

PART 2. SUBSTANTIVE TRADEMARK LAW

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CHAPTER 5. ESTABLISHMENT OF TRADEMARK RIGHTS

SECTION 1: REGISTRATION-BASED DOCTRINE AND USE-BASED DOCTRINE

I. Registration-based Doctrine Defined

Trademark rights are established two different ways. When trademark rights have been established based on a formal registration, the rights as granted are said to be "registration-based." When trademark rights are established based on actual use, the rights that are effectively granted are said to be "used-based." (See Amino, page 118; Shibuya, page 1; Toyosaki, page 349; and Ono-Sodan, page 8).

In some systems, actual use is a requirement at the time of trademark registration.¹ These systems are still called use-based systems, even though registration is sought or obtained. On the other hand, there are systems in which registration is permitted based only on an intent to use without a showing of actual use at the time of registration (for example, this is the case under English, German, and even Japanese law). These systems are strictly registration-based. (See Tikujyo-Kaisetsu, page 990; and Mitsubishi, page 11. Toyosaki Older Version, page 68 discusses the registration-based system, and Tikujo-Kaisetsu modified that explanation slightly at page 734 of 1986 version.)

There are two types of registration: registration in which effective rights are granted (German trademark law) and registration in which effective rights are presumptively granted (England and the U.S.). Previously, when presumptive rights are granted upon registration even when there is no use of the trademark (England), the system was considered to be use-based. Now, however, it is considered a registration-based system. In this book, the terms "use-based" and "registration-based" will not be used in a procedural sense, but will be used in regard to the "establishment" of trademark rights. Specifically, use-based rights are established under the theory that use is required when registering a trademark; and registration-based rights will herein refer to the theory that such use is not required. Internationally, it is common for the usage of the terms to distinguish between whether effective rights are established or not by trademark registration. In Japan, the terms registration-based and use-based are often used to indicate whether or not actual trademark use is required for trademark registration, which makes for a confusing situation. One explanation says that, "in terms of the origin of the term "use-based," there was no existing word to describe a legal system that permitted the establishment of trademark rights through actual use, such as United States trademark law, German trademark law, French law under the Trademark Act of 1857, and English law before the Trademark Registration Act was enacted." Furthermore, the term "use-based" could mean the degree to which the law requires actual use of the trademark, the adoption of a use-based theory, or it could refer to a system that is increasing trademark usage requirements. We therefore may certainly use the terms "compulsory use" or "strengthening the use requirement" as well.

¹ It has always been the case under U.S. trademark law that actual use is required before registration, even though it is not required at the time of filing.

II. The History and Development of Use-Based and Registration-Based Systems

Laws protected actual trademark use before any trademark registration systems were developed. If such protection may be called use-based, then use-based trademark protection was the original form of trademark protection. Historically, trademark protection stemmed from laws designed to suppress the confusion and abuse that stemmed from counterfeiters and unfair competitors. Trademark protection was designed primarily as a place to deposit a record of actual use rather than protect property rights or serve to "register" the mark. Gradually, this "deposit" came to be associated with absolute rights similar to ownership rights, and a use-based trademark law was established in places such as France.

Early use-based systems were deposit systems with no notice requirement. The system evolved from this point to become the registration system it is today. For example, the Trademark Act of 1857 in France and the Trademark Registration Act of 1875 in England merely established a presumptive trademark right through registration. In other words, trademark owners merely achieved an advantageous position (a presumption) in lawsuits. Thus, owning a trademark registration did not indicate trademark ownership as an absolute fact.

As for U.S. federal trademark law before the 1988 amendments, trademarks currently in use were presumed under common law to establish trademark rights. Furthermore, the U.S., even more so than England, strictly enforced the requirement that actual trademark use be a requirement for registration. However, under current U.S. federal trademark law, registration (on the Principal Register), provides constructive notice of ownership (of prior use). [U.S. Trademark Act, Section 22]. Furthermore, a trademark used for five continuous years after registration achieves incontestability when a Declaration is submitted stating that there has been continuous use for (at least) five years. [U.S. Trademark Act, Sections 15 and 8). After that, a trademark registration becomes decisive proof of exclusive trademark use. [U.S. Trademark Act Section 33 (b)]. In this way, even under U.S. law, the defects of a use-based system are removed. Incidentally, for this reason, the U.S. system cannot be considered a completely pure use-based system. Later, U.S. trademark law was brought into harmonization with the trademark laws of other countries under the 1988 amendments (which went into force on November 16, 1989). Consequently, there are two types of U.S. trademark applications: applications filed based on use, the dominant type of application filed, and applications filed on an intent-to-use basis. To be legitimate, an applicant must have a bona fide intent to use the mark in the near future. The applicant may not simply be using the intent to use filing scheme as a defensive maneuver or with the objective of preserving the mark for the future without actual use. It is necessary that the applicant use a mark within six months of receipt of the Notice of Allowance. However, the applicant may apply for six month extensions for up to a total of twenty-four months for proper cause. Then, if the applicant does not use the mark, the mark will not be registered.

Due to the inherent instability of the relationship between competing rights, even in trademark systems adopting use-based principles, use-based systems have provided measures to stabilize a number of rights through trademark registration. For example,

trends towards a registration-based system appeared in the English Trademark Law of 1905, and the French Trademark Law of 1964. In particular, in both England and France, the systems were already taking steps away from use-based principles, towards registration-based principles, meaning that actual use was not being required for registration. Obviously, the French movement to a registration-based system did not occur overnight.

In England, registration does not go beyond prima facie evidence. However, under the old English trademark law, in the event that seven years passed after receiving registration of Trademark A, the registration would be affirmed. [Former British Trademark Law, Section 13]. As for English law now, there are colorings of a use-based past, however, the majority of the current law is no different from a purely registration-based system. Under the 1994 law, British law came even closer to being a registration-based system. Similarly, French trademark law, which hitherto had been a use-based/non-examination system, moved towards registration-based principles under the 1964 law, as well as the 1991 law of today. Other countries, under the 1971 Unified Trademark Law of Benelux (amended in 1996 and involving the countries of Belgium, Holland, and Luxembourg), continued the movement from use-based principles to registration-based principles. Many advanced nations, such as Germany (and excluding Japan and the English Empire), can trace the progression of their trademark laws in the 19th Century from unfair competition laws directly to a registration-based trademark system. In those early registration-based systems, acts that caused confusion as to product source were also prohibited. Those unfair competition laws also protected unregistered marks so that it cannot be said that the systems were purely registration-based.

III. A Comparison of Use-Based and Registration-Based Trademark Concepts

1. Use-Based

One fundamental premise of the English trademark system allows for the simultaneous registration and coexisting registration of marks. A system that adheres to use-based principles could allow such marks that appear on the market almost simultaneously to coexist. However, is still necessary to avoid damage caused by confusion of product source. In order to do this, even in a use-based system, society requires that only one user will ideally use a particular mark (one source). At the least, it is a given that the person or entity who first used a trademark be acknowledged as having a preferential position, and be granted the right to prevent the use of other marks that carry the danger of causing confusion.

Because use-based systems ordinarily value the most senior user, when such countries adopt a registration system (which typically grants only presumptive rights), the registration is granted to the most senior user. Under use-based principles, trademark rights do not emanate from registration, but rather, the establishment of said rights is based on actual use, such that registrations in a use-based system provide a prima facie presumption of first use. [U.S. Trademark Act, Section 15]. However, after registration, if a mark is used for a certain amount of time, the system allows a mark to reach a level of incontestability. [U.S. Trademark Act, Section 15].

2. Registration-Based

Under registration-based principles, trademarks can be registered without an inquiry as to whether a mark is actually being used or not at the time of filing, even though the applicant intends to use the trademark. The applicant is granted an exclusive right by registration. Of course, it is possible in such a system for similar trademarks to coexist. In such a situation, under a registration-based system, there is a first-to-file preference that typically establishes trademark rights in the person who files first.

Registration systems are a means for legally stabilizing trademark use; there is no value in registration itself. Specifically, trademark law protects the "functional relationship which exists between trademarks and goods," and is not meant to protect the drawing (the lettering or design) separately. In the end, trademark law is just a set of provisions regulating unfair competition through trademarks. Therefore, we must not forget the fundamental concept of "protection of use" when it comes to unregistered marks.

3. Advantages and Disadvantages of The Two Systems

Both use-based and registration systems have advantages and disadvantages. One fundamental shortcoming of a use-based system involves reversion of rights. Even though it is good to protect first users, it is extremely difficult to determine who used a mark first when multiple parties are claiming first use. As a result, the stability of trademark adoption and use cannot be assured. This is to say that, if a business is using a particular trademark (even if the use is for significant length of time, there will always be the possibility that someone will appear claiming that to have used the mark even earlier. The ability of use-based systems to remedy problems such as these is limited, and therefore, legal systems based on use almost always take advantage of trademark registration systems (and deposit systems) that bring about trademark ownership and presumptive use by registration. Therefore, theoretically, it is necessary to use some sort of a registration system.

Under registration-based principles, it is possible to easily adopt a first-to-file system that grants priority to whomever files first, looking to the application as fact, while avoiding the use of a difficult standard such as is required for determining the first user of a trademark. It is therefore acceptable to determine with whom the rights of a mark belong by simply looking at the applications. In such a way, the stability of rights is greatly increased; this is a great advantage.

However, under a first-to-file system, it is difficult to avoid unfair competitors who immorally apply for trademarks without permission when these trademarks have already been in actual use in society, or when such names have acquired distinctiveness and value in society. Under registration-based systems, even if measures are taken to suppress this kind of immoral trademark appropriation, the effectiveness of the first-to-file system is weakened, and the advantage of a first-to-file system that is legally stable is partly sacrificed. However, rules requiring trademark owners of use of registered trademarks to use their marks (Japan's trademark reforms of 1970 and Germany's of 1967) and protection of unregistered well known trademarks have gradually been

getting stronger. In this way, systems which exclusively use either registration-based principles or use-based principles are few.

4. Registration System

After establishment of registered trademark rights, it is necessary to have a system for providing notice to the public in order to give the public an advance opportunity to avoid choosing conflicting trademarks. In a registration system, a notice system is usually implemented², and a trademark's original registration is made public. Therefore, in general, the instability of conflicting rights is less pronounced under registration-based principles, as opposed to use-based principles. Another shortcomings of a use-based system is that the scope of trademark rights is geographically limited, and the strength of trademark rights has actually been limited to areas where the trademark has been used. Because it is generally normal for businesses to expand geographically, when these businesses acquire trademark rights, they cannot use the mark with confidence that expansion will not encroach on another's trademark area. Due to this lack of confidence, most countries are moving towards a first-to-file system when it comes to trademark law, while continuing to modify the registration law to prevent damage under registration-based principles.

SECTION 2: REQUIREMENTS OF TRADEMARK REGISTRATION

I. Meaning of Trademark Requirements

Trademark registration requirements are promulgated to determine what kind of mark deserves protection under trademark law, and to provide a list of steps that must all be fulfilled.

There are several types of registration requirements. The first type involves the "registrability" of trademarks. These are the normal, "active" requirements found in Article 3 of the Trademark Act that refer to the trademarks that can be registered. Next, there are the requirements of Article 4 of the Trademark Act, normally referred to as "passive requirements." These are reasons for which registration could be barred, that is to say, the trademark would be ineligible for registration. Finally, some registration provisions set out what is necessary to achieve trademark protection. They determine whether a mark is "eligible for rights" or "qualified for rights." Fundamentally, there are some basic requirements:

- ① a mark that is eligible for registration (for example, regarding a small group without a representative or rules, reference general rules of civil law),
- ② an applicant who is eligible to obtain trademark registration, that is, one who is currently using a mark, or one who has filed with an intent to use the mark in the future,
- ③ an application for a trademark to be applied to the goods or services of one's own business,
- ④ an application which conforms to proper application form,

² Under the 1999 reforms of Japanese law, there is an opposition system that can be used after registration, and due to the application notice being abolished, current law shoulders the role of providing notice in a Gazette (official application publication) after registration.

⑤ a person who is in fact the first to file.

Normally, however, when we speak of the registration requirements of trademarks, we are often referring to a narrow meaning, including only "active" requirements, and the passive requirements. Both are discussed more completely below.

II. Active Requirements

"Active" requirements are the requirements of registration that have the narrowest meaning of all the general requirements. They ask the question, "what kind of marks can obtain registration?"

1. Marks Which Are Used in Connection with the Goods or Services of One's Own Business

(1) Intention to Use a Trademark

For a trademark to obtain registration, it must be a "mark which is used in connection with the goods or services of one's own business." In other words, an applicant cannot obtain a trademark registration if the mark is not currently being used in connection with one's own goods or services, or if there is no intent to use the mark for one's own goods or services.

Under article 3, paragraph 1 of the Trademark Law, "a trademark which is used" appears to be referring to current use. However, this wording can be interpreted to be very similar to the term "exclusive use" in the old trademark law.³ Therefore, it can be inferred that the current law encompasses an intent to use a trademark in the future and is not only limited to one's current use. It takes time to progress from filing to registration, so the meaning must be interpreted to include the time necessary to prepare from the commencement of a business. It is therefore sometimes necessary to allow applications before use. Furthermore, included in this meaning is the necessity to be able to obtain registration in advance in order that the trademark registration is allowed without apprehension of denial and ready for use from the time that a business is commenced. In addition, as part of ongoing business, new plans for development continually arise. At times it is necessary to obtain a registration in advance for new trademarks to benefit the future of a company. Therefore, although the wording "a trademark which is used" may be in the present tense, it is unquestionable that the meaning of future use is also included, such that an applicant can obtain a registration for a mark he intends to use in the future.⁴

We have seen that trademarks that are not currently being used, but will be used in the future, are included as registrable. However, for intention to use, it is insufficient to simply state the intention. It is necessary to show a likelihood of use in the future. Marks that have not been used for three years are illegal and are called "dead wood;"

³ From the former Trademark Law, article 1, paragraph 1, referring to the intent to use exclusively.

⁴ Incidentally, a recent report of the Amendment Committee for the current law, modified the law to include "a mark being used or a mark for which there is a bona fide intent to use." [Report, page 70].

they can be canceled for non-use. Of course, because it is difficult to examine a subjective intention, so called defensive trademark registrations do exist in actuality, even though there is absolutely no intention to use them, but at a theoretical level, they are not allowed.

The Trademark Examination Guidelines (Japanese Patent Office, Trademark Section, Official Standards of Trademark Examination (1971 First Edition, amended 1997, Sixth Edition, page 2)) states that, "when it becomes clear that a trademark will not be used in connection with one's goods or services, as a rule, said trademark is not eligible for registration under the meaning of Article 3, Paragraph 1."

(2) One's Own Business' Use

Registration of trademarks must be for marks that will be used in connection with goods or services of "one's own business." Therefore, registration cannot be obtained if one is merely using the mark of another with permission. However, when an application is filed by a group, and a member of the group is allowed to use the mark (collective marks, Article 7), or when an application is filed by a promoter for a mark that is intended for use by a company that is in the process of being established, the registration is permitted. Previously, Japan had created a use-based rights system under which collective marks are prohibited, but under the Paris Convention was obligated to protect collective marks. With the trademark amendments of 1996, Japan's law permitted group registration of marks by the creators of a company to substitute for the use requirement.⁵ The collective trademark, then, is not used by the entire trademark owning organization itself. It is presumed that individual members of the collective will use the mark, and because this is a case in which there is no use by one's own business, if we were to interpret this article extremely literally, the collective mark presents an inconsistency. However, the law is interpreted to mean that when it comes to marks that are filed under "use" in connection with goods or services of a business that is treated as if it is one's own business, then that mark must be allowed. In the case of collective marks, it is proper to read the term "one's own" under Article 3, Paragraph 1, as meaning "one's own, or one's constituent member." (Article 7, Paragraph 2).

2. Distinctiveness

Article 3, paragraph 2 states: "trademark registration may be obtained where the consumers are able to recognize the goods or services as being connected with a certain person's business." (Article 3, paragraph 2).

The power of a mark to distinguish to consumers the goods or services of a certain business is normally referred to as "distinctiveness." Within this question of distinctiveness is not only the issue of whether a mark has distinctiveness in the present, but also whether a mark has the capability of being distinctive in the future. Similarly, for a mark that lacks distinctiveness, there is also not only the question of whether a mark does not have distinctiveness in the present, but also whether it is already

⁵ Under the former trademark law, collective marks were not used by the group itself, so they were not called trademarks, but "marks."

predicted to lose distinctiveness in the future.

The former trademark law stated that "marks eligible for registration must be capable of a special conspicuousness." The current law avoids the difficulties in interpreting the expression "special conspicuousness," by stating that trademarks are understood to have the function of "identifying the goods and services of a certain business to consumers."⁶ Additionally, the definition of distinctiveness should parallel the definition of distinctiveness set forth in the Paris Convention, article 6, section 5, paragraph (b)(2).

The Tokyo High Court stated the following regarding distinctiveness: "When it comes to the nature of trademarks, we are speaking of a mark that functions to distinguish the goods of one's own business from those of another's business. From this function of distinguishing goods comes sub-functions that include indicating source, guaranteeing quality, and advertisement. ... The purpose of article 1 of the Trademark Law, the listed requirements for trademark registration under article 3, and the nature of the trademarks discussed above, all require the interpretation of trademark protection as guaranteeing the basic functionality of a trademark and removing impediments that prevent a trademark from serving to distinguish goods. Therefore, when a third party uses a trademark that is identical or similar to a registered trademark, a trademark owner can petition to enjoin the third party's use. This applies not only to trademarks of the third party displayed officially on goods, but also includes any trademark that is functioning as a distinctive mark on one's goods or the goods of another. [Terebi Manga Jiken Judgment (Tokyo High Court 1981) quoting Tatsumura Hirakurasei (Tokyo High Court 1976)].

On the other hand, there is the view that some trademarks are not necessarily distinctive (Amino, pp 73 onwards). The Tokyo High Court, spoke regarding the loss of a trademark due to non-use, stating the following:

"When a trademark registration is cancelled for non-use, ... one can argue that cancellation can be avoided by simply using a trademark in various forms in connection with the designated goods. There are no reasons to require a mark to be distinctive, that is, to be used in a way that fulfills the basic functions of a trademark, such as distinguishing goods." [Pora Jiken Judgment (Tokyo High Court 1991)].

Takeda interprets this decision on page 387 of his book. "There is a problem in establishing this view of trademark distinctiveness as precedent. If the designated goods for a particular trademark are fruit and the fruit is shipped to the customer in a box with a paper belt bearing the mark thereon around the box, the mark does not serve to distinguish to the customer that the trademark owner is the source of the fruit. And, "if the function of distinguishing goods is not performed, it is difficult to find that such use is trademark use."

(1) The Meaning of Special Conspicuousness

A mark having "special conspicuousness", as used in the former Trademark Law (called

⁶ This history of the change from "special conspicuousness" to the current wording appears in Nakamura, pp 109 onwards.

distinctiveness now), is generally defined as a trademark that draws the attention of the common person; special conspicuousness is meant to mean that the mark is distinguishing. It has the capability of distinguishing the goods or services of one's own business from those of another's business. Thus, a mark that merely imitates a geographic place is not sufficient to be considered a mark that "identifies the goods or services of a certain business." An extreme example of something that does not have special conspicuousness is white paper. White paper contains nothing, and therefore is completely incapable of identifying goods or services of a business to a number of people. In a less extreme example, a logo displaying white circles against a brown background would not automatically have special conspicuousness. However, it was possible for "special conspicuousness" to be attained with respect to white circles that represented pipes that were used for a long time by Dunhill Corp, i.e., "Dunhill Corp.'s famous white spot." Marks that do not have special conspicuousness are not permitted access to the monopoly created by trademark registration, and they must be left open for general use.

There were various debates in the old law about the meaning of special conspicuousness. These arguments are represented in the following theories: (a) the appearance of composition theory and (b) the distinctiveness of goods theory. (The Comments for the statute set forth these two theories (Comments, page 991). Professor Amano sets forth a further theory which is referred to below as (c) the monopolization adaptability theory).

(a) Appearance of composition theory The "appearance of composition theory" is the theory that special conspicuousness refers to characters, designs, symbols (three dimensional shapes), and combinations thereof (and combinations of colors therefor) that compose a trademark, and refers to marks having a composition that draws the attention of the consumer.

This theory merely contemplates the attributes of a marks's composition considered to be registrable subject matter, and does not refer to the functionality of the trademark. This perspective, which emphasizes composition, should be understood to only contemplate the registrability of symbols based on appearance. Therefore, it is difficult to explain this theory in terms of special conspicuousness based on use because no matter how much time passes, the appearance of composition is always the same.

Under the Law of 1899, the appearance of composition theory was followed to the utmost. "Marks having no particular conspicuousness, such as colored blocks" were considered unregistrable matter. However, if the pattern became famous, distinctiveness would be attained. Further, whether the appearance was famous or not, geographic names, person names, and words describing quality were within the scope of "lacking particular conspicuousness appearance." Consequently, geographic names, person names, and words describing quality could not be registered. The words normally used for geographic names, person names, and quality descriptors had to be ineligible for registration, not for the public good, but as a natural outgrowth of the purpose of the trademark law. Even if the geographic name, person name, or quality marks appeared to be specially conspicuous it was still ineligible for registration, revealing the theoretical inconsistency of this theory of the law.

(b) Distinctiveness of Goods Theory The second theory refers to the "distinctiveness" of goods when determining when a mark is specially conspicuous. The phrase "special conspicuousness" under the old Law (enacted in 1888), was supposed to mean "the appearance of a special and famous name," but rather than interpreting this phrase to mean the composition or appearance of the trademark itself, this theory emphasized distinguishing one's own goods from another's goods.

During the time when the old Trademark Law was in force, the wording, "special conspicuousness of a mark," gradually evolved from the appearance of composition theory to the theory that the goods themselves had to be distinctive. This thinking has been carried forward to the statutory language of today.

(c) Monopolization Adaptability The third theory was named the monopolization adaptability theory by Dr. Amano. (Amano, 172). This theory explains that marks that are not suitable for monopoly due to lack of distinctiveness are not specially conspicuous. It also argues that some marks are unsuitable for monopolization by a specific person despite distinctiveness. In other words, marks that must be left open for use by general people for the public good are considered not to have special conspicuousness under this theory.

(2) The Meaning of Distinctiveness

Under the prior law, the wording "special conspicuousness" had been difficult to interpret as a special trademark term, and because no one could agree on its meaning it was removed from the text of the current law. One result of this was the rejection of the idea that special conspicuousness was a requirement of a trademark, a general explanation under the old Law. It was replaced with the thinking that a mark without special conspicuousness might be considered a trademark, but was unregistrable due to the registration requirements under Article 3.

Today, the composition of trademarks can be extremely simple or extremely complex. Marks that are registerable can include designs, lettering, dominant lettering within the lettering, numerals, or can be additional lettering put together in various ways. Trademarks can say "we're the best in the world," or "carefully produced." In any case, trademarks can be infinitely complex forms.

This presents a dilemma about how to determine what a trademark actually is. The current law did not subscribe to the view that "marks will be considered identical if the dominant parts of the respective trademarks are the same." Instead, the interpretation adopted is that for marks to be considered identical, they must be the same in all respects, including non-dominant parts. Therefore, the requirement of special conspicuousness was discarded in the interest of conducting a precise examination and avoiding debate about which part of the mark was the real trademark. Furthermore, the Non-claiming Right System was abolished. Under the Non-claiming Right System, for example, if "ichi" was applied for as a trademark, the numeral "1" would be considered unclaimed.

Substituting for the Non-claiming Right System, two new provisions were established.

Article 4 introduced "Trademarks Barred From Registration," and Article 3 included the new "Requirements for Trademark Registration." But Article 3 does not list special conspicuousness as a requirement. Instead, the legislators who drafted Article 3 specifically listed the requirements of registration. In other words, the requirements for examination prior to registration were incorporated. Recent changes have seen the term "special conspicuousness" brought back into the law. It is now thought that the purpose of Article 3 is to explain the meaning of special conspicuousness. (Statutory Explanatory Notes, page 991).

As one commentator observed:

"We determine trademarks almost mechanically, looking at the lettering, designs, or symbols that make up the trademark, rather than considering special conspicuousness. When the trademark is filed, that application is first analyzed under the provisions of Article 3, to see if the requirements for registration are met. Then, the Examiner must decide whether the trademark falls within a bars to registration under Article 4." (Eguchi, New Explanation, page 52).

Even the abolition of the non-claimed right system and the removal of special conspicuousness as a necessary element of a trademark did not solve all trademark registration problems. In fact, itemization of the registration requirements did not even clarify the problem. In particular, even though examination has become simpler, the problem has simply shifted to the arena of enforcement and infringement lawsuits.

First, making "special conspicuousness" a requirement for a trademark makes sense in terms of the concept of trademarks. When special conspicuousness was rejected as a requirement for trademarks, some criticized that the price and symbol of a good is at least better than scratching and staining of the good. (Eguchi, page 22). The removal of special conspicuousness as an element of trademarks makes it impossible to have a complete trademark law, no matter how thorough a formal registration-based system is.

Secondly, the current law's limitation of the term "special conspicuousness" to the narrow meaning of "distinctiveness" has also left problems. For example, the lettering 'Heisei,' which indicates the current era in Japan, would be registerable under this provision. Although the 'Heisei' lettering would, under the law, be considered "a mark incapable of distinguishing goods or services of a certain business to consumers," the lettering for 'Heisei' has distinctiveness. Rather, even though the phrase 'Heisei' era has not been in use for a long time, it would be unfair to allow one person to monopolize the term based on a simple trademark application. Even though the text of the statute uses the wording "trademark incapable of distinguishing goods or services of a certain business to consumers," Examiners are specifically dictated to interpret the law based only on "distinctiveness" in the already strict meaning. Marks such as names for cities that will appear in the near future, even though currently not in use, can be said to have distinctiveness. However, if such a mark were registered, its inadequacy would appear after the establishment of the city. When the Seto Ohashi bridge (an immense bridge in Japan connecting Shikoku and Honshu Islands) was in the planning stages, a brand of sweets registered under the same name was a problem. Although the expression "trademarks incapable of distinguishing the goods or services of a certain business to consumers" is a most apt expression for the term "distinctiveness," it falls short in truly

defining "special conspicuousness" as a requirement of registration. Strictly interpreted, the word "distinctiveness" does not incorporate the "public good" in its meaning. And defining a lack of distinctiveness as "even though a mark is displayed, it's not helpful" does not clarify the argument that "Heisei" or "a geographic indication" is unregistrable. Within the framework of special conspicuousness, however, not only is "the unsuitability of the indication" subject to review as part of the composition, but the concept of contributing to the "public good" is incorporated therein. In current trademark law, the term special conspicuousness has been avoided, and the meaning of distinctiveness has been adopted, but with the avoidance of special conspicuousness, the concept of "public good" is nonetheless omitted.

(3) Summary of the Meaning of the Statute

Trademark law, article 3, paragraph 1, item 6 is a general provision regarding distinctiveness as a trademark registration requirement, while items 1 to 5 are illustrative provisions. (Statutory Comments, page 994). Trademarks which fall into items 3 to 5 appear to mostly be distinctive. Item 3 takes distinctiveness a step farther by considering public policy considerations. There is, however, a theory that Item 3 better fall under the bars to registration under Article 4. However, under the concepts of either special conspicuousness or distinctiveness it is implied that a public interest perspective is incorporated. For example, when an inappropriate mark is registered, the trademark system is criticized in the field relating to the designated goods of the trademark. From a company's perspective, if a competitor is seen filing for registration of a mark that should be left open for public use, it might make sense for the company to file its own application as a precautionary measure. (This is especially true if the value of the monopoly is high). This is one reason for many inappropriate filings. The harmis done through a lack of information regarding marks, and the casual evaluation of distinctiveness. The damage is particularly directed to the idea of the "public good" as a part of special conspicuousness or distinctiveness. It is not really emphasized in trademark-related academic circles; therefore, because these harmful effects are not strongly felt or articulated by trademark-related individuals is another reason for frequent inappropriate filings. Recently, however, awareness of special conspicuousness or distinctiveness has been increasing. Even if the general provision of distinctiveness in item 6 is to be interpreted as an expression focusing only on distinctiveness, by properly interpreting the text, these types of harmful effects have been minimized. (See Amino, page 294)

(4) Standard Time of Decision

According to the Tokyo High Court, "the decision period, whether stated in article 3, paragraph 2 or not, is the period for examination." (Furoatamu Jiken Judgment (Tokyo High Court 1971), regarding hearing invalidating trademark registration). A hearing commences when a petition for hearing regarding a refusal is filed. (Trademark Examination Guidelines). The judgment period is begun when an action seeking a decision of right or wrong in a hearing regarding a refusal is filed.

3. Trademarks Without Distinctiveness (Special Conspicuousness)

(1) Generic Names of Goods or Services

"Trademarks which consist solely of a mark indicating, in a common generic way, the common name of the goods or services." (Clause 1)

(a) The meaning of a common name of a good or service A common name for a good or service is a "name that is acknowledged as a general name for the goods or services" in the trade. For example, the word "ship" would be a common name in the shipping business, but not for the good "candy."

When it comes to common names, there are specific names of common goods or services, like "film," "sweets," "lending," and "lodging." There are also abbreviations, nicknames, and slang names for specific goods or services, like "hanchyoko (chocobar)" (chocolate candy bars); "funawakayu (sake)," "takuwan (pickled radish)" (takuwandzuke, pickled radish); "sonpo (loss protection)" (abbreviation for damage insurance); "sarakin (salary man money)" (abbreviation for financing for salaried workers, and slang for citizen financing); and "ichirokuginko (16 Bank)" (slang for pawn shops). Regarding abbreviations and slang, the Trademark Examination Guidelines say: "As a rule, abbreviations and slang are included in the definition of common names for goods or services."

Furthermore, some names of geographic origin, like "Satsuma" (Amasho) or "Oshima" (Oshimasanmeisen) have become common names. In other cases, registered trademarks like "cellophane" or "cherry mochi (rice cake)" have become generic names.

(b) Recognizing when a mark has become a common name Often it is often difficult to actually tell when a mark has become a common name. The determination is made from the totality of the circumstances, including the relationship between the name in question and the goods or services, the relationship between the manufacturer of the goods and the seller of the goods or provider of the services, the period of use, the circumstances of use, and the circumstances of the mark in the era.

In determining whether a mark is a common name or not, the fundamental relationships in the trade are the primary data points and not abstract details such as the appearance of lettering. It is not possible to decide whether a mark is a common name or not by looking only at whether a portion of consumers recognize the mark in question to be a general name for the goods or services. Furthermore, it is not possible to determine whether a mark has become a common name by only looking at how a mark is defined generically in dictionaries and documents, or if a mark is only partially being used as a common name.

Whether or not a trademark has become a common name, it is important to realize that subjective considerations such as trademark infringement and the willfulness of trademark infringement do not factor into the equation. There is a greater danger that the goods or services to which a trademark is affixed, or with which the mark is used in connection, will be recognized by consumers as a common name that is representative of similar goods or services, when the goods or services are new or are monopolistic, or the goods are of high quality or the services are excellent. However, there are common

names that can attain individual status through long use (Mobil Oil). It is also possible that trademarks that were once common names at first can attain distinctiveness again.

(c) Standard for Determining if a Mark has Become Generic In a case in which a mark "sanbishi tsuyu no su" (Sanbishi Broth) was used while the mark "ichibiki tsuyu no su" (Ichibiki Broth) was in existence, it was decided that "tsuyu no su (broth) was a common name. The court recognized that there were other tsuyu no su in the world of instant products, shiru no su, dashi no su (broth). In the case, the following was stated:

"In determining whether a mark is a common name, rather than deciding this based on abstract lettering, one must look at the usage of the economic and societal background during the period of use, the relationship between the lettering in question and the goods, the substantive relationship of the trade, an analysis of the business from which the goods emanated, and the interrelations of the participants in the channels of trade of the goods. We must inquire as to whether the awareness of the person who adopted the mark in question had an incentive, intention, or conviction to make the mark common name, or the awareness of the general consumer. Additionally, we cannot ignore the awareness of the common consumer amongst all consumers. It is also important to consider whether distinctiveness remains in the eyes of the retail merchant towards the mark. In other words, sometimes even when a common name by itself is not common, consumers can make it so, even without the consent of the merchant, such that decisions can be based on class consideration. Furthermore, a mark can have varying degrees of commonness in different countries." [Nagoya District Court 1965].

There is no hard rule, in determining whether a name has become common, regarding whether one should look at the recognition of the mark among traders, or whether one should do the same among consumers. The answer does not lie with one or the other. The recognition by the consumer is very important, but by no means is this the only consideration. Merchants cannot be permitted to justify the abuse of distinctive indications. Similarly, by no means is the determination of whether or not a name has become common unrelated to the recognition of a mark by merchants. It is possible for a mark to be distinctive among tradesmen without being distinctive among consumers. Furthermore, in precedential cases, merchant recognition is often more dispositive (Tikujyo-Kaisetsu, page 992). For example, in addition to the "tsuyu no su" case, mentioned above, there is the "celotape" case discussed merchant recognition.

"Regarding whether a trademark has become a common name, some important considerations include the relevant business area of the business in question, whether the mark was being used as a common name, and how this process of becoming a common name (also known as "genericide") made the mark lose its function of indicating source as to the manufacturer of the trademarked goods. Therefore, the general consumer's awareness is not always dispositive." (Kobe Amagasaki District Court 1961). Furthermore, in the "Celotape Case" the "common name" claim was denied, but on appeal was affirmed (Osaka High Court 1965), affirming the JPO's decision that the mark was common name. The claim was subsequently denied by the Tokyo High Court which vacated the lower court's decision (Tokyo High Court 1967). Currently, the debate has ended, and the trademark has become "Nichiban." In the dictionaries and documents, "Celotape" is now listed as a generic name, but precedent

does not agree, and it is a trademark.

(d) Cases involving becoming a common name In another case, the generic nature of the term "Toilet Cleanser" was at issue. (Tokyo High Court 1958). The court said that even though the appellant was the first to use the term 'Toilet Cleanser' in the market, the term did not go beyond a normal noun, meaning cleanser for toilet use, under the normal meaning of the word. The court's rationale, however, was insufficient. Compare, for example, the "tsuyu no su" case (above): the same conclusion was reached, but it was based on the fact that the mark was used on many similar goods. Another case in which the name was found to be common was the "Five Year Diary" case (Osaka High Court 1966).

The case of "Nagasaki Tanmen" is an example of a case in which the name was not found to be common (Maehashi District Court 1966). In another case, involving the trademark "Goshi Kaisha Hachyo Miso,"⁷ it was asserted that the mark was distinctive. The court considered the right to registration, stating the following: "When we consider the actual business circumstances and take out the part "Goshi Kaishi (Combined Asset Company)" that merely identifies the type of legal entity involved, we can easily see that the recognition of only "Hacho Miso" (8th Street Miso) as a distinctive mark is significant. The mark Hacho Miso was born in Okazaki City, Aichi-Ken at 8th Street, and came to mean a distinct type of miso made out of soybeans. It is also acknowledged as a common name for similar types of goods. Therefore, we cannot recognize that the term Hachyo Miso has a distinguishing function in the trade." (Supreme Court, 1990).

Here, the term "common name" refers to the recognition by merchants and consumers of a general term for goods and services. There is of course the case in which, through long use, the name of a good becomes generic. In contrast, there are also cases where generic names have been used for a long time and have come to indicate a product specifically. (Supreme Court, 1990).

One long and hard fought case is that of "SEIROGAN" (made up of characters meaning "Conquering Russia Bullets"). SEIROGAN, initiated in 1902, referred to the subjugation of Russia and was canceled in 1926 because it was contrary to international principles and public order (June 28, 1926, Osaka High Court, Shinketsu Kouhou Daishinin Hanketsu). Then, "SEIROGAN" (made up of the characters "Correct Dew Pill") appeared. A the trademark registration was denied based on the judgment that it had become a common name (Tokyo High Court 1965); the Supreme Court affirmed this decision in 1974. However, today, whether the mark is still currently a common name is another issue. There are cases when, through long use, a mark becomes a common name; but, conversely, as in the case of Singer sewing machines (Singer Mfg. Co., 5th Cir. 1953), Goodyear tires (Goodyear Tire, D.C. Minn. 1965), and Benberugu (Osaka High Court 1938), through long use on a particular product, a mark loses its status as a common name regarding that particular product.

(e) Exception for Geographic Origins for Wine Geographic origins of goods are often merely common names; but in regard to geographic origins for wines and spirits

⁷ Hachyo Miso was miso created by the plaintiff's ancestors.

(for example, Champagne, Port, Cognac), even if they become a common name, there is a special exception; these names can achieve protection. This mirrors article 4 of the Madrid Agreement, which incorporated special protection instigated by wine producing countries, like France and Spain, that claimed great concern for the wine market.

(2) Customarily Used Trademarks

"Trademarks which are customarily used in respect of particular goods or services."
(Clause 2)

(a) The Meaning of Customarily Used Trademarks "Customarily used trademarks are marks like "Masamune" (sake), "Habutaemochi" (mochi (rice cake) sweets), "kakiyama" (arare (hail) mochi (rice cakes)), "OrandaBune no Zukei" (Designs of Boats of Holland) (sponge cake), or "Sightseeing Hotels" (lodging facility services), and "PureiGaido" (play guide) (arrangement of seating at playhouses) that are used by members in a trade nationally or locally, and due to such use in the trade over many years, become used for goods of a certain kind, such that a mark does not have distinctiveness, and is not capable of distinguishing the goods or services of a particular business." (Tokyo District Court, 1953).

Customarily used trademarks are marks that are customarily used, that is, generally used, in the trade. Members of the trade must be able to use them freely. Therefore, they are not marks that can be registered by just one individual.

Often when it comes to customarily used trademarks, though there may be elements that are originally unavailable for trademarking, some of the elements are in fact functioning as a trademark. This is similar to those marks that become common names, discussed in the section above. On this point, some marks, then, overlap as both common names and customarily used marks. For example, "Maku no uchi" is a "common name" used to indicate a certain kind of bento (take out lunch), but it is also an example of a local, customarily used trademark. In addition, "Habutae mochi" can be said to be a common name, but also indicates a particular local kind of mochi centered in Fukui City. In this meaning, it has been recognized that marks can play a dual role as a "common name" and a "customarily used trademark." (Tokyo High Court, 1956).

(b) Differences Between "Customarily Used Trademarks" and "Common Names" Common names are generally formed with letters that comprise words. Customarily used marks are not only comprised of letters, but typically incorporate a combination of lettering, design, and symbols to form the mark. Some examples include the design for "Daruma" medicine or the design of "OrandaBune" for sponge cakes. Further, whereas common names require recognition in the mind's of tradesmen and general consumers, customarily used marks are based on the recognition of only merchants in the relevant trade.

In the Robinson Case, the mark "Robinson Helicopter," affixed to helicopters owned by the helicopter manufacturer Robinson, was said to be "a trademark indicating the shape of the land of geographic origin in a commonly used method for the designated goods," and the marks such as "Robinson Type R22 Beta Model," are "customarily used model

designations." I In light of article 26, paragraph 1, the use of the mark was not eligible for trademark protection. Even though use of the mark distinguished between "the shape of land of geographic origin" (the design) and the customarily used model designations this separation was hard to distinguish. (Osaka District Court 1990).

(c) Recognizing Customary Use Whether a mark is in customary use does not relate to the intention of the user. That is, in establishing that a mark is a customarily used mark, one does not inquire as to the user's frame of mind. Yet just because a mark has many infringers does not necessarily mean that the mark is a customarily used trademark. It is necessary that the trademark's customary use corresponds to the extent that the mark has lost distinctiveness amongst members of the relevant trade.

Trademarks that are customarily used are used by merchants in the same field who are not related to one another. Marks that are used by a number of large firms that are members of a group, or marks that have many licensees, are not customarily used marks. Customarily used trademarks could be established locally. If a mark functions territorially to indicate the source of one group of companies, even if a number of people cannot recognize the source by looking at the mark, that fact alone is not indicative that the mark is a common name or a customarily used mark. A mark can have relative geographic effectiveness. For example, it is possible to form a group and have a mark registered as a collective mark. For customarily used trademarks that start out as registered trademarks and become marks of customary use, it is possible that they can be customary marks for a while, then return to the monopoly right. This is determined on a case-by-case basis.

(3) Geographic Origin, Geographic Market, and Quality of Goods

"Trademarks which consist solely of a mark indicating in a common way the origin, place of sale, quality, raw materials, efficacy, use, quantity, shape, or price of the goods, or the method or time of manufacturing or using them; or the location of provision of the services, quality, articles for use in such provision, efficacy, use, quantity, modes, price or method or time of the provision of services." (Clause 3).

(a) Purpose Public policy dictates that certain information or indicators should be able to be used freely by those in the relevant trade. These include: the origin, place of sale, quality, raw materials, efficacy, use, quantity, shape, or price of goods, etc. Not only do these indicators lack distinctiveness, but they are necessary when dealing in the goods or services, such that it would be inappropriate to allow a specific person to monopolize them as a mark. (Supreme Court, 1979). Therefore, indications that cannot distinguish goods or services, are not suitable for monopoly and will be refused registration (assuming that the mark does not reach levels of special fame through use). These marks are also called "descriptive marks" (U.S. Trademark Law Section 2 (c) and should be refused registration.

The following examples of descriptive marks that are not suitable for registration relate to goods: "KOBE" for batteries (origin of goods); "Seto Ohashi" for sweets (place of sale); "Kureen" (Clean) for water tanks (quality); "Anmin Ketto" (Sound Asleep (blanket)) for electric blankets (efficacy); "Ito Wasabi Pai (Ito Wasabi Pie)" for pie (raw materials); "GOLF" for clothing (use); "WanKappu" (One Cup) for cooking oil for one

person (quantity); "Eru" (El) for clothing (shape); "Ooba-gen" (Big bargain) for furniture (price). For the mark "Urobaggu," URO means "urine"; those working in the medical apparatus field (the consumers of the designated goods) would easily understand the mark to mean "a bag relating to urine." (Tokyo High Court, 1994). Further, "TaranokoKoujidzuke" was refused under article 3, paragraph, item 3.

The following are examples of services whose marks were found to be descriptive: "Ginza" for dining (place of provision of service); "Teiki" (time deposit) for savings accounts (quality); "Ko-doresu" (Cordless) for wireless calling machines (an item offered to use the service); "One Week" for language instruction (quantity); "RiftoShisutemu" (Lift System) for parking lot services; "Cheap Plan" for sponsored vacations (price); "ZenkanYoyaku" (All building reservations) for entertainment promotion (method of providing service); "Open Year Round" for warehouse provision (time).

Conversely, the following are examples of marks that were not found to be descriptive: "Tabakoya" (Tobacco Store) toothpaste (place of sale); "Green Apples" for soap (characteristic); and "2/IN 1/tsuinwan" (twin one) for electric instruments (quantity).

The question of whether a mark is descriptive or not descriptive is determined in relation to the goods or services. For example, "Anmin (sound asleep)" (efficacy) may be descriptive for electric blankets, but for language instruction it is not descriptive; "passport" (use) may be descriptive for photography, it is not descriptive for candy. Nonetheless, the following names tend to be considered descriptive with no investigation into the goods or services: country names, famous geographic names, and shopping districts like "Japan," "London," "Ginza," "Champs Elysees," and marks like "new," "big," and "hi."

(b) Trademarks with more than one descriptive factor There are trademarks that are comprised of not just one of the following features, but two or more: geographic origin, place of sale, quality, raw materials, efficacy, use, quantity, shape, and price, etc., or, in terms of services, the place where a service is provided, quality, an item that is provided in order to use the service, efficacy, use, quantity, circumstance, price, etc. For example, the mark "Excellent Family Kobe Beef" combines quality, geographic origin, use, etc. The composition of a mark falls under item 3 of the trademark provision. (Manual of Trademark Examining Standards, page 7).

(c) Descriptive Trademarks Item 3 is not limited to only the list set forth therein. Instead it is thought to give examples of "descriptive marks," according to the Trademark Examination Guidelines (page 7). It is construed to include country names, famous geographic names (including administrative districts, former country names and foreign places), shopping districts (including those overseas), maps, etc., as well as the origin or place of sale of goods, or the place of provision of the service (including the place where the business is located). Some examples include: "Japan," "America," "Osaka," "London," "Ginza," "Champs Elysees," etc.

Even if the goods are not actually manufactured or sold in the place indicated designations of "geographic origin" and "place of sale," are still not permitted. If

consumers and merchants can recognize mark as a place, that is enough for a refusal. ("Jyoujia (Georgia) Jiken, Supreme Court, 1986, regarding lipstick, etc.; "Waikiki Jiken," Tokyo High Court, 1979, discussing make-up). In addition, in order to ensure that those in the trade can use the mark freely, if a place name is well known, it is presumed that free use is allowed, and counter evidence must be set forth by the applicant. If the place is not well known, the examiner has the burden of confirming that it is a place of sale.

(d) Technical Trademarks When the descriptive expressions under this clause are not displayed in a normal manner, they may become distinctive in relation to the particular goods or services. In such a case, the expression becomes registerable. For example, "Kerorin" for efficacy of medicine, and "milky" for ingredients of candy were found to be registrable). Furthermore, when a mark is not only comprised of a descriptive expression, but other elements are added, such that the mark as a whole is distinctive, the mark could be registrable. However, under this provision, public policy dictates that most technical expressions should be unregistrable, unless they have special conspicuousness. When special conspicuousness is acquired through use, it should be acknowledged. This provision should be applied as broadly as possible; technical trademarks and geographic names, under item 3, and sometimes under item 6, should be refused as often as possible, and should not be registered. So, in the interest of harmonizing the law with public policy, we have to adjust article 3 paragraph 2.

In contrast, when special conspicuousness has been gained through use, it is in the interest of public policy to allow technical trademarks to exist to the greatest degree possible because we can not let unfair competitors profit. A "technical trademark" is more than an item explained in words; it includes marks that express a technical meaning through the combination of a symbol and design. (Toyoazaki, page 355). According to the Trademark Examination Guidelines (page 7) ("excluding marks with elongated vowel sounds, such as "kokuna-ru," "sugure-ta (greeeat)," "to-kubetsu (speepecial)," and "uma-i (deliiiiicious)), when we acknowledge the quality, efficacy, use, etc., of a good, or the quality, efficacy, use, etc. of a service, as a rule, the marks come under this clause."

(e) Suggestive Marks According to the Trademark Examination Guidelines (page 7), a "trademark that indirectly expresses" the quality, efficacy, use, etc., of a good, or the quality, efficacy, use, etc. of a service does not fall under clause 3. This creates the problem of deciding whether marks are "suggestive." Suggestive marks should be thought of in as limited a way as possible when they do not carry special conspicuousness. Further, when a mark is used for a long time, such that its distinctiveness increases, the expression of function is diluted, so that registration requirements should be reconsidered. Some examples of registration refusals for marks on goods include: "RIP CAP," designating lids and plugs of bottles as goods (Tokyo High Court, 1969); "pa-fekuto (perfect)," designating dye as the good (Tokyo High Court, 1973), and "Milk Donuts," designating donuts (Tokyo High Court 1974). Obviously, the public good is weighed heavily. As a result, this kind of suggestive mark is perhaps better protected under the Unfair Competition Prevention Law, rather than the Trademark Law. Protection under the Unfair Competition Prevention Law allows a person to use a mark exclusively, to an extent. Distinctiveness can then be born out of the use, such that the mark can indicate to consumers a fixed source. Based

on this, when the degree of suggestiveness is low, meaning that the ability of the mark to indirectly identify a characteristic peculiar to the good or service is weak, although first glance it is wise to proceed along the path towards registration, in this case, one must also consider the chance of refusal.

(f) Slogans and Titles of Books "Slogans" are normally not distinctive; it is often the case that they cannot be registered. However, there are also examples of when they have been registered. Indeed, slogans and titles of books present a difficult problem.

① **"Titles of Books"** Titles of books, besides indicating the source of the goods, are used to indicate the contents of the work. Due to the fact that a title indicates a certain type of book (making "a general good" a designated good), the idea of recognizing proprietary rights for a book title in one person upon trademark registration, unlike a periodic publication, would limit others' ability to take advantage of available works. Furthermore, because trademark rights do not expire, the control of the work could be extended indefinitely, even after the copyright in the work had expired. Thus, after the expiration of the copyright, the copyright owner, using the trademark right in the title, could actually extend his right. This would be contrary to copyright policies, and would not benefit the public good. The Patent Office even stated in the Trademark Examination Guidelines (page 8), "Regarding titles of books, when it is recognized that the title directly refers to the contents of the book, the title is considered to be indicating quality." However, if the title does not refer to the contents of the book, but is instead a strong indicator of source, the title could be registered as an exception to the rule. (For example, once a study encyclopedia was registered, the registration would provide a limit for registrability).

② **"Titles of Periodic Publications Like Newspapers and Magazines"** Unlike titles of books, titles of periodicals are typically able to distinguish goods. (Trademark Examination Guidelines, page 8). In contrast, for "images recorded on film," when the title directly indicates the contents, the title is thought to be indicating quality. Similarly, with respect to a "recording on a magnetic tape," the same rule applies.

③ **"Names of Broadcasted Shows"** With respect to names of broadcasted shows (including series) or designated services (production of broadcasted shows, television broadcasts, and the like), if the name of the broadcast directly indicates the specific contents, the name is thought to be indicating the quality of the services (Trademark Examination Guidelines, page 8).

As far as specific services (rental of films, rental of pre-recorded video magnetic tapes, rental of records or pre-recorded magnetic tapes), if the title of the item to be offered as part of the service (film, pre-recorded video tapes, records or pre-recorded magnetic tapes) directly indicates the contents, the title is seen as indicating the quality of the service.

(4) Personal names and names of legal entities

"Trademarks which consist solely of a mark indicating, in a common way, a commonplace surname or name of a legal entity" (item 4).

(a) The meaning of commonplace surnames and names of legal entities Because commonplace surnames or names of legal entities that have no distinctiveness are widespread across the country, public policy dictates that an exclusive right should not be given to an individual claiming them. A "surname" is a family name (not the given name) of a natural person. For example, this provision would apply to shiba for printed materials, and so on (Volume 5 (1), page 27, Mutai-shu, February 23, 1973, at Tokyo High Court), and shiba for dye, pigment, paints and so on (Volume 5 (1), page 27, Mutai-shu, February 23, 1973, at Tokyo High Court). A combination of first and second names is generally considered to have distinctiveness. However, even the combination will sometimes have no distinctiveness.

"Meisho (name of a legal entity)" refers to a legal person, so the same rules apply.

(b) The Official Standard for Examination for commonplace surnames and names of legal entities As a rule, there will be a large number of similar names for a commonplace surname or a name of a legal entity. For example, there will be a rather large number of names listed in an alphabetical telephone book, such as the Telephone Book published by NTT (Trademark Examination Guidelines). Marks that are commonplace surnames or names of legal entities written in kana lettering or romaji, such as "taki (in katakana)," fall under this provision (Trademark Examination Guidelines, page 10).

(c) Trade names, and the like Trademarks that combine commonplace surnames, business classification names, famous geographical names, and so on, with any of the legal entity types listed below come under this provision as commonplace names: "Shyouten (store/shop)," "Shyokai (a commercial firm)," "Ya (shop)," "Ya (family/shop)," "Sya (company)," "Do (hall)," "Sya (building)," Youko (go abroad)," "Kyokai (an association)," "Kenkyusyo (research lab)," "Seisakusyo (manufacturer)," "Kai (committee/group)," "Kenkyukai (research group)," "Gomei Kaisya (partnership)," "Goshi Kaisya (partnership)," Yugen Kaisya (closely held corporation)," "Kabushiki Kaisya (joint stock corporation)," "K.K.," "Co.," "Co., Ltd." and so on (Trademark Examination Guidelines, page 10).

A name that combines an administrative regional name and a type of entity name, even if it can be adopted in a common way, may be registered as an exception to the rule, as long as it is acknowledged that there is no similar mark available. Such examples include Nihon (Japan) Typewriter Kabushiki Kaisha, Nihon Kogyo (Japan Mining Industry) Kabushiki Kaisha, and Osaka Henatsuki (Transformer) Kabushiki Kaisha (Trademark Examination Guidelines, page 10). These names are examples of distinctiveness based on use. Therefore, "even if the mark is a name capable of being adopted in a common way, it must also be acknowledged as not being the same as another mark, and must have acquired distinctiveness by use." One problem with this type of combined name is that it may be limited by territory. In other words, if a trade name is simply attached to, for example, Kabushiki Kaisha, and then registered, and the trademark owner, asserting his trademark rights nationwide, then attempts to prevent usage or registration of an identical or similar trade name, he may have a problem. There is a relationship between the Trademark Law and the Commercial Law that

regionally limits enforcement of trade name registrations (See Commercial Law, article 19). Trade names are distinct from trademarks, and registering trade names based on use is problematic. Even in the event that the distinctiveness of a trade name is strengthened by use, it is generally a problem if that trade name is registered in its original form, which could happen "even if the mark is a name capable of being adopted in a common way, and is acknowledged as not being the same as another mark." For example, the trademark "Morita Golf Kabushiki Kaisha," was judged not based on whether or not the surname "Morita" and the trade name "golf" were commonplace, but by whether or not "Morita Golf" was commonplace, such that article 3, paragraph 1, item 4 was not applicable (6885, volume 242, Prompt Report, June 13, 1995, at Tokyo High Court. In addition, there is a list of examples of Appeal Board decisions regarding "commonplace surnames or names of a legal entities" in Nakamura, page 165).

A store name that is frequently used for a specific service (such as "Ai (love)" and "Ran (orchid)" for provision of food and drink, mainly of alcohol, or of food and drink, mainly of tea or coffee) would not come under item 4 of this provision, but rather the "catch-all" provision of Article 3, paragraph 1, item 6. (See Trademark Examination Guidelines, page 10).

(d) When the surname or name of a legal entity has distinctiveness The surname or name of a legal entity, if it is not commonplace, may be considered to be distinctive. The surname or name of a legal entity may be registered if it is shown in a non-common way, or not alone but in a combination with other elements that together generate distinctiveness.

(5) Very simple and commonplace trademarks

"Trademark which consists solely of a very simple and commonplace mark" (item 5)

(a) Purpose Trademarks which consist solely of a very simple and commonplace mark have no distinctiveness. These kind of marks are generally used and are not appropriate for monopolization by a specific person, such that they should not be registered.

There are two differing views on whether "very simple but not commonplace marks" and "not simple but commonplace marks" should be rejected under the subject provision, item 5, (Amino, page 288) or the next provision, item 6. Either way, both views maintain that such marks should be rejected.

(b) The Standard for Examination The Trademark Examination Guidelines lists marks to be considered simple or commonplace (page 11).

1. One letter in kana (including stylization thereof); one straight or wavy line; an outlined, commonly used symbol, such as Δ , \square , \circ , \diamond , $\#$, \heartsuit ; and designs such as a laurel or shield shall come under this provision.

2. (1) When a mark is comprised of either one or two letters in romaji (Roman characters), and the letter in kana that corresponds to the sound of the romaji lettering is written or displayed beside the mark, this provision will apply.

(2) When a mark is displayed by letters in kana that correspond to the sound of

two letters in romaji, this provision shall not apply, unless such romaji letters are commonly used for the goods or services as a symbol or mark.

(3) When two letters in romaji are connected by a hyphen, or when one or two letters in romaji are attached to "Co.," "Ltd." or "K.K.," each of them being recognized as meaning "Company," "Limited" or "Kabushiki Kaisha," respectively, this provision shall apply. However, two letters in romaji connected by "&" shall not fall under this provision.

(4) Two letters in romaji expressed by a monogram such as (T+S) shall not fall under this provision.

3. (1) A numeral, as a rule, falls under this provision.

(2) When a mark indicates a sound coming from a number with one or two digits such as "wan-tsu (one-two)," "toeruburu (twelve)" and "jyuuni (twelve)," or if these numbers are written next to the letters, as a rule, this provision applies.

(3) When a mark contains a number with three or more digits, it will be treated in the following manner.

(i) Examples to which this provision may apply:

"wan handoreddo ando touenteisuri- (one hundred and twenty three)";

"hyakunijyuusan (123)";

(ii) An example to which this provision may not apply:

"wan tsu suri- (one two three)"

4. A simple outline in the form of the outline that directly preceded this paragraph, that is, 1, 2 (1) and (3); and 3 (1), 3 (2), 3 (3) (i) shall be considered to fall within this provision.

(c) Examples to which this provision has applied include: "5" for food (1258, volume 8(7), Gyo-shu, July 9, 1962, at the Tokyo High Court); "WA7" for polyester fibers and the like (page 49, volume 2(1), Mutai-shu, February 26, 1970, at the Tokyo High Court); and VO5 for chemicals, and the like (volume 26(565), Rapid Report, June 7, 1977, at the Supreme Court, and page 178, volume 6(1) Mutai-shu, June 26, 1974 at the Tokyo High Court).

There are examples, however, of trademarks made up of symbols that can be distinctive for goods even though the symbols are simple. Other trademarks made up of symbols have acquired recognition through business. Examples of such cases include "ツ"[tsu] for food cans in former Class 5, and "ニ"[ni] for metal products in former Class 7 (page 1493, volume 11, Min-shu, June 20, 1932, and page 3, volume 691, October 21, 1938).

A trademark that consists of a very simple but non-commonplace mark may have distinctiveness due to its degree of peculiarity; therefore, if a monopoly right is granted, there would be no harm. Because a trademark which is not simple but commonplace may often have distinctiveness, there is a strong view that it should be treated not under item 5, but by the "catch-all" provision in item 6.

(6) Trademarks that do not have distinctiveness

"Trademarks which do not enable consumers to recognize the goods or services as being connected with a certain person's business"

(a) In addition to those marks mentioned in items 1 to 5 of paragraph 1, Article 3, trademarks which do not enable consumers to recognize the goods or services as being connected with a certain person's business may not be registered. When this provision is analyzed word for word, it seems to regulate only trademarks that have no distinctiveness. However, this provision should be understood as an all-inclusive, "catch-all" provision of paragraph 1. The marks included in items 1 to 5 should not only be construed to be marks that have no distinctiveness in the narrow meaning of the term, but "marks inappropriate for monopoly" having no so called "special conspicuousness," as embodied in the former Trademark Law. Therefore, the item 6 is generally considered to be a "catch-all" provision for items 1 to 5. Thus, the distinctiveness defined in this provision has a broader meaning than the others, and based on factors of appearance and other factors, trademarks that do not fall within items 1 to 5, may fall under Item 6. Some examples of the types of trademarks caught in the "catch-all" provision include: "trademarks that have no distinctiveness based on form," or "trademarks that are not simple, but commonplace, and have no distinctiveness due to current use by a number of people," or "trademarks that are recognized as being inappropriate for monopolization by a specific person."

(b) The Trademark Examination Guidelines lists examples to which this provision is applied:

1. Trademarks consisting solely of a texture pattern (such as one continuously repeated a pattern) shall come under this provision.

2. A slogan (such as catch phrase) shall come under this provision.

3. Characters, etc., used commonly in commerce for indicating quantity, and the like, of the goods or services, such as "Net" or "Gross," shall come under this provision.

4. "Heisei," which indicates the name of the present era, shall come under this provision.

5. (1) A store name which is used for a specific service in large numbers (excluding marks that come under article 3, paragraph 1, item 4) shall come under this provision.

Some examples of this include:

For provision of food and drink, mainly of alcohol, or of food and drink, mainly of tea or coffee ...):

→ "Ai (love)," "Jun (pure)," "Yuki (snow)," "ori- bu (olive)," and "furendo (friend)"

- (2) Trademarks of the kind of store name mentioned above in (1) combined with a term expressing the business type, such as "sunakku (snack)" or "kissa (coffee shop)," or trademarks of the kind of store name mentioned in (1), excluding the term expressing the business type shall, as a rule, come under this provision.

6. A three dimensional trademark which is recognized to be merely a shape of a store or place of business where the designated goods or services are handled, excepting those applicable under article 3, paragraph 1, item 3, shall come under this provision.

The way to consider the "Heisei" name of the present era set forth here under this provision may be understood by considering the broader meaning of distinctiveness under this provision. Also, the concept of distinctiveness ("special conspicuousness") is deeply embedded in the concept of the public good itself.

(c) Even if the individual constituents of a pattern of a flower or arabesque constituting a design trademark may be commonplace, its arrangement, combination, coloring and so on may allow the mark to have distinctiveness as a whole (3(42), Rapid Report, June 27, 1975, at the Supreme Court, and page 291, volume 6(2), Mutai-shu, September 18, 1974 at the Tokyo High Court).

(d) Evaluation Standards relating to newly incorporated three-dimensional trademarks

① **Evaluation regarding article 3, paragraph 1, item 3** Regarding newly incorporated three-dimensional trademarks, the Japanese Patent Office has said that "trademarks which consist solely of a mark indicating, in a common way ... articles for use in the provision of goods and services," refers not only to names of marks in only letters, but includes trademarks in design form such as the ones indicating articles for use in the provision of services.

This provision also includes articles for the provision of designated services, meaning, not only shapes of designated goods but also including shapes of the packaging of designated goods. Therefore, three-dimensional trademarks that consumers identify as the actual shapes of these designated goods, etc., strictly fall under Article 3, Paragraph 1, Item 3.

② **Evaluation regarding Trademark Law article 3, paragraph 1, item 5.** Before the revision, marks considered extremely simple or commonplace trademarks included: a straight line together with a wavy line, and outlines of shapes such as a triangle, square, and circle. With the incorporation of three-dimensional marks, spheres, cubes, rectangular parallelograms, cylinders, and triangular columns were added under article 3, paragraph 1, item 5 as "extremely simple or commonplace trademarks."

(7) Distinctiveness (special conspicuousness) based on use

(a) Meaning Even a trademark that falls under Trademark Law article 3, paragraph 1, item 3 can obtain registration, in spite of this provision, if a certain person uses the mark over a long period of time, and "the result of the use is that consumers are able to distinguish the goods or services of a certain business." (Article 3, paragraph 2).

(b) Intent If consumers can distinguish the goods or services of a certain business by way of a mark that indicates the origin of the goods, the location of the services or a common surname, or by way of a mark that is an extremely simple and commonplace mark, it may be that the mark has acquired distinctiveness if it has been used exclusively in the relevant field for a long time in a considerably wide regional area.

(c) Judgment standards In order to acquire distinctiveness (special conspicuousness) through use, it is necessary for a mark to actually be used extensively in connection with the goods or services for a rather long period of time in the relevant field in a considerably wide regional area. Therefore, the inevitable result of long, exclusive use is the acquisition of distinctiveness. Still, the phrase "rather long period,"

is very vague. With today's advertising model in mind, it is possible that a mark could acquire distinctiveness quickly as a result of concentrated advertising, such that one should not interpret this expression regarding "long use" too formally. This is also true of the phrase "large quantity" of goods. Indeed, the question of use must be decided on a case-by-case basis; there is no set, formal standard when it comes to "use." The primary question will always be whether distinctiveness has been attained. Distinctiveness (special conspicuousness) is rooted in the concept of the public benefit; allowing the original monopolization of a trademark with no distinctiveness would be inappropriate. On the other hand, it's important to remember that the legal purpose of trademarks is to prevent unfair competition. Therefore, in terms of determining the subject matter that can be protected, we must not interpret the rules with excessive strictness, for a mark may really be distinctive, and finding the right balance between these two notions is extremely difficult.

(d) Examination standards Trademark examination standards are explained in the following manner. (Trademark Examination Guidelines, page 16)

1. (1) Registration for trademarks that have acquired distinctiveness through use will only be granted in cases relating to the trademark, the identical trademark together with the goods or services, or goods or services that were identical to those used in connection with the trademark.

(2) If the trademark drawn in the trademark application and the trademark displayed in the certificate proving distinctiveness are not the same, registration based on acquired distinctiveness will not be granted, as in the following:

(a) cases in which the trademark in the drawing of the application is written in cursive Chinese handwriting, and the trademark in the certificate is written in printed or semi-cursive Chinese handwriting;

(b) cases in which the trademark in the drawing of the application is written in hiragana, and the trademark in the certificate is written in katakana, kanji, or romaji;

(c) cases in which the trademark in the application is written in arabic numerals, and the trademark in the certificate is written in Japanese numerals;

(d) cases in which the trademark in the application is written vertically, and the trademark in the certificate is written horizontally;

(e) cases in which the trademark in the application is written as "P" in a circle, and the trademark in the certificate is written as "P" in a square, or "P" in a triangle, or "P" in a circle inside a square ;

(f) cases in which the trademark in the application is a three-dimensional trademark, and the trademark in the certificate is flat, or vice versa;

2. The following general factors may be considered as examples in determining whether distinctiveness has been acquired:

- (1) whether the trademark and the goods or services have actually been used;
- (2) the date of first use;
- (3) the duration of use ;
- (4) the geographic area of use;
- (5) the scale of the volume of production, proof of licensing, or the scale of the business (number of shops, degree of business territory, sales, etc);
- (6) advertising methodology, frequency, and content;

3. For the factors (listed above) that may be considered, the following are methods of proof:

- (1) sales vouchers, sales slips, order slips, invoices, receipts, and accounting books;
- (2) printed materials that have advertisements, etc., within (newspapers, magazines, catalogues, leaflets, etc.)
- (3) pictures, etc., showing the trademark being used;
- (4) Affidavits from the advertiser, broadcaster, publisher, or printer.
- (5) Affidavits from unions or individuals in the relevant trade;
- (6) Affidavits from clients or agents;
- (7) Affidavits from consumers;
- (8) Affidavits from public organizations, for example (the government, local public groups, foreign embassies, chambers of commerce, etc.)

(e) Precedential Cases Some examples of precedential cases acknowledging distinctiveness include: "pasutaa" for medicine (Dai-han, April 10, 1928, Minsyu, Vol. 7, page 185); "Miyoshi" for shampoo (Tokyo High Court Decision, July 15, 1950, Ko-Minsyu, Vol. 3, No. 2, page 76); "Tokyo Ro-pu (Tokyo Rope)" for rope (Tokyo High Court Decision, October 31, 1967, Gyo-syu Vol. 18, No. 10, page 1398); "Gorufu (Golf)" for a few clothing articles, not all (Tokyo High Court Decision, May 14, 1970, Muta-syu, Vol. 2, No. 1, page 315); "Miruku Dona-tsu (Milk Doghnuts)" for donuts (Tokyo High Court Decision, September 17, 1974, Mutaisyu, Vol. 6, No. 2, page 257).

III. Negative Requirements

1. The Meaning of the Negative Requirements

The negative requirements are defined as "reasons not to register" or "bars to registration." The affirmative requirements for registration of a trademark are elements a mark must have, such as descriptiveness and so on. On the other hand, when a mark falls under the requirements defined in article 4, paragraph 1 of the Trademark Law, the mark will be refused registration, such that the requirements are said to be "reasons for refusal of registration." Similarly, because any one of the requirements can prevent registration, the requirements are also said to be "bars to registration." Therefore, when it is said that "a mark can't be registered if ... " the requirements are said to be "negative requirements."⁸

Because trademark law prevents unfair competition and protects trust in business, negative requirements regulate various types of items for the public benefit in order to avoid likelihood of confusion and misunderstanding of the quality of goods or services. This requirement can apply to any registrable trademarks in public use which satisfy the positive requirements in article 3 of the Trademark Law.

2. Types of unregistrable trademarks

Among various types of negative requirements, there are two categories of registration bars: "absolute bars" for public benefit (items 1, 7, 9, and 16) and "relative bars" for personal benefit (by a junior user of the mark) that are registrable under certain conditions (items after item 8). Because the latter category is regulated for personal benefit,⁹ any trademark can be invalidated. However, there is a specific, limited period for the junior party to initiate an invalidation proceeding (Section 47); after this period, such an avenue is foreclosed. Multiple bars to registration may be relevant to one trademark, however if only one applies, there is no need to apply the others. Therefore, trademark applications can be rejected for a wide variety of reasons.

Next, we will present, in numerical order, an outline of the absolute bars (items 1 to 7, 9 and 16, although 9 and 16 will be presented under the relative bars) and the relative bars (items 8, 10 to 15, 17 to 19, although relative bars 9 and 16 are absolute bars).

(1) Absolute Registration Bars (items 1-7)

(a) National Flag "Trademarks which are identical to or similar to the national flag, the imperial chrysanthemum crest, a decoration, a medal of merit, or a foreign nation's flag" (item 1).

These marks protect the dignity of a nation and others and prevents any individual who uses these marks from monopolizing them by using them as trademarks.

"National flag" means a flag which symbolizes Japan. "Chrysanthemum Crest" represents the Japanese Imperial Family. A "decoration" is awarded to an individual who contributes to Japan. A "medal of merit" is awarded to an individual who

⁸ Hereinafter, these reasons will be referred to as the bars to registration'

⁹ Japanese law does not allow registration through agreement of interested parties, unlike the British Consent law

contributes to Japanese society; there are Red, Green, Blue, Dark Blue, Yellow, and Purple medals of merit. A "foreign nation's flag" means a flag of a foreign nation.

The Trademark Examination Guidelines describes these trademarks as follows:

1. Decorations, medals and foreign nations' flags are defined as those that exist at the present time. Foreign nations are defined as nations with or without Japanese government acknowledgment.

2. Any trademark consisting of or comprising any feature of the National flag or a foreign nations' flag explicitly shall be considered to have similarity. Any design intended to harm the dignity of Japan or another foreign nation, even if there is no similarity, shall fall under the regulation in article 4, paragraph 1, item 7.

3. Any emblem designed as a chrysanthemum consisting of 12-24 petals or a part of any trademark having features of a Chrysanthemum Crest or the emblems described above explicitly shall be considered to have similarity except if they have the conditions set forth below:

(1) The diameter of the central area of the flower is longer than petals.

(2) One-third of the area of the chrysanthemum is covered by other designs or cut out.

(3) The central area of the flower is offset more than one-fourth from the center of the flower.

(4) The design of the flower shows no feature of an emblem, but instead shows biological features.

(b) Emblems of Allied Nations "Trademarks which are identical to or similar to a State coat of arms or other emblem (other than a national flag) of a country party to the Paris Convention ... or a Member of the World Trade Organization." (Clause 2).

This item prohibits registration of trademarks which are identical or similar to a State coat of arms or another emblem of a country party to the Paris Convention, World Trade Organization, or Trademark Law designated by the Japanese Minister of International Trade and Industry under the Trademark Law.

These trademarks are regulated for the dignity and the respect of international relationships. This item excludes the flags of other nations and the Japanese flag, which come under item 1.

The category "other crests of nations" includes all crests representing the dignity of an imperial family, a royal family, or a nation, such as emblems of an imperial family or royal family, or badges of governments or federations of states. These marks are

applicable only when the Minister of International Trade and Industry so designates.¹⁰ This item corresponds to the regulation of the Paris Convention Article 3 (1)(a) regarding the protection of Industry Property Rights.

(c) The Emblem of the United Nations "Any trademarks that are identical or similar to the emblems of the United Nations or other international organizations that have been designated by the Minister of International Trade and Industry" (item 3)

The importance of international activity heightens the value of international organizations to the level of independent nations. Therefore, in order to protect their publicity and dignity, it is inappropriate for any individual to monopolize the emblem of the United Nations or other international organizations.

International organizations are designated by the Minister of International Trade and Industry. This provision designates the title, the flag and the design of the flag of "the United Nations,"¹¹ the title and the crest of "the International Nuclear Power Institution,"¹² and the titles and the crests of "WHO," "UNESCO," "IMF," "WIPO," etc.

The Paris Convention adopted the concepts of this provision in 3(1)(b) of Paragraph 6 after the Lisbon Amendment.

(d) Symbol of the Red Cross "Any trademarks which are identical or similar to the Red Cross symbol on a white background or the title Red Cross, or Geneva Cross"(item 4)

The Red Cross is an outside, neutral international organization. The symbol has been regulated in order to protect it, because allowing it to be monopolized by a particular individual would be inappropriate. (Law Relating to the Restriction of Use of the Red Cross Mark and Name, etc., Based on the Red Cross Treaty, article 1).

According to the Trademark Examination Guidelines, "any trademarks having the Red Cross ensign on a white ground, or the title Red Cross or Geneva Cross (even partially) shall be in violation of this provision." (Id., p. 20).

(e) Seal of Official Identification "Trademarks comprising an official seal or sign that indicates supervision or certification by the government of Japan or by the Government of a country party to the Paris Convention or a Member of the World Trade Organization or a contracting party to the Trademark Law Treaty, or by a local public entity, that has been designated by the Minister of International Trade and Industry." (Item 5).

"Trademarks comprising a mark identical or similar to an official seal or sign which indicates supervision or certification by the Government of Japan or by the Government

¹⁰ The emblem of the Swiss Federation was designated by the Notice No. 19 of Commerce and Industry Department on March 1, 1935; the coat of arms of the German Federal Republic was designated by notice No. 239 of the International Trade and Industry Department at May 25, 1961.

¹¹ Designated notice No. 154 of International Trade and Industry Department in 1960.

¹² Designated notice No. 254 of International Trade and Industry Department in 1995.

of a country party to the Paris Convention or a Member of the World Trade Organization or a contracting party to the Trademark Law Treaty, or by a local public entity and which has been designated by the Minister of International Trade and Industry." (Item 5).

These official seals and signs cannot be registered to an individual, in order to maintain the authority in the supervision or certification. They have been limited to those that are designated by the Minister of Trade and Industry so that they can be handled with convenience. This provision is applicable to trademarks that are the same or similar to the seals or signs, including trademarks that contain the seals or sign only as a portion of the whole; such trademarks are unregistrable.

This provision is not applicable to seals or signs under the supervision or certification of a foreign country that is not a member of the Paris Convention, the WTO, or the Trademark Law Treaty.

This provision is based on article 6, 3(1)(a) and (2) of the Paris Convention. This provision includes the seals and signs of Japan and local public entities of Japan. Local public entities are defined as cities, towns, prefectures, villages and other normal local entities, the special district of Tokyo, unions of local entities, and property or local development enterprises (Local Self-Governing Law, article 1-2).

(f) Marks of Public Institutions "Any trademarks which are identical or similar to a famous mark indicating a State or local public entity, or an agency thereof" (Item 6)

Any marks which are identical or similar to a famous mark indicating a State or local public entity, or an agency thereof, or a non-profit organization or enterprise working in the public interest (item 6) shall not be open for monopolization by an individual, in order to protect the public interest.

"The government" means only the Japanese government. "Local public entities" are defined in the Constitution. "An agency thereof" indicates the agencies of the Japanese government and local public entities. "Entity in the public interest" indicates a non-profit organization. "Enterprise working in the public interest" indicates public utility companies for water, sewage, and the like.

According to the Trademark Examination Guidelines, page 21, "marks that come under this provision are marks that are famous and indicate cities, prefectures, towns, villages, municipal subways, streetcars, city buses, public water enterprises, universities, religious organizations, the Olympics, the IOC, the JOC, the Boys Scouts, JETRO, and the like."

The applicability of this provision shall be limited to famous organizations. Because there are a great number of marks for organizations contemplated in this provision, such as non-profit organizations, the public good is sufficiently protected. The issue of whether a mark is "famous" shall be decided on a case-by-case basis.

Since this provision was created as a bar to registration in deference to the authority of

the organizations, if one of these organizations applies for a trademark itself, it may obtain registration, as long as none of the other bars to registration are compromised. (Article 4, paragraph 2).

(g) Any trademark liable to contravene public order or morality "Any trademarks liable to contravene public order or morality" (No. 7)

Some marks are regulated for public order and morality. The question of whether public morality has been contravened depends on the norms of society. In other words, the answer to whether the public order has been damaged or not will be different based on the era and unique social phenomena.

The Trademark Examination Guidelines (page 22) evaluates this in the following manner:

1. A trademark liable to contravene public morality consists of or comprises characters or designs that impart violent, obscene, discriminative or unpleasant impressions to another. Even if the composition of the mark itself does not impart such impressions, this category includes those marks used on goods or in connection with services in such a way that is against the benefit of public society or general concepts of public morality.

2. Trademarks that are banned under other laws, trademarks that insult specific countries or the citizens thereof, or trademarks that contravene general international trust come under this provision.

A famous example of this regulation is the "SEIROGAN" case. (Dai-han, June 28, 1926, Decision Quick report, Extra, No. 3, page 187). Interpreted to mean "the conquest of Russia," this phrase was determined to be a contravention of public morality because it violated international trust. Another example is the title "Patent Engineering Doctor" (Supreme Court Decision, April 13, 1982, Quick Report No. 85, 2143; Tokyo High Court Decision, August 31, page 9 of 2757) and other similar trademarks consisting of the word Doctor as an academic "degree."

(2) Relative Registration Bars

Items 8-19, with the exception of items 9 and 16, are absolute bars to registration

(a) Portraits and names "Trademarks containing the portrait or name of another person or a famous abbreviation thereof" (Item 8)

ⓐ Portrait or name of another person, or name of a legal entity of another person, or famous translation thereof Trademarks containing the portrait of another person, or the name of another person, or name of a legal entity of another person, or a famous pseudonym, stage name, or pen name of another person, or abbreviation thereof (in the absence of consent) are barred from registration in order to protect the personal rights of the other person.

② **Definitions** "Another person" means any person other than oneself, either naturally existing in Japan at the present time, or a corporation other than one's own existing in Japan at the present time. A "portrait" is any portrait, even if not a dominant portion of the trademark, that displays a certain individual to the extent that he or she can be recognized, such that consent of the individual who is depicted is required. A portrait of a person who is altered or disguised is treated the same way if the person is recognizable. This definition is interpreted with respect to protection of individual profit. A "name of a person" is a natural person's first name and last name, that is, full name. An "appellation" - refers to the name of a legal entity.

③ **Meaning of Abbreviation** "A famous pseudonym, stage name, or pen name or abbreviation thereof. This restriction is limited to "famous abbreviations" only because there is no way to notify the public of assigned abbreviations, it would be difficult to identify them all, and because providing protection to all abbreviations would be too onerous. The language "abbreviation thereof" covers names of natural persons, names of legal entities, pseudonyms, pen names, and stage names, while "famous" covers pseudonyms, pen names and stage names. Of course, "another person" refers to every portrait or name. Pen names and stage names are required to be famous whereas personal names and names of legal entities are not (Tokyo Supreme Court February 22, 1969 Non-Body-Series; series 1 page 132). The legislative purpose of this provision was not the prevention of likelihood of confusion, but the protection of individual profit. However, the provision requires that a mark be something more than just a commonplace name. (There is a theory that says that a degree of fame and rareness is required, though it is the opinion of the author that such rareness is unnecessary).

④ **Consent of the other person** Consent of the other person is a requirement for registration; the applicant is required to submit a consent form. Without issuing an order to amend, the examiner shall refuse the application in the Office Action if there is no consent.

⑤ **Registration by Mistake** If a trademark registration is applied for without the consent of the person with the right to the name due to mistake, the rightholder can, without being limited by the trademark right, use his or her name or name of a legal entity in a normal manner (article 23). If a trademark registration is applied for without the consent of the person with the right to the name, said person can still exercise his right to his name or the name of the legal entity. In one example, even though a trademark right consisting of "Meiji" combined with a design was in existence, the Meiji Seika Company was able to use its company's name in a normal manner (May 17, 1934, Day and People Series; series 13 page 742). There are many similar precedents as well. However, an application for registration can be refused if the trademark would be likely to cause confusion, even with the consent of the other party concerned. (See item 15).

⑥ **Standard of Examination** The Trademark Examination Guidelines, page 23, describes the "standards" in the following way:

1. In this provision, "other person" means people who are alive and includes foreigners.

2. Consent is required when the name of the applicant and the name of the other person are the same.

3. In this provision, the degree of "fame" needed in making a determination should be considered in light of the relationship between the mark and the goods or services.

(b) Prizes awarded at an exhibition "Trademarks comprising a mark which is identical with, or similar to, a prize awarded at an exhibition." (Clause 9)

① **Prizes awarded at an exhibition** Trademarks comprising a mark which is identical with, or similar to, a prize awarded at an exhibition held by the Government or a local public entity (hereinafter referred to as the "Government, etc.") cannot be registered. This includes marks not held by the Government, etc., but designated by the Director-General of the Patent Office or at an international exhibition held in a foreign country by its government, etc., or a person authorized thereby (except where the recipient of such a prize uses the mark as part of his or her trademark).

This provision protects the dignity of a prize and prevents misunderstanding of quality. Regarding specific exhibitions, those people who win the award, and, of course, those who do not, may not register marks identical with or similar to a prize, since "prizes of an exhibition" are awarded to multiple individuals; if one person were permitted to register the prize, the use of others could cease to exist. This provision bars registration of not only "trademarks which are identical with, or similar to, prizes of an exhibition," but "marks which are identical with, or similar to" the prize mark. Its purpose is to prevent registration of marks that have the mark of the prize even as only a part, because such a mark could misdescribe the quality of the goods or services to consumers.

However, if the use of the mark as a part of a trademark by a prize recipient customarily exists and is not likely to cause misdescriptiveness, such a mark is registrable.

② **The meaning of prize** "Prize," under this provision, means a prize bestowed for merit, and does not mean goods or services bestowed as a good or service. The word "exhibition" in this provision means general exhibitions and competitions (The Trademark Examination Guidelines, page 24). However, this provision is only applicable to exhibitions held by the government, etc. or local public entities. If the exhibition is not held by the government, etc., but designated by the Director-General of the Patent Office, or international exhibitions held in a foreign country by that country's government, etc, or a person authorized thereby, this section applies.

The Trademark Examination Guidelines contains the following description: "1. "Exhibition" is to be interpreted broadly, and includes competitions. 2. "The person who is awarded the prize" includes the successor of this individual's business. (Id., page 24)."

(c) Well-Known Trademarks "Any well-known trademark or trademark similar to a

well-known trademark that is used by another person on goods or in connection with services or on similar goods or in connection with similar services." (Item 10).

① **Well-known trademarks** Trademarks that are well-known among consumers as indicating the goods or services connected with a particular business, and trademarks similar thereto that are used on the designated goods or designated services (item 10), are unregistrable. In general, "well known trademark" is a shortened way to describe a trademark that is widely recognized by relevant consumers.

② **The meaning of a well-known trademark** "Well-known trademark" means any trademark indicating goods or services of a certain business that is widely recognized among consumers in Japan at the time of filing of the trademark application. The range of well-known recognition can be either national or local. (The Trademark Examination Guidelines, page 25-1) However, because under this provision, an unregistered mark is protected to the point that another application for registration may be blocked, it is required that the mark be relatively known by merchants in the relevant trade in the major national markets, or at least by relatively overwhelming numbers of merchants in the relevant trade in bordering prefectures.¹³

The determination of whether a mark is well-known is a case-by-base determination, and depends on the characteristics of the goods or services, the period of use, and the volume of the goods or services provided. The period of the use, however, has no specified minimum limit. Some marks may become well-known after only a short period of time due to the use of advertisements, while others become well-known after a long period of time without advertisement. Whether a mark is well-known or not should be determined under the objectives of this provision.

③ **The degree of recognition** The term "widely recognized" is the same as the one used in the definition of defensive marks (article 64) and as in the definition of the factors relating to the derivation of prior use rights (article 31, section 1). In the context of prior use rights, the term "widely recognized" must be interpreted less strictly than in this provision, because protection of prior use is contemplated. However, from the perspective of this law, the term "widely recognized" means "famous" for defensive marks. (Shibuya, page 299).

The concept of well-known trademarks are contingent on the goods or services being used and cannot be considered in terms of the mark itself, separated from the goods or services. Therefore, in order to protect well-known marks, it is overly narrow and insufficient to only protect identical marks. In examining a well-known mark, one must look beyond the mark itself, because the factors for examination as to similar trademarks are expanded as well. On the other hand, in terms of examination factors, only goods and services of a well-known mark, or goods and services of a mark similar to a well-known mark, are expanded. Depending on the situation, protection under this

¹³ Meaning of "Trademarks widely recognized among consumers" in the sense of Art. 4, Para. 1-10, by Tatsunori Shibuya, Jury No. 878, page 110; The "overwhelming number of dealers" requirement and "bordering prefectures" requirement are shown in Supreme Court Decision, September 17, 1985, Quick report No. 125, 3320; and Tokyo High Court Decision, June 16, 1983, Mutaisyu, Vol. 15, No. 2, page 501.

provision can be insufficient; even if a mark is identical to a well-known mark, if the goods or services are different from the those of the well-known mark, the well-known may not be protected. However, the examination will be based on the particular situation, and the well-known mark could be protected under the likelihood of confusion principles of clause 15, or through an injunction under the Unfair Competition Prevention Law. (Article 3, section 1).

④ Well-known marks and registration It is natural to be able to receive a trademark registration for one's own well-known marks. However, if an identical or similar well-known trademark exists in a different region, it will not be possible for that same mark to be registered, since the range of the trademark right extends nationwide.

As for famous trademarks in foreign countries, even if such a mark has not been affixed to goods and used in Japan, in the event that it is widely recognized as famous by Japanese consumers, the trademark will be considered a well-known mark in Japan. However, no matter how famous a mark is in a foreign country, if it is only well-known in the foreign country (even if the mark is extremely famous in the foreign country), and it is not known in Japan, it will not come under this provision.

The Trademark Examination Guidelines, page 25, provides the following explanation:

1. "Widely recognized trademarks among consumers" includes trademarks not only widely recognized by the consumer who is the end-user, but trademarks widely recognized by merchants in the relevant trade. Furthermore, it includes not only trademarks widely known nationally, but those widely known regionally.

2. For this provision to be applicable to a cited trademark, the trademark must be widely recognized among Japanese consumers at the time of the filing of the application. (See article 4, paragraph 3).

3. The method for proving "wide recognition" of a trademark, and the examination thereof can be found in The Trademark Examination Guidelines, No. 2-2 (article 3, section 2).¹⁴

4. When evaluating the degree of "wide recognition" a trademark has relating to particular goods or services of a business,¹⁵ the specific conditions of the trade of those goods or services must be sufficiently considered.

5. As for the degree to which foreign trademarks are "widely recognized," when documents are submitted that go to the fact that a mark is well-known in a foreign country, such as documents showing records of exportation of the goods to a number of foreign countries, or the provision of the services in a number of foreign countries, these documents must be sufficiently considered.

¹⁴ For standards of examination of distinctiveness based on use, see page 120 supra, paragraphs 2 and 3.

¹⁵ Some examples include, goods circulating in a specific market, such as medicines for medical treatment, or services provided only in a limited market, such as experimenting and testing or research of medicines.

⑤ **The legislative intent of this provision** Regarding the intent of this provision, it was drafted to be either a provision that protects the public good by preventing the confusion of the origin of goods and services, or a provision that protects the status of prior trademark usage for personal benefit. Which legislative intention is correct depends on which theory and legal precedent one consults. (The former theory is supported by Adachi, page 30; and Dai-han, May 12, 1915, Min-roku, No. 20, page 382; the latter theory is supported by Amino, page 341; Toyozaki, page 365; Kaneko and Someno, page 439; Shibuya, page 269; and Dai-han, October 30, 1928, Minsyu, Vol. 7, page 951. The latter is more controlling.) The legislative history of this provision is seen as a compromise theory focusing on the former idea, whereas the latter idea appears to be the theory that is actually employed in practice. However, there is no need to take only one and exclude the other, because the protection of a well-known trademark itself has the effect of protecting the consumer, such that is appropriate to think of focusing on the latter theory while considering the former theory's likelihood of confusion as to goods and services.

⑥ **Good faith and well-known trademarks** The circumstances surrounding "wide recognition" must be brought about through good faith. General case law reveals that "wide recognition" is limited to cases of "good faith," and that "bad faith" cases are not awarded. If trademarks were protected solely for the monopoly value, the question whether conscientious bad faith would not be a problem. However, the reason for providing trademark protection for the benefit of status is rooted in the protection of fair competition for companies. Therefore, any status of popularity caused by bad faith is not appropriate to be protected.

(d) **Prior application** "Trademarks that are identical with, or similar to, another person's trademark registration, but having an application date prior to the other person's date of registration, that are used for goods or services that are similar to the designated goods or services of that other person's registered trademark." (Item 11).

⑦ **Registration with prior application date** Trademarks that are identical with, or similar to, another person's registered trademark that are applied for prior to the filing date of the trademark application concerned, and which are used on the designated goods or designated services covered by the trademark registration referred to or used on similar goods or services (Item 11) shall be unregistrable. This kind of trademark cannot be registered under "first-to-file" (article 8) and "registration-based" systems. In addition, in order to prevent confusion as to source of goods or services, marks that are identical with, or similar to, registered trademarks or service marks cannot be registered.

Even if a trademark registration is obtained for a mark whose application date is subsequent to another mark, that is, even if a subsequently filed mark is registered before a mark with a prior application date, the mark with the prior application date shall not be refused. Where the current law says "[t]rademarks ... (related to) another person's registered trademark applied for prior to the filing date of the trademark application" the old law formerly read "trademarks ... (related to) another person's registered trademark." Because of this, when a subsequently filed application would reach registration first, the illogical result of the prior application being refused would

occur. Therefore, in consideration of first-to-file principles, the text was amended. Now, when a subsequently filed application is registered first, the prior application remains valid, causing a temporary double registration situation. (Eventually, the subsequently filed application will be invalidated, and then adjusted, being afforded a mandatory or compulsory license which will be discussed later.

The applicability of this provision cannot be waived, even if the trademark owner who is the prior user consents. This is unlike the consent system of the English Trademark Law, in which, to the extent that confusion will not be caused, a prior applicant can acknowledge an adjustment of rights through an agreement, allowing registration. Further, the applicability of this provision cannot be avoided, even without the use of the registered trademark, unlike in Germany, where the effect of a subsequently filed application that becomes registered first can be affected by non-use.

This provision is mainly intended to be either a provision that protects the public good by preventing confusion regarding the origin of goods and services, or a provision that protects the status of prior trademark usage for personal benefit.

② The intent of this provision Regarding the legislative intent of this provision, there are two theories: first, that the purpose is to protect a trademark owner's right; and second, that the purpose is to prevent likelihood of confusion of the origin of goods and services. (The former concept is described in TOYOSAKI page 367 and the latter concept is described in Article Guide page 1004) A case decided under the old Trademark Law ruled that even with an agreement, a registration could be cancelled. (Dai-han, March 10, 1931, newspaper 3246, page 10) Another case expressed the legal opinion that the intent was to protect the trademark owner's right, and at the same time to prevent confusion relating to goods and services among general dealers in the trade.

③ Designated goods and services Under this provision, "designated goods and services" means those goods and services described in article 6 section 1 (including the case corresponding to article 68, section 1) of the Trademark Law. The meaning of "'identical with' and 'similar to' a registered trademark," and the meaning of "'identical with' and 'similar to' designated goods and services are, in practical terms, extremely important, and will be described separately in chapter 7 section 2 (page 171 below).

(e) Defensive Mark "Trademarks that are identical to another person's registered defensive mark and that are used on the designated goods or designated services covered by the defensive mark registration"(Item 12)

① The intent of the provision The use of a registered defensive mark with respect to the designated goods or designated services shall be deemed to be an infringement of the principal trademark right.(Article 67, item 1). Therefore, the types of trademarks that cause likelihood of confusion of these kinds of goods or services cannot be registered. (Item 12).

② Defensive marks identical with prior registration Unlike item 11, this provision does not contain the language "related to another person's prior application." Therefore, even if there is a defensive mark application pending having a prior application date,

because it is not yet registered, this provision cannot be invoked. However, if a trademark registration exists and the mark has already become famous before that defensive mark application, the provision may be invoked, under item 15, regulating "any trademarks having a risk of likelihood of the confusion of goods and services."

Protection of defensive marks is limited as to goods and services of identical marks; the provision cannot be invoked when trademarks and goods or services are only similar to one another. In addition, most of these cases will be resolved under item 15.

③ Standard of Examination The Trademark Examination Guidelines, page 36, states the following with respect to this provision:

1. Trademarks that come under this provision are limited to ones that are identical to a registered defensive mark. Any trademark that is similar to a registered defensive mark or is identical with, or similar to, a portion of a registered defensive mark, and is used for designated goods or services that are related to those of a registered defensive mark, or, any trademark that is identical with a defensive mark or is identical with, or similar to, a portion of a registered defensive mark, and is used for designated goods or services that are related to those of a registered defensive mark do not come under the subject provision, but, rather, come under Article 4, paragraph 2, item 15.

(f) Registration prohibition immediately after extinguishment of the trademark right Trademarks which are identical or similar to another person's trademark where one year has not elapsed since the date of extinguishment of the trademark right, and which are used in respect of the designated goods or designated services covered by the trademark right or in respect of similar goods or services, are not registerable till the year has passed. (Item 13).

① The Meaning Trademarks that are identical or similar to another person's trademark where one year has not elapsed since the date of extinguishment of the trademark right, and which are used in respect of the designated goods or designated services covered by the trademark right or in respect of similar goods or services are unregistrable for that period. Trademarks that are identical with, or similar to, another person's trademark where one year has not elapsed since the date of extinguishment of the other person's trademark right, or from a judgment cancelling the mark, or from a cancellation hearing within the Patent Office in which the mark was cancelled, may be likely to cause confusion as to source among consumers if used in connection with identical or similar goods or services within about one year from said date. Because it was thought best to prevent these marks from being registered, these kinds of marks are included as a registration bar. Therefore, if an expired mark had not been used in over a year, there would be no likelihood of confusion as to source of goods or services, such that it is alright to register the mark, (the prohibition is waived).

② Legislative intent The intention of the legislature in passing this provision is to prevent confusion of the origin of goods where a trademark is identical to a mark that was registered but has become extinguished, and about which an impression may still remain among consumers. It is believed that a one year prohibition of use is necessary

in order to provide a period for the prior impression to dissipate. One theory says that, in the case where a trademark has existed through its whole term but the owners missed the opportunity to renew the registration, this regulation gives them preference in filing a new application. In cases where a trademark registration issues in violation of this provision, even if more than a year has elapsed from the date of extinguishment, and even though there is no likelihood of confusion, a cancellation proceeding could be brought against the mark under item 13, raising an inconsistency in the law. (Amino, page 360; Hanabusa, Kaisetsu, page 621).

③ Extinguishment of the trademark right "Extinguishment of the trademark right" means that a valid trademark right is lost, due to satisfaction of the full term, cancellation of the registration, the non-existence of a successor-in-right, abandonment, and the like.

Because "cancellation" should not be included as a cause of "extinguishment," there has been criticism of the legislative drafting of this provision. Critics have found error in putting extinguishment and cancellation in the same provision, using "or" between the terms instead of using making cancellation a parenthetical.

(g) Registered name of a legal entity under the Agricultural Seed and Seedlings Law

Trademarks which are identical with, or similar to, the name of a variety registered under the Agricultural Seed and Seedlings Law, and which are used on the seeds or seedlings of the variety concerned or in respect of similar goods or services. (Item 14).

① Registered name registered under the Agricultural Seed and Seedlings Law

Trademarks which are identical with, or similar to, the name of a variety registered under article 18, paragraph 1 of the Agricultural Seed and Seedlings Law, and which are used on the seeds or seedlings of the variety concerned or in respect of similar goods or services (item 14), are unregistrable. The goods under this paragraph are goods in class 31. Under the Agricultural Seed and Seedlings Law, a person who cultivates a variety can register the variety¹⁶ (article 3, paragraph 1 of the Agricultural Seed and Seedlings Law). The registrant is required to list the name of the variety on the application (article 5, paragraph 1 of the Agricultural Seed and Seedlings Law). The purpose of this is to prevent double registration (article 9, paragraph 1 of the Agricultural Seed and Seedlings Law). The person who cultivated the variety has a 20 year monopoly (increased to 25 years for long-life plants) (article 19, paragraph 2 of the Agricultural Seed and Seedlings Law). During the term, the person has the exclusive right to use the registered variety. Because there is no need to use the Trademark Law to protect the person to whom a registration was given under the Agricultural Seed and Seedlings Law, the registration bar is in effect.

② Change of a registered variety name into a common name after the protection period Because most variety names become common names after the period of protection under the Agricultural Seed and Seedlings Law and are no longer capable of

¹⁶ This right also passes to the heirs and assigns of the person registering the variety.

being distinctive, even the person to whom the registration was given under the Agricultural Seed and Seedlings Law will not be allowed to register the name under the Trademark Law. The Trademark Examination Guidelines reads, "after the registration period, the name of a variety registered under article 12-4, paragraph 1 [article 18, paragraph 1 after the 1998 amendment] of the Agricultural Seed and Seedlings Law is considered to come under the provisions of the Trademark Law, article 3, paragraph 1, items 1 or 3;" therefore the name is refused because it indicates a common name or variety (id., see page 38).

(h) Confusing trademark Trademarks which are liable to cause confusion with the goods or services connected with the business of another (other than the trademarks mentioned in paragraphs 10 to 14) are not registrable (item 15).

① **Intent of the paragraph** This paragraph is a blanket provision covering items 10 to 14 created for the purpose of protecting personal rights. This provision is provided as a provision separate from item 16, which sets forth a registration bar for marks that mislead as to the quality of the goods or services. The provision creating a right of incontestability after a period of time (Article 47 prohibits trials challenging a trademark registration after a period of time) applies to this provision, except where the registration was obtained with unfair objectives.

② **Character of the provision** According to judicial precedent and tradition under the old Trademark Law, this provision has a public benefit aspect, and could overlap in its applicability with other provisions that use public benefit principles to prevent confusion (see, for example, old items 8 and 9). In contrast, the current Trademark Law includes the phrase, "other than the trademarks mentioned in paragraphs (x) to (xiv)," thereby making it clear that this provision does not overlap in its applicability with other provisions. However, there is criticism that because this provision protects both the public good and personal benefit, it is more appropriate from the viewpoint of legislative intent to apply this provision in the same overlapping manner as in the old Trademark Law (Toyosaki, page 373).

③ **Confusion as to source of goods and services** Whether or not a trademark is "likely to cause confusion" should be judged by considering not only the trademark itself but also circumstances in the business world. In making the determination as to confusion, the similarity of trademarks or the similarity of goods or services are not absolute factors to be considered. It is enough to judge whether there is a concrete likelihood of confusion with goods or services connected with another person's business. Particularly, in the case of a famous trademark, confusion can extend beyond the range of similarity of goods or services, and includes the tendency of a business to diversify. The potential applicability of this provision expands even to cases in which no competitive business relation exists.

④ **Examination standard** The Trademark Examination Guidelines regarding item 15 states as follows (see pp. 39 to 41):

1. In this paragraph, "Trademarks which are liable to cause confusion with the goods or services connected with another person's business" refers to the case in which the

trademark is liable to misidentify the goods or services as goods or services connected with another person's business, therefore creating a likelihood that consumers of the goods or services will be confused regarding the source of the goods or services. It also covers the case in which the trademark is likely to misidentify the goods or services as goods or services of another person who is connected to the trademark holder economically or organizationally, therefore creating a likelihood that consumers of the goods or services will be confused regarding the source of the goods or services. The following is an example:

(1) Suppose a businessman "A" uses a mark (M) in respect of goods G in connection with his business and the mark (M) is well-known throughout the country. Then suppose a businessman "B" uses the mark (M) in respect of his goods X in connection with his business (the goods X are not similar to the goods G, and there is no relationship between them regarding manufacturers, sellers, networks, materials, or uses). Even if consumers of the goods X do not recognize the goods X as goods in connection with A's business, the consumers misidentify the goods X as being connected to businessman A's subsidiary company or the like (A1, who actually does not exist, is assumed to be the source), and confusion as to source of the goods occurs.¹⁷

(2) In another example, suppose businessman A uses the mark (S) in respect of services in connection with his/her business and the mark (S) is well known throughout the country. And suppose businessman B uses the mark (S) in respect of goods (which is not similar to the services in connection with A's business) in connection with his/her business. If consumers of the goods misidentify the goods as goods in connection with A's side business there is a likelihood they will confuse the source of the goods.¹⁸

2. In determining whether or not "trademarks are liable to cause confusion with goods or services connected with another person's business," the following factors should be considered:

- (a) degree of recognition of the other person's mark (degree of advertising and diffusion thereof);
- (b) whether or not the other person's mark is a creative mark;
- (c) whether or not the other person's mark is a house mark;
- (d) the possibility of the other person's business expanding into related areas (also known as the possibility of "bridging the gap"); and
- (e) relatedness between the respective goods, or between the respective services, or between the respective goods and services.

3. The method of proof used for 2 (a) above can also be used for paragraphs 2-2 and 2-

¹⁷ This case can also be applied to services. In the case where A's business and B's business are related to services, the word 'goods' can be replaced with the word 'services', and the phrase 'there is no relationship between them regarding manufacturers, sellers, networks, materials, or uses' can be replaced with the phrase 'there is no relationship between them regarding goods or the like related to the service provider, service method, or uses.'

¹⁸ This example can also be reversed to the case where A's business relates to goods and B's business relates to services.

3 in the Trademark Examination Guidelines (article 3, paragraph 2).

4. A trademark partly including another person's famous trademark will be treated as follows:

(1) Where a trademark is similar to another person's famous registered trademark and the trademark is used in respect of goods or services which are the same, or similar to, the designated goods or designated services of the registered trademark, the trademark is considered to come under the article 4, paragraph 1 of item 11;

(2) Even where a trademark is considered not to be similar to another person's famous trademark, or the trademark is considered to be similar to another person's famous trademark, but the respective goods or services are considered not to be similar to each other, this provision will apply when there is a likelihood of confusion of the source of goods or services.

(3) Where a trademark is found to be similar to another person's famous trademark, but the goods or services are not similar to each other and there is no possibility of confusion of the source of goods or services, if the trademark is used for the purpose of unfairness, the case is considered to come under article 4, paragraph 1, item 19.

5. Trademark applications may be refused under this provision by citing a famous mark. This includes a mark that is recognized by consumers in Japan (it is not necessarily required that end-user consumers recognize the mark) as a famous mark in foreign country at the time of the application (see article 3, paragraph 3). This is because, if the applicant uses the trademark indicated in the application, there will be a likelihood of confusion as to source of goods or services.

6. In determining whether or not there is likelihood of confusion of goods or services relating to another person's business, the actual individual conditions of the business should be considered.

7. If the trademark in question is a three-dimensional trademark showing the configuration of a building that is widely recognized in Japan as another person's building before the application, this provision is applicable. Examples of appellate decisions in which this provision has been applied are shown on page 87 of Nakamura.

A recent judicial decision affirmed the applicability of item 15. The trademarks in question were comprised of "kome" ("rice" in kanji) in a circle and the wording "maruyone" ("rice in a circle," in katakana) beneath the circle. (Tokyo high court, February 15, 1996, No. 250-7077).

Another recent judicial decision denied the applicability of item 15. In this decision, the court ruled that there was no likelihood of confusion between the registered trademarks "NOVIGEN" and "nobigen" (in katakana, used for a vinyl house cleaner) and the famous "Bigen" (in katana) and "Bigen" for hair dyeing liquid (Tokyo high court, November 22, 1995, Vol. 27, 4, p.855). The applicability of item 15 was also denied because there was no likelihood of confusion between "Sanansonii" (in katakana) and

"Sony" (in katanaka) (Tokyo high court, March 27, 1996, No. 250-7123). Finally, a lower appellate decision applying item 15 was vacated since a possibility of confusion between "pora" (in katakana), which is an abbreviation of "Polaroid" (in katakana), and "POLA," judging that "pora" is not fixed as the abbreviation of "Polaroid" (Tokyo high court, February 7, 1996, No. 250-7072).

(i) Misleading trademarks as to quality "Trademarks liable to be misleading as to the quality of the goods and services" (item 16).

① Misleading as to quality of a product or service The terms "product quality" and "service quality" have a broad meaning as to the special qualities of a product or service. The phrase "misleading as to product quality or service quality" could mean that the consumer is misled as to the goodness or badness regarding an identical product or service, or it could mean that the consumer is misled as to the kind of product or service. When the place of origin of the goods or services is misrepresented, it could be a case in which consumers may simply be confused as to source of the product or service, or it could be a case in which such confusion further misleads consumers as to quality of the product or service so that the consumer is led to believe that the producer of the goods or provider of the services is excellent.

② Character of the provision This provision protects the public good, such that incontestability (the certain period after which a person cannot challenge a trademark based on certain provisions) is not applicable (article 47). Thus, this provision is one of the absolute statutory bars. Whether or not a trademark is subject to this provision is determined in light of common societal thought and of objective considerations. Of course, subjective intent in misleading consumers as to quality of a product or service is not a required factor.

③ The Trademark Examination Guidelines The following is written in the Trademark Examination Guidelines (Pages 42-43) regarding item 16:

1. Regarding the phrase "trademarks liable to be misleading as to the quality of the goods and services," without making an inquiry into whether the quality actually exists in the product or service, the question is whether there is a possibility that consumers will be misled as to the quality of the goods or services.

2. When an examiner issues an office action rejecting registration of a mark for certain goods or services based on the possibility that consumers will be misled as to quality, an amendment may be made as to the goods or services eliminating the possibility of misconception as to quality thereof. Such amendment must be made within the scope of the goods or services at filing, but shall not be accepted by the examiner if the amendment changes said scope.

3. When a trademark is used in connection with goods or services produced or sold in a country or place other than the claimed country or place, this provision shall be applicable because the trademark may mislead as to the quality of goods or services. Examples of trademarks that are contemplated include marks that indicate the quality of a product's place of origin or sale, or special quality of the content of a service, or the

place that a service is provided, including those trademarks comprising a name of a nation or place, and the like.

This provision, however, may not be applicable if the trademark is used without actually misleading as to the quality of the goods or services. Some examples include:

(a) A trademark contains the word "England" for goods relating to clothing, in which the designated goods are "western clothing made in England";

(b) A trademark that contains the word "France" for services relating to the provision of food and drink, where the designated services are "French cooking services."

Also, a term such as a name of a nation or place indicating a place of origin or sale of goods, or a country name indicating a quality of service, which is used only as a minor element of the mark, may be deleted by amendment.

4. When the wording or a design of a trademark purports to guarantee the quality of goods or services ("XX Exhibition's Gold Medal Received" or "XX Minister's Prize Received"), evidence shall be required to prove the fact. If the fact is not proven, this provision shall be applicable, except where the trademark is refused under Article 4, paragraph 1, item 9.

5. Where a trademark additionally contains a minor element such as "JIS," "JAS," "Patent," "Utility Model," or "Design Patent," this provision shall be applied thereto unless such term or figure is deleted by amendment.

④ Regarding a recent case applying item 16, a trademark application "TANINO CRISCI" for clothing was challenged by the famous shoe company Tanino Crisci S.R.L. The court refused the application, applying item 16. (At Page 102, Hanji 1596th, December 12, 1996, at the Tokyo High Court).

(j) Trademarks comprising a mark indicating an origin of wines or spirits
Trademarks comprising 1. a mark indicating an origin of wines or spirits in Japan that has been designated by the Director-General of the Patent Office or 2. a mark indicating an origin of wines or spirits in a Member of the World Trade Organization prohibited for use on wines or spirits not originating in the claimed region, which are used on wines or spirits that do not originate in the claimed Japanese or member region." (Item 17).

This provision is provided in accordance with the TRIPS Agreement, article 23 - 2. Unlike item 16, this provision is applied regardless of whether or not customers may be misled. This item, in line with the treaty, was passed as a technical provision so that Japanese wine and spirits would not be at a disadvantage. The Trademark Examination Guidelines, page 44, states the following.

1. This provision, for example, shall be applicable not only to a mark indicating an origin of wine or spirits using local lettering styles, but also includes marks that use

other lettering, such as the katakana rendition or another translation.

2. The "wine" defined in this provision shall include alcohol rich grape wines. In addition, "spirits" shall include, for example, awamori, shochu, whisky, vodka, brandy, rum, gin, kaoranchu, paikaru, and so on, but shall not include liqueurs.

(k) Functional three-dimensional shapes A three-dimensional shape that is functionally indispensable (Item 18).

"Trademarks consisting solely of a three-dimensional shape of goods or packaging where the shape of the goods or packaging being indispensable to their functions."

Regarding the shape of a product or the shape of the packaging of a product, when the shape is indispensable to the function of the product, the exclusive use of the shape by only one business cannot be permitted. If such a monopoly were allowed, the trademark owner would have a monopoly on the production and sale of the product. Such a situation would hamper industrial development and prevent a fair and free competitive order, which would also violate the legislative purpose of the Trademark Law, as stated in article 1.

Therefore, this provision is provided as one of the statutory bars.

Originally, indispensable shapes were not entitled to registration as trademarks, even if the shape became distinctive through use (article 3, section 2).

A critical question is whether it is necessary to permit copying where a three-dimensional trademark has been used for many years and comes to have distinctiveness, in order to protect the function of the shape of the goods or services. One factor to consider is whether the mark is comprised of only the indispensable three-dimensional shape, that is, whether or not it is possible to avoid the shape with an alternative shape. Furthermore, if a three-dimensional trademark is made of a combination of an indispensable shape with an alternative shape, the problem can be remedied by selecting the alternative shape. The Trademark Examination Guidelines, page 45, explains as follows:

1. In making determinations under this provision as to the applicability of article 3, paragraph 2, in advertisements and business documents, etc., in which the shape of the product or packaging of the product is noted as an actual advantage of the product or packaging such that the function is shown off and focused upon, the following points are considered in particular:

(a) Whether or not there is a latent alternative shape that can secure the function;

(b) Whether or not the alternative three-dimensional shape of the product or product packaging may be produced at a similar or lower cost.

Even if the three-dimensional shape is indispensable to the function of the product or product packaging, the shape of the trademark must mirror the shape of the product or the shape of product packaging, such that the trademark would fall under

article 3, paragraph 1, item 3. Therefore, the problem with the application of this provision is that the trademark is recognized as falling under article 3, paragraph 2.

(I) Famous Trademarks Trademarks that are well-known among consumers in Japan or abroad as indicating the goods or services associated with a particular business, and trademarks identical or similar to them that are used by the applicant in bad faith¹⁹ (other than the trademarks mentioned in each of the preceding paragraphs) in respect of such goods or services. (Item 19).

① **Intent of this provision** This provision was added with the revision of 1997. The purpose of this provision is stated in a report on the revision, which reads as follows: "In the current information society, a famous trademark that has achieved national recognition, fame, goodwill and praise through large-scale advertising utilizing multiple media or through the accumulation of strenuous company efforts, and that has transcended the original framework of merchants, consumers and business area, may attract consumers, even if the mark is used in connection with goods or services completely unrelated to the goods or services previously associated with the famous trademark, so that the trademark itself is construed to be a precious intangible property.

Recently, third parties have plotted to take "free rides" on these famous marks, resulting in the dilution of the ability of the mark to indicate source, resulting in increased demands for protection.

Furthermore, with the vitalization of international exchange of products and persons, it has become more important to protect marks that are well-known and famous in foreign countries.

Formerly, an application for a well-known trademark in Japan or a foreign country that is made by an applicant in bad faith would fall under the provisions of article 4, paragraph 1, item 7 (violation of the public good) and item 15 (confusion of source) of the Trademark Law. The Revisions of 1997 instead added article 4, paragraph 1, item 19 as a statutory bar, which then made it clear that trademarks applied for with an unfair intention (bad faith) would be prevented from reaching registration."

② Requirements

(a) "A trademark widely recognized in Japan or a foreign country The first requirement is: "A trademark that is widely recognized among consumers in Japan or abroad as indicating the goods or services that are connected with another person's business."

The term "a trademark which is widely-recognized among consumers" is used in at least three kinds of provisions in the Trademark Law. The first is the provision on prior use (article 32); the second is the provision regarding refusal to register based on a well-known trademark (article 4, paragraph 1, item 10); and the third is the provision on

¹⁹ I.e. an intention to gain an unfair profit, intention to cause damage to such another person and other unfair intentions.

defensive marks (article 64). In each type of provision, a different level of the degree of fame prevails.

The Report on the Revisions of 1996 appears to include famous trademarks as well as well-known trademarks. However, the provision newly added by revision could not focus solely on well-known trademarks in Japan, because if that were the case, it would completely overlap with item 10. Furthermore, in looking at the degree of fame in a foreign country that would trigger the applicability of item 10, it is assumed that the mark is known in Japan. If this were not the case, the protection afforded foreign marks would be too much. Foreign countries do not protect their own marks to that extent, neither do they expect other countries to afford such strong protection. Therefore, some interpret this provision to mean "famous trademarks in Japan and abroad."

The Report does not differentiate between "well-known" and "famous" with clear distinction and the terms are often confused. The focus of this provision is considered to be the unauthorized registration of famous trademarks in foreign countries where the marks have not yet been registered or the bad-faith registration of well-known marks in foreign countries. However, it is also construed to include trademarks well-known in foreign countries, and, through strict application, limit subjective unfair competition intentions. The focal point of this provision is preventing the registration of foreign trademarks intended to be used for unfair competition.

(b) Protection of not only "identical" trademarks, but also "similar" trademarks

The standard for similarity in this provision is interpreted more narrowly than in item 10, and is aimed at preventing an applicant who registers a mark with an unfair intention ("bad faith") from profiting. If the degree of similarity is not interpreted to be something close to "identical," some critics claim that the result would be over-protection of foreign trademarks to the point that domestic companies would be adversely restricted in the selection of trademarks as a business activity. While foreign companies also file trademark applications in Japan, unduly broad protection of foreign trademarks could result in protection exceeding that granted in the foreign country, resulting in criticism." The theory states that, "the range of the degree of similarity is defined to the extent that it is easily conceived." The above explanation regarding over-protection is considered to be fair, but it is broader than the standard for "likelihood of confusion."

(c) "Trademarks which are used for unfair intention" The requirement "used for unfair intention (intention to gain an unfair profit, intention to cause damage to another person and other unfair intentions, or "bad faith")" was included in the provision as a limitation to its applicability.

Regarding the meaning of "unfair intention," the Report on the revision states the following: "the provision may apply not only to an intention to gain unfair advantage (including objectives of unfair competition) but also to the intent to violate the fair business order and faith, including the intent to damage another person (for example, financial damage, loss of trust, and otherwise tangible or intangible damage) even though there is no competitive business relationship. While "unfair intention" is very difficult to determine, it may be determined by generally considering objective facts,

such as the degree of wide recognition or fame of the mark, the relationship between the applicant and the well-known or famous mark of the user, and the condition of the trademark (originality, for example). However, the concept of "unjust use of fame" is considered easier in terms of establishing and determining damages.

The Trademark Examination Guidelines (page 46 and 47) comments in the following manner:

1. The following are examples of trademarks come under this provision:

(a) a mark for which a person seizes an opportunity and files a trademark in Japan that is identical or similar to a well-known trademark of another person in a country other than Japan, in order to sell at a high price," "a mark for which a person files a trademark with the intention of preventing a foreign trademark owner from entering the Japanese market, or a mark for which a person files an application in order to compel a foreign company to issue him a license as a domestic representative;

(b) a mark for which a person files an application that is identical or similar to a mark known across Japan, not to cause confusion as to source, but to dilute the original mark's ability to indicate source and to damage the fame of the mark.

2. "A trademark which is widely recognized among consumers" in this provision shall include not only trademarks widely recognized by end-user consumers, but also by merchants.

3. "A trademark which is widely recognized among consumers in a foreign country" in this provision is required to be well-known in the foreign country, but not necessarily required to be well-known in several countries. Also, it is not necessary that the mark be well-known in Japan.

4. When determining whether "unfair intention" exists, for example, in the event that there is physical evidence as shown in (a) through (f) below, the said physical evidence must be sufficiently considered.

(a) Evidence showing that the trademark of another is well-known to consumers (such as period of use, region of use, or frequency of use).

(b) Evidence showing whether or not the well-known trademark comprises a coined word, or whether or not the trademark's composition has conspicuous features.

(c) Evidence showing that the owner of the well-known trademark has a concrete plan to enter the market in Japan (for example, exports into Japan or sales within Japan).

(d) Evidence showing that the owner of the well-known trademark is planning to enlarge his business scale in the near future (for example, a new business or the start of a business in a new region).

(e) Evidence showing that the applicant has offered to the owner to buy the

application, to take a license as a representative and so on.

(f) Evidence showing that if the applicant uses the trademark, there may be a possibility of damaging accrued goodwill, fame, and attraction to the mark.

IV. TIMING OF DETERMINING WHETHER THERE IS A STATUTORY BAR

Timing is critical in determining whether or not a statutory bar applies. Article 4, paragraph 3 states that "items 8, 10, 15, 17 and 19 of article 1 shall not be applicable if the mark does not come under the said provisions at the time the trademark application is filed."

In other words, if marks do not fall under items 8 (portrait of another), 10 (well known trademarks), 15 (confusion), 17 (names of origin of wine, etc.) or 19 (trademark well known in Japan and abroad) at the time of filing, even if such marks come to be under these provisions at the time of examination, these provisions will not apply. This rule is provided in order to remedy the harsh predicament of a trademark that did not violate any of the provisions at the time of filing, but later came to be under one of the provisions, being deemed unregistrable.

A trademark which does not come under item 17 (names of origin of wine, etc.) at the time of filing is also construed to be in "good faith," as defined in article 24 - 5 (b) of the TRIPS Agreement. Regarding item 19 (well-known trademarks in Japan or abroad), which is not applicable in the absence of an unfair intention, a trademark which does not come under item 19 at the time of filing is said to be free of "unfair intention."

The Trademark Examination Guidelines, page 48, comments in the following manner with respect to article 4, paragraph 3:

1. In order to apply items 8, 10, 15, 17 or 19 of article 4, section 1, the trademark application must come under the provisions at the time of filing and at the time of examination.

2. The time for determining whether or not a mark comes under article 4, paragraph 1, not included above, is at the time of examination.