- * control of fraudulent indications of country origin (art. 10);
- * prohibition of acts of unfair competition (art. 10, sec. 2);
- * legal measures to prevent counterfeit goods and others (art. 10, sec. 3); and
- * temporary protection of goods exhibited in international expos (art. 11)¹¹.

There are 151 member states as of January 15, 1999 (WIPO, Industrial Property and Copyright, January 1999), demonstrating that most major countries in the world have joined the treaty.

However, because the Paris Convention requires a super majority, it has a tendency to lag behind current developments. The Trademark Registration Treaty by the WIPO is more up-to-date. The Trademark Registration Treaty, or "TRT," of 1973 became effective in February 1980. Because of each member country's circumstances, particularly those of the United States, the TRT is truly functional. Japan has not yet

¹¹ For details, see: Ladas Law on International Industrial Property Right, by S.P. Ladas; Toyosaki and Nakayama, co-supervisors.

ratified it either.¹² The Trademark Law Treaty ("TLT"), however, of 1997 is even more current and was ratified in Japan on April 1, 1997. The WIPO encourages each country to become a member of the Madrid Protocol of 1989, a treaty designed to ease the process of joining the Madrid Agreement, which delineates the regulations on international registration of trademarks. The Trademark Law Amendment of 1996 in Japan was a product of two considerations. The first was the desire to fulfill the duty of the trademark treaty as a member state. The second was the desire to take the Madrid Protocol into consideration, despite the fact that Japan has not become a member and has no obligation to do so.

III. Special Agreements

The member states of the Paris Convention may become signatories to special agreements on the protection of industrial property protection provided they do not conflict with the Paris Convention treaty (art. 19).

The major special agreements reached include:

The Madrid Agreement for the prevention of false or misleading indications of country origin (1891, 1911, 1925, 1934, 1958 Lisbon amendment);

The Madrid Agreement on international registration of production marks or trademarks (1891, 1911, 1925, 1934, 1958, 1967 Stockholm supplemental amendment);

An agreement on international classification of goods and services for trademark registration (The Nice Agreement, 1957);

The Lisbon Agreement on the protection of the name of the country of production and its international registration (1958, the Stockholm Amendment in 1967);

Trademark Registration Treaty ("TRT") (a 1973 treaty, Japan has not ratified it); and

The Trademark Law Treaty (also called the trademark law harmonization treaty) of 1997.

There are two agreements that are known as the Madrid Agreement. The first is the Madrid Agreement for prevention of false or misleading indications of country of origin from 1891. Thirty-four major countries, including Japan, were members as of January 31, 1998 (the United States and Russia are not members), and the Agreement has been successful. The second agreement is the Madrid Agreement on the International Registration of Marks, from 1891, that eliminate country-by-country registration fees and removes complications. Thirty-four predominantly European countries are members as of January 31, 1998; other major countries, such as the United States, the United Kingdom and Japan do not participate. Because the TRT has not been effective to a large extent, WIPO introduced the Madrid Protocol in 1989, encouraging countries to join, particularly the United States and Japan. Originally, WIPO created the TRT in 1973 to prevent the overlapping of examinations. The TRT's purpose was to make the acquisition of trademark rights in a member state easier and faster. The TRT had weaknesses. The member states were forced to go through required formalities at the International Bureau in order to gain trademark rights and navigate trademark registration procedures in each country. The other shortcoming was expense.

¹² For details on these circumstances, please refer to the separate studies on the subject.

The international application under the TRT becomes effective internationally and domestically as of the application date at the International Bureau, and is treated as a domestic application in any designated member state. The International Bureau issues an international registration and publishes the mark based only on an examination of formality, and informs each designated state. Subsequently, the designated states conduct substantive examination. The international registration becomes effective 15 months after its public announcement, unless the national government office of a designated country issues a notice of refusal of registration to the International Bureau within the 15 months from the date of publication. The registration date of the domestic trademark becomes the international application filing date. The TRT was supposed to have a great deal of merit. The TRT partially went into effect when eight countries, including the United States, the former Soviet Union, the United Kingdom, Italy and former West Germany signed it. The United States, however, even though it proposed the TRT, never ratified the TRT, due to the internal judicial ramifications. Japan also has had a difficult time ratifying the TRT because it would require Japan to conduct examinations in a short period. Hence, the TRT has not been ratified in Japan.

Despite the fact the TRT has not gained full acceptance, international development of trademark law had moved on and entered into the next phase. Several meetings by specialists from each member country were held at the WIPO between 1988 and 1993 in conjunction with the negotiations on GATT and TRIPs. Discussions were conducted with respect to creating a trademark harmonization treaty to advance the international harmonization of trademark and patent laws. Though the meetings did not lead to any conclusions on patent law; they did on the trademark law side. Namely, with the conclusion of the meetings attended by the experts, the delegates of 86 countries gathered at a conference in October 1994 that resulted in the adoption of the TLT on October 27, 1994. This agreement became effective on August 1, 1996. Japan approved it on June 10, 1996 after debates in the national Diet were held in conjunction with the debate on partial amendment of Japanese trademark law. The main purpose of the amendment of the Japanese trademark law in 1996 was to work with the TLT. It was also to work with the Madrid Protocol and European trademark treaty.

The Trademark Law Treaty (TLT) applies the regulations of the Paris Convention to the non-member states of the Convention. Article 15 of the TLT states that its member states must observe the regulations concerning marks in the Paris Convention, thus making it a duty for its member states. Therefore, the Amendment of 1996 in Japan focused on achieving consistency between Japanese trademark law and the following articles of the Paris Convention: art. 4 (priority right); art. 6-3 (protection of a country's emblem); art. 6-7 (protection of a trademark right holder in cases of abuse by an agent or a representative filing an application); and art. 11 (temporary protection of goods exhibited at international expos). The amendment added phrases such as "member states of the TLT" into the regulations in the trademark law as well as in the Unfair Competition Prevention Law. As a result, Japan began to be able to apply the appropriate portions of its own laws to its dealings with the member states of the TLT.

IV. Agreements Among Multiple States

In addition to the international treaties and agreements discussed previously, there are other accords reached between two or more countries. An example is the Pan-American Treaty of 1929. Also, the European Economic Community (EEC) contemplated a unified trademark law for many years. (See F. K. Beyer, *The Process Toward the Community Trademark*, translated by Yoshinobu SOMENO and Keiko SOMENO, page 173). The European Trademark Law became effective on March 15, 1994, and a European Trademark Office was established in Alicante, Spain.

Other regional trademark agreements include the Benelux Unified Trademark Law, which was signed in 1962 and went into force on January 1, 1972. This law is applied equally in Belgium, The Netherlands and Luxembourg.

There is a proposal, as set forth in the Model Trademark Law of 1956, created by an attorney, Dr. Stefan P. Ladas, for a unified global trademark law, although this is only a vision for the distant future. It was drafted in the International Chamber of Commerce and remains a proposal.

V. The Relationship Between the Trademark Law and International Agreements

1. Related Regulations and Their Objectives

Article 77 of the Trademark Law states the following: "in the case that there are provisions that conflict with treaty provisions, the treaty provisions take precedence."¹³ The Japanese Constitution also states, "It is necessary that agreements and other international laws be observed (Art. 98, Sec. 2)" and declares the preference of international law over domestic laws.

There are two viewpoints, however, on the effectiveness of international agreements as applied domestically. One viewpoint asserts that international agreements go into force directly after signing; the other viewpoint argues that international agreements can only be implemented through domestic laws. There are also two separate views on the relationship between international agreements and domestic national laws. One view finds that international agreements supercede domestic law, while the other view claims that domestic laws are supreme. This debate does not exist in trademark law because of the provisions in article 77 of the Trademark Law (the Patent Law, art. 26). The fact that the Trademark Law states that international agreements take precedence over domestic laws clearly defines their relationship.

2. Contents

There are many kinds of agreements. The Paris Convention, for example, was the first kind of agreement to impose only the duty to enforce a domestic law on member states, making the enforcement of the agreement dependent on the enforcement of the domestic law. In order for the direct application of an agreement to take place, an agreement must be clear and complete. A member state will have an international duty to implement the regulations in such a case. According to article 77 of the Trademark

¹³ The Trademark Law here is applying article 26 of the Patent Law.

Law, that duty is not imposed on the citizens of member states. The following are examples of provisions that member states do not have a duty to apply directly: the well-known marks in the Paris Convention, national emblems of member states, service marks, protection of collective trademarks (arts. 6-2, 6-3, 6-6, 7-2, among others), control over the affixation of trade names illegally (art. 9-6), and the grant of a temporary protection on international expo exhibits.

However, there are treaty provisions which may be incorporated directly into domestic law. In such scenarios, if the trademark law of the member state conflicts with the provision in the agreement, or if the trademark law of the member state is insufficient, the provisions in the agreement prevail, and they alter the trademark law accordingly. Article 77 illustrates this point clearly. In reality, however, when the agreement and the member state's trademark law conflict, the trademark law is amended, and thus the application of art. 77 is rare.

Another kind of agreement allows a member state to honor trademarks registered in other member states. Examples from the Paris Convention include the following: art. 4, which provides an applicant the priority right for a specific time period for filing in non-member states subsequent to initial filing; art. 6, which sets forth the principle of the independence of the trademark right; and art. 6-5, which states that the trademarks registered in a member state should also be registered and protected in other member states. This second kind of agreement practically acts as domestic law and takes precedence over the domestic trademark law. Further, the interpretations of the member states' domestic trademark laws are to be conducted so as not to conflict with the Paris Convention.

3. Comparison of trademark treaties among multiple countries

As we have seen, there is a close relationship between international treaties and the Japanese Trademark Law, more so than in other areas of law, other than industrial property right laws. However, the relationship is not close enough to call it a unified trademark treaty, in which other countries would apply Japan's trademark laws.

In the European Trademark Law, the actual body of law in each geographic area is formed by the actual international law as to trademarks registered thereunder. Under the European Trademark Law, the rights acquired by the trademark registration of the international treaty coexist with the domestic trademark rights, which were previously obtained under the member-state law. Therefore, the treaty is not a completely unified trademark law. On the other hand, the Trademark Registration Treaty (TRT) does not grant an independent trademark right. The TRT eases the trademark registration process and is a treaty that the member states merely join for cooperation. The attained trademark right is still under the auspices of each member state and is independent from the trademark rights of other member states.