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THE TRADEMARK REGISTRATION SYSTEM IN JAPAN: A FIRSTHAND REVIEW AND EXPOSITION

MASAYA SUZUKI*

I. INTRODUCTION**

Trademark rights in Japan are based upon registration. While this may appear facile compared to the use-based registration system employed in the United States, an examination of Japanese trademark registration reveals layers of complexity. The complexity is due, in part, to the two-fold functions of the Trademark Law:¹ the facilitation of registration and the adequate protection of the goodwill maintained by the business interests of the trademark holder for the protection of consumer interests.²

The civil law system employed in Japan mandates that the protection of trademark rights is premised on registration rather than use.³ In addition to providing the trademark registration procedures, the civil law is largely determinative of the substance that may compose a trademark.

The globalization of businesses has become so prevalent that the Trademark Law has been amended countless times to keep up to date with changes in business trends and practices. Furthermore, a significant fear faced by national trademark officials in Japan is that the proliferation of changing business methods may cause the Trademark Laws to change so rapidly that the laws no longer resemble the principles upon which they are based. Therefore, as the trademark laws change, understanding the fundamental purpose of the Trademark Law obtains a renewed importance.

* Mr. Suzuki is a trademark examiner in the Japanese Patent Office. This Article includes the individual opinions of the author and does not reflect the opinions of the Japanese Patent Office or its individual examiners or employees. Mr. Suzuki would like to thank Marquette University and Professor Kenneth L. Port for their support and encouragement in completing this Article. Mr. Suzuki would also like to thank Adam Omar Shanti for his invaluable research assistance.

** Editorial Note. All Japanese sources appear in the Civil Law citation format. Additionally, all diacritical marks have been omitted.

1. For purposes of clarity, I will refer to Japanese Trademark Law as a proper noun whereas the legal concept of trademark law will be referred to as a common noun.

2. See Shohyoho [The Trademark Law], Law No. 68 of 1996, art. 1, *translated in* KENNETH L. PORT, JAPANESE TRADEMARK JURISPRUDENCE, 115 (1998).

3. TERUO DOI, THE INTELLECTUAL PROPERTY LAW OF JAPAN 118 (1980).

In this paper, I would like to illustrate in Part II, the historical background of Japanese Trademark Law; in Part III, the rationale for trademark protection; in Part IV, the registration system; in Part V, the registration procedure; in Part VI, recent Amendments to the Trademark Law; in Part VII, trademark rights; in Part VIII, requirements for registration; and in Part IX, protection offered for famous marks. To do so, I would like to illustrate what the law strives to protect and how the law is working to achieve this purpose.

II. HISTORICAL BACKGROUND OF JAPANESE TRADEMARK LAW

Japanese Trademark Law began with the modernization of the nation. In Japan, the national modernization began with the Meiji restoration in 1868.⁴ At that time, the government compiled six "Roppo" codes to reform society and to introduce the new capitalistic economy.⁵ This introduction of law is based primarily on German and French law.⁶ The Roppo consists of the following: Civil Code, Civil Procedure Code, Criminal Code, Criminal Procedure Code, Commercial Code, and the Constitution.⁷ The most significant of the Roppo are the Civil Code and the Commercial Code that came into effect in 1898 and 1899, respectively, to provide a framework for encouragement of economic activities throughout the country.⁸

Simultaneously, the modern judicial system was organized to apply and enforce the newly promulgated codes. As judicial decisions had not accumulated before the Meiji restoration, the common law remained undeveloped.⁹ Therefore, the codes and the corresponding statutes which were designed to support the codes became the primary law on which the courts would be based. These statutes became the first source of law in modern Japan.¹⁰

The judicial precedents take an equally prominent role as do the statutes in modern Japanese society because the statutes are unable to encompass every single issue that may arise in the complicated real world.¹¹ The judgment of a court provides invaluable conflict resolution unparalleled to that of the statutes which did not originally consider and create new standards regarding

4. KENNETH L. PORT, *COMPARATIVE LAW: LAW AND THE LEGAL PROCESS IN JAPAN* 44 (1996).

5. *Id.*

6. PORT, *supra* note 2, at 10.

7. MASIMI ITO ET AL., *SHINBAN GENDAIHOGAKU NYUMON* [MODERN JURISPRUDENCE GUIDE NEW EDITION] 214-15 (1990).

8. *See id.*

9. *Id.* at 49.

10. *Id.*

11. *Id.* at 71.

various issues.¹²

In advancing the creation of the Roppo, the Trademark Law first took effect in 1884 in one of the modernized statutes.¹³ The Law created the first trademark rights and provided a scheme concerning trademarks such as the registration procedure, the substance of a mark, and remedies against infringement. Though the Law was initially introduced by the government as a means to promote industry in Japan, the Law also served to respond to demands by businesses that utilized trademarks and sought an organized system of ownership for their marks. As a result of this demand, the Tokyo Chamber of Commerce and the Osaka Chamber of Commerce strongly supported the trademark regulations proposed by the government.¹⁴

The immediate effects of the newly designed trademark laws were prevalent. For instance, the authorities in Gumma Prefecture "refused to bar the exportation of goods [primarily charcoal and silk] bearing an identical trademark."¹⁵ Since their creation in 1884, the Trademark Laws have been completely revised in 1888, 1899, 1909, and 1922 based upon the economic needs at the time.¹⁶ The current Law was enacted in 1959 and has been amended approximately twenty times to cope with changing national and international matters.¹⁷

To sum up, the Trademark Law was introduced to encourage industry in Japan by providing businesses with enforceable trademark rights in response to demands for protection by business and consumers.

III. RATIONALE FOR TRADEMARK PROTECTION

Regarding the purpose of the Trademark Law, Article 1 states "[b]y protecting trademarks, this law aims to maintain the goodwill of the businesses of trademark users and thereby to contribute to the growth and development of business and to protect the interests of the consumer."¹⁸ Before the protection of trademarks can be examined, it must be determined what constitutes a trademark. After we have answered this question we can ask why trademarks must be protected.

Trademarks, or brands, form a bridge between products or services and consumers. We are living in a consumer society surrounded by many goods

12. See ITO, *supra* note 7, at 71.

13. MAKATO AMINO, SHOHYO [TRADEMARKS] 21 (1995). See also, PORT, *supra* note 2, at 14-15.

14. PORT, *supra* note 2, at 14-15.

15. *Id.* (quoting *Shohyo Gizo Jiken* (the Trademark Forgery case)).

16. AMINO, *supra* note 13, at 21-52.

17. *Id.* at 27-52.

18. PORT, *supra* note 2, art. 1.

and services, and the decision to purchase a particular good or service depends in large part on trademarks. COCA-COLA[®], KELLOGG'S[®], WALKMAN[®], TIDE[®], and FIRSTAR[®] are all trademarks. However, these marks represent more than just the names of companies, they are also visual symbols for indicating the origin of goods or services. We are able identify a pair of sneakers as those manufactured by Nike Corporation because NIKE[®] is a trademark for the sneakers of the company. If we did not have any brands, we would discern a product from another by a number or some other type of identifying indicia. For example, we may go to a supermarket and find on a shelf, products labeled Soap No.1, Soap No.2, Soap No.3, and so forth. Attempting to find the brand we prefer would be frustrating and time consuming. Additionally, manufacturers would have difficulty promoting brand loyalty because consumers would be unable to identify preferential brands. The difficulty locating specific products would lead businesses to pay less attention to the quality of their products because they would realize that consumers have difficulty identifying their products. Therefore, trademarks play a significant role in the marketplace because they have the function of protecting consumers and forcing businesses to retain accountability for the quality of their goods or services.¹⁹

Trademarks function to identify goods or services for the customer so that the customer is able to identify each product.²⁰ For instance, when the consumers see the mark TIDE[®], consumers know the mark has something to do with getting their clothes clean and is not about cheese. As for this function, if a mark identifies a good and not a source, it is deemed generic and not distinctive from the same goods produced by others.²¹ However, a generic mark may overcome its genericness if it obtains a secondary meaning that can be used to identify a source of goods or services.²² A mark with secondary meaning indicates that the customer is able to identify a specific product by a certain mark even if the mark itself was not distinctive at its inception.²³ Historically, the marks on goods were used primarily to indicate the source of goods or services so that consumers were able hold producers responsible for poor quality or defective products.²⁴ The attachment of responsibility illustrates the importance of identifying a particular good. Identification of a product and producer of that product is an essential component of trademarks and lays the foundation for the trademark functions in the distribution

19. See DOI, *supra* note 3, at 139.

20. AMINO, *supra* note 13, at 72–73.

21. See DOI, *supra* note 3, at 188–89.

22. See *id.* at 124–25.

23. *Id.*

24. *Id.* at 76.

marketplace.

First, a trademark indicates product origin and ownership.²⁵ Manufacturers as well as service providers indicate the origin of their goods or services through the use of trademarks. When consumers see a mark, they recognize where the product or service came from. When a consumer sees a trademark, they recall something good, bad, or indifferent about the good or service. For example, "I have seen goods with that trademark downtown," "That is the one I bought before and I liked it," or "That is the restaurant where I dined before, but did not enjoy it." Even if we do not remember the exact name of the product or information about the producer, the function of trademarks remain essential for the identification of the source of goods or services.

Second, trademarks function to guarantee quality.²⁶ The use of trademarks causes consumers, perhaps unconsciously, to recognize a certain quality of goods or services under the mark. At the same time, manufacturers try to maintain consumer loyalty to their goods or services by using their brand in order to promote their reputation in the marketplace. For example, "This company's medicine is very effective for my stomachache, so I will buy it next time," or "The pizza of this mark is disgusting, so I will avoid it next time." Most of the discretionary products purchased in our daily lives, such as toiletries or clothes, are mass produced and therefore contain nearly the identical look, smell, feel, and taste because they have been standardized to conform to societal norms. The similarity of products creates an increased emphasis on the quality function trademarks serve because consumers will have difficulty determining which good to purchase in place of another if all of the choices within a specific class of products are nearly identical. Herein lies the importance of trademarks—to ensure that consumers may determine their preference for goods or services depending on the identifying qualities maintained by a trademark.

The third significant function of a trademark is the role of advertising.²⁷ Consumers memorize a trademark, or at the very least have an image of the brand in their mind, which they develop a familiarity with in response to the goods or services affixed to the mark. Images of brands consist of, for example, TOYOTA®, a good car; YAHOO!®, a convenient search engine on the Internet; or AMERITECH®, a friendly telecommunications company. Trademarks can function as an advertisement. Companies plan their marketing strategy to increase the sales of their goods or services and

25. SHOEN ONO, SYOHYOHO [TRADEMARK LAW] 15 (1994).

26. *Id.* at 16.

27. *Id.* at 17.

advertising is, of course, an important part of any marketing strategy. The reputation of a company is automatically embodied in their trademark; therefore, a trademark must not be ignored in advertising of their goods or services. If products acquire a very positive reputation, trademarks become famous, very expensive to license, and valuable. One study has determined that the ten most valuable brands (in millions of dollars) consist of:

COCA-COLA \$47,978
MARLBORO \$47,635
IBM \$23,701
MCDONALD'S \$19,939
DISNEY \$17,069
SONY \$14,464
KODAK \$14,442
INTEL \$13,274
GILLETTE \$11,992
BUDWEISER \$11,985²⁸

Furthermore, trademarks encourage manufacturers to put forth their best business efforts at all times because trademarks allow users to develop, or destroy, an association of goodwill to a business.²⁹ A business's reputation, patronage, and other intangible assets that are considered when appraising a business is called goodwill.³⁰ Goodwill is as valuable as tangible property, and developing a trademark or brand name is similar to making an investment

28. Kurt Badenhausen et al., *Most Valuable Brands*, FINANCIAL WORLD 62 (Sept./Oct. 1997).

Financial World's brand valuations are based on a formula that resembles the one used by London-based Interbrand, the world's foremost brand valuation firm.

The first step in the valuation process involves determining the sales and earnings for the brand. Next, [Financial World] estimate[s] how much capital was employed to produce the brand's sales, then multipl[ies] this by .5%, since a generic brand should have at least a 5% profit on the capital employed to produce the product. By subtracting this number from the brand's earnings, [Financial World] arrive[s] at the earnings attributable to the brand.

To that earnings figure, [Financial World] then appl[ies] the maximum corporate tax rate. Finally, [Financial World] multipl[ies] the net income figure for the brand by its strength multiple, provided by Interbrand. These multiples take into account seven factors: leadership, stability, market, internationality, trend, support and protection.

For service and high-tech brands, [Financial World] use[s] only a percentage of the brand's earnings, and not all the aftertax [sic] earnings. That's because other factors, such as pricing and location in the case of airlines and hotels, or technology innovations in the case of computer makers and software companies, are just as important as the brand name.

Id. at 63.

29. See YOSHIYUKI TAMURA, SHOHOYO GAIATSU [TRADEMARK LAW AND UNFAIR COMPETITION] 1 (1998).

30. BLACK'S LAW DICTIONARY 703 (7th ed. 1996).

for the future.

Companies constantly attempt to improve the quality of their goods or services so that they may succeed in establishing a good reputation for the products they offer. If a company is able to establish a good reputation for their products, they are able to operate their business much more profitably. Even if the goods or services have almost the same quality as similar goods or services produced by other companies, an effective trademark may increase sales volume or the price that can be commanded for a product or service because of the value of the trademark. Consequently, if a company is sold, the trademark is calculated as part of a company's value. Therefore, the producer of goods or services should pay a great deal of attention to its trademarks.

Because trademarks have important functions in the marketplace, it is necessary to protect trademarks to ensure that the marks remain distinctive and continue to identify the products or services. If an organization uses the mark of another freely while conducting business, taking advantage of the reputation the trademark owner has created, the sales of the original trademark owner may diminish along with their goodwill. In fact, misappropriating marks is so easy and prevalent that companies are constantly concerned about policing their marks and stopping competitors from using trademarks that cause confusion with their own goods or services.

In addition to business concerns, it is also necessary to prohibit the misappropriation of trademarks to ensure the protection of consumers. If consumers become confused by trademarks in the marketplace, the confusion effectively destroys the identifying functions of the mark and makes the brand unreliable. For instance, if Company *A* uses a trademark which is similar to that of Company *B*, consumers who are demanding *B*'s product or service may buy *A*'s product or service by mistakenly recognizing it as *B*'s product. Therefore *B* will lose revenue. Further harm to *B* may occur if the products made by *A* are poor in quality causing customers to mistakenly develop a negative association with *B*. These actions result in damage to company *B* and consumers.

IV. REGISTRATION SYSTEM

In contrast to the trademark registration system utilized by the United States Patent and Trademark Office, the trademark registration system adopted by Japan awards the exclusive right of use to the first applicant. The application method applies even if the mark is not actually being used. This is because in order to prevent confusion of trademarks and help to develop goodwill in the trademarks, the Japanese system attempts to protect the trademarks that are not only actually used but also those which will be used in

the future.³¹ To offer this type of protection, the Japanese system serves to protect against confusion with the intention of protecting the goodwill of trademark users and the interests of consumers.³²

The registration-based system has been relied upon to establish trademark rights in Japan since the inception of the first trademark statute in 1884.³³ When drafting the initial statute, legislators referred to the European and American systems in considering the inclusion of a use-based system based on those found in the United States, United Kingdom, and France. However, after examination of the various types of systems, a registration-based system, similar to the German system, was adopted. The registration-based system was adopted because legislators believed that the system would be conducive to statutory regulation, making it more suitable to Japan than the use-based system that is highly dependant on case law.³⁴ Ever since, the reasoning for the adoption of the registration-based system has never been seriously challenged.³⁵

The registration-based system of Japan has the feature that, notwithstanding that a trademark may not actually be used, registration creates automatic trademark rights within Japan.³⁶ Trademarks that satisfy the requirements of the law are suitable for registration. Registration is necessary to obtain the title to a trademark right.³⁷ The exclusive right to a mark is not based on the use of the trademark; instead, the right to use a mark is based on either the applicant's use or the intent to use the mark.³⁸

It should be noted that registration does not create a trademark right directly in other member countries of the Paris Convention. According to Article 6(3) of the Paris Convention,³⁹ a registered mark in a country shall be regarded as independent of marks registered in other countries. However, if a mark has been used and becomes famous in Japan, or a mark is registered as a defensive mark, the mark may be protected in other member countries.⁴⁰

If two or more conflicting trademark applications are filed, the first filed

31. See TAMURA, *supra* note 29, at 1.

32. *Id.*

33. TATSUKI SHIBUYA, SHOHYOHO NO RIRON [THEORY OF TRADEMARK LAW] 242 (1973).

34. See *id.*

35. *Id.*

36. AMINO, *supra* note 13, at 120–121; PORT, *supra* note 2, art. 25.

37. AMINO, *supra* note 13, at 121.

38. *Id.* at 120.

39. Paris Convention for the Protection of Industrial Property amended July 14, 1967, art. 6, para. 3, reprinted in MARSHALL A. LEAFFER, INTERNATIONAL TREATIES ON INTELLECTUAL PROPERTY 25 (2d ed. 1997) [hereinafter TREATIES].

40. See *id.* art. 6 bis, para 1 (Article 6 bis (1)).

application is able to register the mark.⁴¹

The administrative agency reviewing the application determines whether the trademark satisfies the necessary requirements for registration.⁴² The Japanese Patent Office (JPO) operates the registration system.⁴³ Trademark Examiners in the JPO check whether the trademark maintains the requisite qualities to obtain registration rights.⁴⁴

Upon registration, the relevant information is published in the JPO Trademark Gazette and any party may file an opposition to registration.⁴⁵ The published information includes the trademark, identified goods or services, and the name and address of the registrant.⁴⁶

The Japanese courts have approved the registration system employed by the JPO. For instance, in *Troy of California International, Ltd. v. K.K. Troy*, the Osaka High Court said the following about the system:

In our country, we employ the registration based system (*torokushugi*) where all trademark rights subsist upon registration. The entity in which such right vests controls the mark and neither the entity that created the mark prior to registration nor the user of the mark is afforded any special protections In other words, the determination of the trademark right in our country is made according to who registered the mark first unrelated to who created the mark or who used the mark.⁴⁷

Many commentators have examined the rationale for the registration system employed in Japan.⁴⁸ According to Professor Shibuya, there are five primary benefits maintained in support of the rationale of the current system.⁴⁹

First, the establishment of a trademark right is certain because the right depends upon registration that is objectively recognizable.⁵⁰ Registration, which identifies the mark and the goods or services, is more certain than the

41. See AMINO, *supra* note, 13 at 120–121; PORT, *supra* note 2, art. 8.

42. See AMINO, *supra* note, 13 at 53; PORT, *supra* note 2, art. 14.

43. *Tsusyosangyosho Secchiho [MITI (Ministry of International Trade and Industry) Establishment Law]* art. 36. See also ONO, *supra* note 25, at 345.

44. PORT, *supra* note 2, art. 17.

45. AMINO, *supra* note 13, at 121.

46. See *id.*

47. *Troy of California International, Ltd v. K.K. Troy*, Judgment of Dec. 20, 1985, Osaka High Court, 17 *Mutai Zaisan Hanreishu* 614, 718–19 (quoted in PORT, *supra* note 2, at 38) (omission in original).

48. See e.g., AMINO, *supra* note 13, at 120–26; ONO, *supra* note 25, at 42–43; TAMURA, *supra* note 29, at 1–2.

49. See SHIBUYA, *supra* note 33, at 246–51.

50. See *id.*

establishment of a trademark right thorough use.⁵¹ In order to approve the establishment of a trademark right, it is not enough to acquire a mark.⁵² Rather, an intention to acquire the right needs to be objectively expressed as a fact or an action so that other entities are able to recognize the establishment of a right.⁵³

Second, the title to a trademark is certain. As long as the first-to-file system is adopted under the registration system, the title is given to the first application filed in compliance with JTO requirements.⁵⁴ Trademark rights can simply be distributed by determining the order of application for each mark. Consequently, disputes concerning the title to a trademark rarely arise in Japan.⁵⁵ In contrast to the use-based registration system, determining when the trademark application was filed is easier than determining the date of first use for a trademark in connection with a good or service.⁵⁶

Third, registration determinations are timely. It is important that the title to a trademark is awarded as soon as possible after the expression of the intention to acquire a trademark right.⁵⁷ A delay in making a title determination would temporarily prohibit a trademark user from preventing others from misappropriating trademark rights. Because the system does not require the actual use of a mark as a requirement for registration, applicants are able to acquire their trademark rights as soon as possible.⁵⁸ If the system required actual use of a mark for registration, there would be a gap between the application for the mark and the acquisition of the associated rights.⁵⁹

Next, anyone is eligible to obtain the title to a trademark. When obtained, trademark rights are publicized through the JPO Trademark Gazette and the JPO Trademark Register.⁶⁰ These publications provide information on trademark rights such as the nature of the mark, goods or services the mark is used in connection with, and the name and address of the titleholder. Therefore, it is beneficial for potential trademark owners to peruse these

51. Establishing a right to a mark immediately before use begins allows parties to have a clear understanding of their rights, whereas use-based systems may prolong this determination until various parties come to the realization that they are not the only user of a mark.

52. See SHIBUYA, *supra* note 33, at 246–51.

53. See *id.*

54. *Id.*

55. *Id.*

56. *Id.*

57. See SHIBUYA, *supra* note 33, at 247.

58. *Id.*

59. *Id.*

60. See DOI, *supra* note 3, at 149–50.

publications to reduce the risk of inadvertently choosing a conflicting trademark.⁶¹

Finally, the establishment of a trademark right is predictable for the trademark applicant because the right is obtained upon an objective determination made by the JTO based upon the information provided on the application.⁶² Under the registration-based system, the trademark holder is not required to establish when use of the mark began and where and on which goods the mark has been used.

Furthermore, the registration-based system provides other advantages based upon modern market practice.⁶³ First, because trademark users can obtain the title to a trademark before they start to use the trademark, they are able to reduce the risks of having the title to the trademark revoked after they have actually started to use the trademark.⁶⁴ The registration-based system ensures that trademark owners are able to use their trademarks without worrying about the potential for future loss of title.⁶⁵ In addition, as a matter of sales management policy, one of the crucial points is to choose a trademark and to ensure the title to the use of that trademark before the goods or services are actually sold in the marketplace.⁶⁶ Therefore, the registration system in Japan recognizes the marketplace realities and accordingly permits applicants to secure a trademark before the use of a mark.⁶⁷ The system encourages potential trademark users to develop goodwill by giving the trademark users the exclusive right to a trademark that has not been used.

In conclusion, the registration-based system maintains many advantages for organizations seeking trademark rights. The Japanese system is different from the use-based system found in the United States. Nevertheless, despite these differences, every country has its own historical and geographic background; accordingly, each system has its merits. Understanding the differences between the two systems seems to be very important because it could be the means to avoid many unnecessary international disputes.

V. REGISTRATION PROCEDURE⁶⁸

As Japanese Trademark Law employs the registration-based system, the trademark right subsists upon the registration of the trademark in Japan.

61. See SHIBUYA, *supra* note 33, at 246–51.

62. *Id.* at 248.

63. *Id.* at 251–53.

64. *Id.* at 251.

65. *Id.*

66. See SHIBUYA, *supra* note 33, at 252.

67. *Id.*

68. See Appendix 1.

Therefore, the application procedure is a confirming process undertaken by the JTO to ensure that the trademark meets the criteria for protection under the law. Trademark registration therefore becomes significant to the acquisition of trademark rights in Japan.

A. Trademark Application

An individual or organization that intends to use a trademark can file an application with the Commissioner of the Japanese Patent Office.⁶⁹ The application is required to include general information such as the name and address of the applicant, the type of mark applied for, and the goods or services represented by the mark.⁷⁰ The JPO Commissioner reviews all of the applications to ensure that they comply with the formal requirements set in place by the JPO. If an application is devoid of a technical requirement, the Commissioner orders the applicant to be supplemented within a certain period of time.⁷¹ Throughout the registration process, the JPO reviews the formal requirements of the applications rather strictly. The strict review is undertaken primarily because, as the object of a trademark right is intangible property, the JPO must establish the proper scope of the right.

The definition of a "trademark" means "letters, figures, or symbols or three-dimensional shapes or any combination thereof including in combination with colors."⁷² Also, applicants have to identify the goods or services they intend to use (the "identified goods or services") with every trademark application.⁷³ Goods and services must be identified in strict accordance to the classification set forth by a Cabinet Order.⁷⁴ The classification created by the Cabinet Order was based on the international classification; however, the classification is not "used to determine the range of similarities [between various] goods and services."⁷⁵

B. Publication of Trademark Applications

All applications are published by the JPO before registration.⁷⁶ Anyone is permitted to submit evidence to the JPO indicating that the mark is unable to

69. See PORT, *supra* note 2, art. 5, para. 1.

70. *Id.*

71. *Id.* art. 5A.

72. *Id.* art. 2, para. 1.

73. *Id.* art. 6, para. 1.

74. See PORT, *supra* note 2, art. 6, para. 2; see also SHOHOYO SEKOREI [TRADEMARK LAW ENFORCEMENT ORDER] art. 1.

75. PORT, *supra* note 2, art. 6, para. 3.

76. *Id.* art. 16.

be registered because the mark fails to meet the requisite criteria.⁷⁷ If such evidence is brought to the attention of the JPO, the application is reviewed for these concerns.⁷⁸

C. Trademark Examination

After the applications have been carefully checked to ensure that they meet the technical requirements, the JPO Commissioner distributes the applications to a trademark Examiner for examination.⁷⁹ The Examiner reviews the applications to determine whether they fall into obvious categories for refusal.⁸⁰ If the Examiner finds any reason for refusal, a rejection statement is issued and the applicant is given the "opportunity to respond within a reasonable time period."⁸¹

The trademark Examiner primarily checks for the following: (a) whether the mark is distinctive; (b) whether the mark falls under "unregisterability" concepts (i.e., public policy matters, confusion regarding the goods or services of another business, misconception regarding the quality, etc.); (c) that the goods or services are indicated specifically according to the classification; and (d) that the mark is consistent with the first-to-file rule.⁸²

The discretion trademark Examiners maintain requires the JPO to exercise a great deal of selectivity when choosing an Examiner for a vacant position. The Trademark Law determines that in order to qualify for an Examiner position,⁸³ one must have had experience on the job for a certain period of time and must have finished the training courses at the Industry Property Training Institute which is affiliated with the JPO.⁸⁴

To assist Examiners in making decisions according to the Trademark Law, the Trademark Examination Guidelines were developed.⁸⁵ These guidelines are internal rules to ensure the smooth operation of the Trademark Law and prompt precise examination.⁸⁶ The Trademark Examination Guidelines provide, for example, the method to collect evidence to determine whether a trademark is famous, the standards for determining the similarity of

77. See DOI, *supra* note 3, at 149–50.

78. See PORT, *supra* note 2, arts. 16C–16I.

79. See *id.* art. 14.

80. *Id.* art. 15.

81. *Id.* art. 15A.

82. *Id.* art. 15.

83. See PORT, *supra* note 2, art. 17.

84. See ONO, *supra* note 25, at 345–47.

85. JAPANESE PATENT OFFICE, SHOHOYO SHINSAKIZUN [TRADEMARK EXAMINATION GUIDELINES] (1997).

86. See *id.* at xi (Zyobun [Preface]).

trademarks, and the standards for assessing the similarity of goods or services.⁸⁷

D. Registration

Without a reason to refuse the application, the Examiner proceeds to register the trademark.⁸⁸ The trademark right “subsist[s] upon registration of the trademark”⁸⁹ and payment of the registration fees within a certain time after the Examiner’s decision.⁹⁰ Upon registration, the name and address of the registrant, the registration number, the date of registration, the type of mark, and the identified goods or services are published in the JPO Trademark Gazette.⁹¹ The initial duration of the trademark right is “[ten] years from the date of registration”⁹² and the mark may be renewed every ten years upon the payment of a fee.⁹³ As an exception to the lump sum payment every ten years, trademark holders are able to utilize an installment payment method that allows trademark holders to stagger their renewal fees.⁹⁴

E. Opposition

Within two months after publication of the registered trademark in the JPO Trademark Gazette, any party may file an Opposition to Registration with the JPO Commissioner.⁹⁵ The grounds for the opposition are identical to those the Examiner utilizes in the initial examination.⁹⁶ A panel of administrative court judges presides over the opposition.⁹⁷

F. Administrative Appeal

An Examiner’s decision to approve or deny the registration of a trademark may be appealed to the Administrative Appeal Court, a subdivision of the JPO.⁹⁸ The Administrative Appeal Court has an important role in the correction of improper registration.

There are three trademark issues which may be appealed: the Examiner’s

87. See PORT, *supra* note 2, at 72.

88. *Id.* art. 16.

89. *Id.* art. 18, para. 1.

90. *Id.* art. 18, para. 2.

91. *Id.* art. 18, para. 3.

92. PORT, *supra* note 2, art. 19, para. 1.

93. *Id.* art. 19.

94. *Id.* art. 41A.

95. *Id.* art. 43A.

96. *Id.*

97. PORT, *supra* note 2, art. 43B.

98. *Id.* at 19.

rejection of the trademark application, cancellation of non-used trademarks, and trademark registration in violation of the Trademark Law.⁹⁹

Any party seeking an administrative appeal has to file the appeal with the JPO Commissioner according to the prescribed format.¹⁰⁰ The Chief Administrative Judge serves the respondent with a certified copy of the forms and sets a reasonable time within which the party must respond to the action.¹⁰¹ On appeal, both the petitioner and the respondent argue the matter. Administrative appeals are heard and adjudicated by a three-member or a five-member panel of administrative judges.¹⁰² Administrative judges are appointed from the ranks of qualified Examiners who have completed specialized training for dealing with appeals.¹⁰³ The panel makes a decision independently without any input from the original JPO Examiner.¹⁰⁴ To ensure complete fairness, parties may challenge the administrative judges on conclusions of law or facts used during the hearing.¹⁰⁵ Though hearings are customarily conducted orally, the Trademark Law allows the submission of written briefs in lieu of oral arguments before the panel.¹⁰⁶

The hearing process has been criticized as inadequate. Though oral hearings are admittedly an uneconomical type of proceeding, the JPO appeal process is especially inefficient. The inefficiency is due primarily to the lengthy wait before decisions are made by the administrative panel.¹⁰⁷ Because of the indispensable nature of the administrative appeal process, improvement to the appeal system should be a primary concern.

1. Appeal of an Examiner's Rejection of a Trademark Application

"Any party served with a certified copy of an Examiner's rejection of a trademark application may seek an administrative appeal of that decision within thirty days from the date of that decision."¹⁰⁸ If the applicant is a resident abroad, the period may be extended to sixty days from the date of the decision.¹⁰⁹

99. See Appendix 2 (Statistical Data on Trademarks).

100. See PORT, *supra* note 2, art. 56.

101. *Id.*

102. *Id.*

103. *Id.*

104. *Id.*

105. See PORT, *supra* note 2, art. 56.

106. *Id.*

107. See ONO, *supra* note 25, at 681.

108. PORT, *supra* note 2, art. 44, para. 1.

109. JAPANESE PATENT OFFICE, SHOHOYO SHYTSUTGAN NO TEBIKI [GUIDE FOR MAKING A TRADEMARK APPLICATION] 114 (1999).

2. Appeal of a Trademark Cancellation

Even though the Trademark Law provides for the registration of trademarks without actual use of the mark, the purpose of the Trademark Law is to maintain the goodwill associated with a business rather than to promote abuse of the Trademark Law to limit competition.¹¹⁰ Therefore, the Trademark Law must be equipped with a mechanism to remove registered trademarks that have not been used for a certain time.¹¹¹ Upon demand, an administrative appeal for the cancellation of a registered trademark is initiated “if the trademark registrant, the exclusive licensee, or the non-exclusive licensee has not used the registered trademark . . . on or in connection with any of the identified goods or services for a continuous three-year period in Japan.”¹¹² However, a motion for cancellation may not be made if the motion is brought after the trademark owner begins to use the mark again.¹¹³

3. Appeal of the Invalidation of Registered Trademarks

If a registered trademark violates the requirements of the Trademark Law and was erroneously registered, it may be invalidated by an administrative appeal.¹¹⁴ In such cases, the trademark right should be rescinded.¹¹⁵ A motion to invalidate a registered trademark “may not be [brought] more than five years [after] the date of registration” except in the case of unfair competition.¹¹⁶

G. Judicial Appeal

“[A]dministrative appellate decisions or decisions to cancel a registered trademark” in opposition actions are properly “under the exclusive jurisdiction of the Tokyo High Court.”¹¹⁷ This is because the Administrative Appellate Court plays a quasi-judicial role, and from the point of litigation efficiency, the Trademark Law prescribes that the lower courts do not have jurisdiction.¹¹⁸

To sum up registration, the process requires the JPO to confirm that the trademark applied for is worthy of protection. In addition, an applicant

110. See PORT, *supra* note 2, art. 1.

111. *Id.* art. 50.

112. *Id.* art. 50, para. 1.

113. *Id.* at 96.

114. *Id.* at 19.

115. See AMINO, *supra* note 13, at 899.

116. PORT, *supra* note 2, art. 47.

117. *Id.* art. 63, para. 1.

118. See AMINO, *supra* note 13, at 917.

intending to use a trademark on the goods or services of its business can obtain a trademark by filing an application with the JPO. Unless the application falls under one of the specified reasons for refusal, the JPO will register the trademark and publish the mark in the JPO Trademark Gazette. Publication provides outside parties with the opportunity to review recently registered trademarks. The registration decision may be challenged through an opposition, an administrative appeal, or a judicial appeal on the same specified grounds as those for denial of the initial application. Thus, the registration procedure provides efficiency and fairness to all parties with an interest in the registration of the mark.

VI. RECENT AMENDMENTS TO THE TRADEMARK LAW

*A. Revision of Cancellation System*¹¹⁹

In 1996, the cancellation system was amended due to the proliferation of non-used, registered trademarks.¹²⁰ A survey in 1993 showed that 31.8% of all the registered trademarks in Japan (nearly 1.3 million) had never been used and would not be used in the future.¹²¹ Moreover, the Industrial Property Council pointed out many problems caused by the huge number of non-used, registered trademarks; namely, the large amount of non-used marks have narrowed the choice of marks available to applicants.¹²² In addition, the non-used marks have created a search for registered trademarks that is unnecessarily burdensome on the JPO and applicants.¹²³ In order to promote the cancellation system and reduce the number of non-used, registered trademarks, the Trademark Law was revised to include the provision that any person (not only the “interested parties”) is eligible to seek a cancellation of a registered trademark.¹²⁴

119. The Trademark Law was revised in 1996 with many of the amendments effective on April 1, 1997. The primary result of the amendments was revision of the cancellation system for non-use, the introduction of the post-grant opposition, strengthening protection of famous marks, abolishment of the associated trademark system, and protection of three-dimensional trademarks. See generally PORT, *supra* note 2, at 101–10.

120. JAPANESE PATENT OFFICE, HEISEI HACHINEN-KAISEI KOGYOSYOYUKENHO NO KAISETSU [EXPLANATIONS OF THE AMENDMENT TO INDUSTRIAL PROPERTY RIGHTS LAWS] 55 (1996) [hereinafter HEISEI].

121. *Id.* at 55–56.

122. See PORT, *supra* note 2, at 104–05.

123. KOGYOSYOYUKEN SHINGIKAI [INDUSTRIAL PROPERTY COUNCIL], SHOHYOHOTO KAISEI NIKANSURU TOSHIN [REPORT OF THE COUNCIL FOR THE REVISION OF TRADEMARK LAW AND THE OTHER LAWS] 12 (1995) [hereinafter INDUSTRIAL PROPERTY COUNCIL]. The Industrial Property Council is the advisory body for the Minister of International Trade and Industry provided by the Cabinet Order, formed by the members from private sectors, academics, judges, attorneys, etc.

124. See PORT, *supra* note 2, art. 50.

After a motion to cancel the registration of a trademark is made, use of the trademark will be insufficient to save the mark from cancellation.¹²⁵ The law aims to prevent a registrant from exercising the trademark right after a motion for cancellation based upon non-use is filed. Therefore, despite a trademark right generally being terminated upon the issuance of a final appeal decision of cancellation,¹²⁶ the trademark right is deemed to have been terminated as of the date of the cancellation for non-use.¹²⁷

The statistics show that this Amendment has apparently succeeded in its attempt to encourage parties to use the cancellation system. Namely, the number of appeals for cancellation and the number of accepted appeals for cancellation have both increased since the Amendment took effect.¹²⁸

B. Introduction of the Post-Grant Opposition

A post-grant opposition was introduced by a 1996 Amendment.¹²⁹ The main purpose of the creation of the opposition procedure was to expedite the entire process from the application to the registration.

The Industrial Property Council pointed out that the lifespan of products in the modern marketplace is generally becoming shorter and shorter. Consequently, the demand for quick trademark registration is growing. However, practitioners commonly complain that the registration process in Japan is very slow and imposes burdens on the mark holders who are forced to renew their marks every ten years.¹³⁰ The JPO receives an extraordinary number of applications annually, which slows down the registration-based system that was designed specifically for speed and economy. The number of applications received by the JPO during 1996 reached 188,160.¹³¹ In 1995, the average period needed for examination was twenty-six months—much longer than in other countries such as the United States (14.4 months), Germany (18 months), and the United Kingdom (15 months).¹³²

Furthermore, speeding up the registration process is also necessary to comply with the Madrid Protocol¹³³ which requires member states to complete

125. *Id.*

126. *Id.* art. 54, para. 1.

127. *Id.* art. 54, para. 2.

128. JAPANESE PATENT OFFICE, 1999 ANNUAL REPORT, 42. *See also* Appendix 2 (Statistical Data on Trademarks); Appendix 4 (Appeals for Cancellation).

129. PORT, *supra* note 2, arts. 16C–16K, 43A, 43C.

130. *See, e.g.,* UNITED STATES TRADE REPRESENTATIVE, 1999 NATIONAL TRADE ESTIMATION REPORT ON FOREIGN TRADE BARRIERS 233 (1999).

131. ANNUAL REPORT, *supra* note 128, at 39. *See also* Appendix 2.

132. HEISEI, *supra* note 120, at 95.

133. "Protocol Relating to the Madrid Agreement Concerning the International Registration

the examination process and issue the registration within eighteen months of receiving the application.¹³⁴

Prior to 1997, trademark law in Japan provided for a pre-registration opposition system. This system required applications to be published for public opposition before registration. However, only two percent of all registration decisions were opposed; moreover, less than one percent of all those oppositions resulted in the original registration decision being overturned.¹³⁵

In the light of the low opposition success rates, in 1995, the Industrial Property Council suggested that measures, including the introduction of a post-grant opposition, should be undertaken to shorten the period of granting trademark rights.¹³⁶ Under the post-registration opposition system, trademarks are published after registration and only then are they subject to opposition by the public.¹³⁷

The reforms undertaken appear to be successful because applicants are now able to enjoy their trademark rights more quickly after they have applied to the JPO. As a result of these changes, the average period from application to registration went from twenty-one months at the end of 1997 to seventeen months at the end of 1998.¹³⁸ However, the Japan Supreme Court has cautioned that the purpose of the opposition system is to facilitate the avoidance of mistakes in the examination process and to increase public confidence in the registration system. Therefore, the opposition system is open for anyone to file a challenge to a registered mark.

Nevertheless, the post-grant opposition system faces constant pressures to retain procedures that are inexpensive for parties, yet provide an efficient and effective system to challenge trademark registration. Continuous revisions will ensure that the system remains useful and accessible.

C. Compliance with the Madrid Protocol

In Japan, the Trademark Law was revised to comply with the Madrid

of Marks, June 28, 1989, WIPO Pub. No. 204(E)", reprinted in TREATIES, *supra* note 39. The "Madrid Protocol, and associated Common Regulations are also available on the World Intellectual Property Organization website, <<http://www.wipo.org>>." Carlo Cotrone, Comment, *The United States and the Madrid Protocol: A Time to Decline, A Time to Accede*, 4 MARQ. INTELL. PROP. L. REV. 75, 75 nn.1, 6 (2000).

134. See TREATIES, *supra* note 39, art. 5(2); see also PORT, *supra* note 2, at 102.

135. HEISEI, *supra* note 120, at 94.

136. See INDUSTRIAL PROPERTY COUNCIL, *supra* note 123, at 20.

137. See PORT, *supra* note 2, arts. 16, 43A.

138. JAPANESE PATENT OFFICE, TOKKYOGYOSEI NEIJIHOKOKUSHO [PATENT ADMINISTRATION ANNUAL REPORT] 76 (1999).

Protocol ("Protocol") in 1999, with the adopted provisions to become effective in March 2000.¹³⁹ With the adoption of these provisions, the Trademark Law will be consistent with that mandated by the Protocol so as to facilitate the ability to obtain trademark registrations in other countries in addition to the low cost and easy management of trademarks.

Compliance with the Protocol affords applicants the ability to obtain trademark registrations by filing an international application.¹⁴⁰ Simply speaking, under the Protocol, the applicants or registrants in a member nation are able to obtain registration for a trademark in other member nations through an international application for territorial extension filed with the International Bureau Office.¹⁴¹

The Protocol affords applicants the ability to obtain trademark registration in an expedited manner. For example, international registrants can renew all of their international applications at the same time through a single payment rather than slogging through a separate renewal process in each country.¹⁴²

Finally, in some cases the cost of a single international application may be less expensive than registration within the member nation itself. Accordingly, ninety-four percent of the companies surveyed in Japan expect some advantage by becoming a signatory member of the Protocol.¹⁴³ The context of these expectations result from the fact that approximately forty percent of the international trademark applications prosecuted by Japanese companies take place in Member Nations such as China, France, Germany, and the United Kingdom.¹⁴⁴ In addition, if the United States becomes a signatory of the Protocol,¹⁴⁵ the Protocol will cover over fifty percent of international applications prosecuted by Japanese companies.¹⁴⁶ In addition, it has been forecasted that Japanese companies will reduce costs by nearly \$20 billion over ten years if Australia, Brazil, Canada, South Korea, and the United States become signatories of the Protocol.¹⁴⁷

Conversely, trademark holders outside of Japan will find that their marks will be easier to protect in Japan as the Trademark Law is in compliance with

139. JAPANESE PATENT OFFICE, MADRID GITEISYO NO GAIYOU NITUITE [THE GIST OF THE MADRID PROTOCOL], at <http://www.jpo-miti.go.jp/info/mado.htm> [hereinafter GITEISYO].

140. See Cotrone, *supra* note 133, at 78.

141. TREATIES, *supra* note 39, art. 3ter.

142. See *id.* art. 7.

143. INDUSTRIAL PROPERTY COUNCIL, REPORT OF THE TRADEMARK SUBCOMMITTEE OF THE INDUSTRIAL PROPERTY COUNCIL 20 (1998) [hereinafter SUBCOMMITTEE].

144. See *id.*

145. For an remarkable commentary on the United States' prospective accession to the Madrid Protocol, see Cotrone, *supra* note 133.

146. See SUBCOMMITTEE, *supra* note 143, at 11.

147. *Id.* at 21.

the Protocol. In 1998, 17,200 foreign trademark applications were prosecuted in Japan, with nearly forty-five percent of these applications coming from Protocol signatories.¹⁴⁸

Compliance with the Protocol was achieved through a revision of the Trademark Law to (1) require notification of grounds for refusal within eighteen months of determination;¹⁴⁹ (2) create formalities for dealing with the international applications;¹⁵⁰ (3) create formalities for dealing with territorial extension to Japan;¹⁵¹ and (4) create the procedure for the transformation of an international registration into a national application if the international registration has been cancelled.¹⁵²

In addition, to satisfy the demand for trademark protection prior to registration, the Trademark Law was revised to provide protection to trademarks in the initial stages of registration.¹⁵³ This protection is provided to applications during the publication period when the information on all trademark applications is published before registration.¹⁵⁴ The revision awards damages to registrants harmed by the use of the mark applied for when the party using the mark has been informed that the mark they are using is the subject of an application currently being reviewed by the JTO.¹⁵⁵ This provision attempts to comply with the requirement of Article 4 of the Protocol which provides that from the date of international registration, the protection of the mark is the same as if the mark had been deposited directly with the Office of the Contracting Party.¹⁵⁶ It appears that the amendment promulgated by the Trademark Law provides consistency with the international registration system established by the Protocol despite an absence of cases that have examined the Article 4 provisions.

The introduction of the publication system in the 1999 Amendment is one of the most significant revisions. The publication system provides substantial information for anyone who may be interested in the examination process and wishes to submit information for consideration to the JTO.¹⁵⁷

148. PATENT ADMINISTRATION ANNUAL REPORT, *supra* note 138, at 184–87.

149. *See* PORT, *supra* note 2, at 102 & art. 16.

150. *Id.*

151. *Id.*

152. *Id.*

153. *See* PATENT ADMINISTRATION ANNUAL REPORT, *supra* note 138, at 13–14.

154. *See* PORT, *supra* note 2, art. 18.

155. *Id.* art. 13.

156. *See* GITEISYO, *supra* note 139, at II.2.(2).

157. *See* PORT, *supra* note 2, art. 18.

VII. TRADEMARK RIGHTS

Upon registration, trademark registrants have their “bundle” of trademark rights. Namely, trademark owners are able to exclusively use their trademark within the scope of the right, license a third party to use the trademark, or assign the registered trademark to others.¹⁵⁸ If anyone other than a registrant or licensee uses a registered mark within the scope of right, or takes actions deemed to be infringement, the infringer bears civil or criminal liability.¹⁵⁹ Conversely, as long as a mark is not in conflict with the uses prohibited by the Trademark Law, it is possible to use a trademark without registering the mark.

A. Effect of Trademark Registration

Trademark Law aims to maintain the goodwill of the business of the trademark user “and thereby to contribute to the growth and development of” the business.¹⁶⁰ To accomplish this, the Trademark Law awards “the exclusive right to use the registered trademark on” the identified goods or services to the registrant.¹⁶¹ Consequently, the use of a registered trademark on goods or services without a license constitutes infringement of the trademark right.¹⁶² At the same time, if the use is outside of the scope of the trademark right, the user has not infringed the trademark and may continue to use the mark without registration or the fear of liability.

Generally, the requirements for infringement are as follows: (1) there is a valid trademark registration, (2) there is use of a trademark without title in the mark, and (3) the use is prohibited. Since the substance of a trademark is intangible, trademarks are easily infringed. The intangibility of trademarks also creates a challenge of proving whether the mark has been infringed. Even worse, if trademark infringement occurs, it often takes a long time to redeem the goodwill of an infringed trademark. Thus, the Trademark Law is designed to prevent infringement and give remedies promptly when infringement has occurred. According to the Trademark Law, trademark infringement can occur in several ways.

First, the use of a “registered trademark on or in connection with the Identified Goods or Services” constitutes an infringement.¹⁶³ The identified goods or services means “those goods or services specified in the trademark

158. See DOI, *supra* note 3, at 174–75.

159. PORT, *supra* note 2, arts. 38, 78.

160. *Id.* art. 1.

161. *Id.* art. 25.

162. *Id.* art. 37.

163. *Id.* art. 37, para. 1.

application as per Article 6-1.”¹⁶⁴ “Use” means any act employing the trademark function relating to goods or services as defined by Article 2-3.¹⁶⁵

Second, use of a registered trademark within the scope of the trademark protection constitutes an infringement.¹⁶⁶ This type of infringement is premised on the belief that the use of a trademark within the scope of trademark protection may cause consumer confusion.¹⁶⁷

Third, use of a registered trademark as a defensive mark on the identified goods and services constitutes infringement.¹⁶⁸ Defensive marks are those marks used beyond the identified goods or services listed in the original registration.¹⁶⁹

Finally, any “infringing acts” as defined in Article 37 constitute trademark infringement.¹⁷⁰ Article 37 is premised on possession. For example, Article 37 outlaws the “[p]ossession of goods which are the same as or similar to the Identified Goods or Services with the intention of transferring or delivering such goods with the registered trademark or a mark similar thereto placed on the goods or on their packaging”¹⁷¹

B. Remedies for Infringement

There are four civil remedies for infringement. First, “[a]ny trademark registrant or exclusive licensee may seek injunctive relief either to prevent actual infringement of the trademark right or if there is an apprehension that the trademark right will be infringed by a third party.”¹⁷² In addition, “[a]ny trademark registrant or exclusive licensee may, at the time of filing its claim pursuant to the provision of Article 36-1, seek an order for the destruction of the infringing articles, removal of the facilities that contributed to the infringement, and any other actions necessary to prevent likely infringement.”¹⁷³

Second, any trademark registrant or exclusive licensee may also sue for damages.¹⁷⁴ In Japan:

164. PORT, *supra* note 2, art. 4, para. 1.

165. *Id.* art. 2, para. 3.

166. *Id.* art. 37.

167. See JAPANESE PATENT OFFICE, KOGYOSHOYUKENHO CHIKUZYOKAISETSU [EXPLANATIONS FOR EACH STATUTES OF INDUSTRIAL PROPERTY LAWS] 1044 (1998).

168. PORT, *supra* note 2, art. 67.

169. *Id.* at 23–24.

170. *Id.* art. 37.

171. *Id.* art. 37, para. 2.

172. *Id.* art. 36, para. 1.

173. PORT, *supra* note 2, art. 36, para. 2.

174. *Id.* art. 38.

. . . [I]n order for a plaintiff to prevail in a case for damages under Japanese law, the plaintiff must be able to show that the defendant negligently or intentionally infringed the mark. In order to deal with this eventuality, Article 39 of the Trademark Law allows for the presumption of negligence in the event the court finds the defendant infringed the plaintiff's mark.¹⁷⁵

Also, in regard to damages:

. . . [O]nce infringement is established, the Trademark Law not only presumes that the infringement was negligent but also presumes that the plaintiff was damaged. Damages are defined in the Trademark Law as either the profits made by the defendant in the sale of goods bearing the infringing mark or the reasonable royalties the plaintiff would have received from licensing the mark. . . . The presumption of damages can be an extremely beneficial tool for a successful plaintiff.¹⁷⁶

Third, any trademark registrant or exclusive licensee may seek measures to re-establish the reputation of a trademark right if the defendant negligently or intentionally infringed a mark.¹⁷⁷

Finally, although there is no such provision in the Trademark Law, any trademark registrant or exclusive licensee may also seek the return of unjust enrichment in accordance with the Civil Code.¹⁷⁸

In addition to any civil remedies available to the wronged trademark owner, criminal actions for infringement may also be brought against an infringer. "Any person that infringes a trademark right or an exclusive license shall be subject to not more than a five year term of penal servitude or a fine of not more than 5,000,000 yen."¹⁷⁹ Furthermore, a juridical [sic] person found liable for trademark infringement may be fined no more than 15,000,000 yen.¹⁸⁰

To sum up, the Trademark Law provides fairly strong rights to the trademark registrant and efficient remedies to protect the trademark against infringement and improper use.

175. *Id.* at 93.

176. *Id.*

177. *Id.* art. 39.

178. *See* AMINO, *supra* note 13, at 814-15.

179. PORT, *supra* note 2, art. 78. Five million Yen is approximately \$45,500 (\$1=¥110).

180. *Id.* art. 82. Fifteen million Yen is approximately \$136,000 (\$1=¥110).

VIII. REQUIREMENTS FOR REGISTRATION

A. Outline of Registration Requirements

To be eligible for registration, a trademark is required to have validity; namely, a trademark may not be registered if: (a) the mark is not distinctive, (b) the mark may cause confusion with another mark, (c) the goods or services used in the connection with the mark are overly broad, or (d) the application is improperly filed.¹⁸¹ Examiners must review each of these requirements on each application. The purpose of the Trademark Law, which is to maintain the goodwill of the trademark owner “and to protect the interests of the consumer,” depends upon the diligent examination of applications so that registration decisions are based on facts and proper evidence.¹⁸²

B. Distinctiveness (Article 3-1-3)

Marks that do not maintain the requisite level of distinctiveness are ineligible for registration. The following marks are ineligible for registration:

1. Trademarks indicating only the common name of the goods or services used in a common manner.
2. Trademarks customarily used in relation to the respective goods or services.
3. Trademarks which describe in a common manner the goods’ place of manufacture, place of sale, quality, raw material, efficacy, use, quantity, shape (including the shape of its packaging), price, or method or time of manufacture and use; trademarks indicating merely where the service is offered, the service’s quality, items used in connection with offering the service, its efficacy, use, quantity, characteristics, price or the customary method or time of the rendering of the service.
4. Trademarks which merely express in a common manner a common surname or a title.
5. Trademarks which are extremely simple and common.
6. . . . trademarks which do not identify for consumers that the goods or services come from a particular business.¹⁸³

Marks that do not meet these requirements are ineligible for use on certain goods or services because they do not have either the function or the substance to qualify for trademark protection. Therefore, the use of these marks must be open to the public. Some of the Article 3 factors are

181. *Id.* art. 15.

182. *Id.* art. 1.

183. *Id.* art. 3.

comparable to the following trademark concepts in the United States: Generic marks (factor 1), Descriptive marks (factor 3), Geographic marks (factor 3), and Deceptive marks (factor 6).¹⁸⁴ The determination that these marks may not be registered is based on the potential consumer perception of the marks if they were used. In the *WA-7* case, the Tokyo High Court held that whether or not a mark expresses an image in a common manner should be decided based upon consumer perception of the goods or services used in connection with the mark.¹⁸⁵ In the *Floortom* case, the Tokyo High Court recognized that FLOORTOM or FURUATAMU is the common name of a specific type of drum because it is used as such a term in the common manner by people in the instrument trade.¹⁸⁶ In the *Georgia Coffee* case, concerning the recognition of the place of manufacture and place of sale, the Japan Supreme Court stated that the identified goods were not necessarily produced or sold at the place indicated by the trademark.¹⁸⁷ Therefore, registration was denied because it was sufficient that customers perceived the goods and services to be produced or sold at that place.¹⁸⁸

Three-dimensional marks are eligible for registration if they are distinctive.¹⁸⁹ However, the functional shape of a good or service itself is not within the scope of protection of the trademark system. The purpose of the law is to encourage competition and to prevent customer confusion, not to prohibit the registration of trademarks which describe the shape of a product or its packaging. Functional marks are denied registration because they are not distinctive.¹⁹⁰ In addition, Article 4-1-18 provides that "[t]rademarks which are merely three-dimensional shapes of goods or packaging and whose shapes are essential to the function of the product or the packaging of a product" are ineligible for registration.¹⁹¹

C. Article 3-2

"Even trademarks which would [otherwise be ineligible] may still be eligible for trademark registration if, as a result of the mark's use, consumers come to distinguish the goods or services of the applicant from those of others."¹⁹²

184. See, PORT, *supra* note 2, at 51-61.

185. Judgment of Feb. 26, 1975, Tokyo High Court, 2 *Mutai Zaisan Syu* 53.

186. Judgment of Feb. 26, 1991, Tokyo High Court, 272 *Tokkyo to Kigyo* 36.

187. Judgment of Jan. 23, 1986, (*Georgia Coffee* case), Supreme Court, 593 *Hanrei Times* 71.

188. Judgment of Jan. 23, 1988, Supreme Court, 593 *Hanrai Taimusu* 71.

189. PORT, *supra* note 2, art. 2.

190. *Id.* art. 3.

191. *Id.* art. 4, para. 1.

192. *Id.* art. 3, para 2.

This provision of the Trademark Law is analogous to secondary meaning protection found in the United States.¹⁹³ However, the criterion for obtaining secondary meaning is different in Japan. In Japan, the criteria for obtaining secondary meaning is extraordinarily difficult for an applicant to meet. Because registration of non-distinctive marks can provide a registrant with a significant advantage, registration of non-distinctive marks is not obtained easily.¹⁹⁴

Registration for trademarks that are not distinctive is allowed only to those marks that have obtained secondary meaning through actual use. In the *Yoshikoyaki* case, the Tokyo High Court stated that even if YOSHIKI has secondary meaning with regard to the identified goods, the trademark YOSHIKO-YAKI or YOSHIKO-WARE is unable to be registered because of the similarity between the two marks.¹⁹⁵ In *Georgia Coffee*, even though the trademark had already obtained secondary meaning on coffee and cocoa, the Tokyo High Court denied registration of the trademark because the identified goods of the proposed mark contained herbal tea in addition to coffee and cocoa.¹⁹⁶

In addition, secondary meaning may be obtained through use over a significant period of time so long as the mark is widely recognized throughout Japan. In the *Rokuzyosei* (Japanese name of a Chinese tonic containing an extract from antlers) case, the Tokyo High Court rejected secondary meaning in connection with a trademark for "medical alcohol imported from China."¹⁹⁷ The Court reasoned that the mark had been used for less than five years in Japan and the goods have been advertised for less than two years.¹⁹⁸ Therefore, the Court determined that the period of use was insufficient to recognize secondary meaning.¹⁹⁹ However, in the *Amando (Amande)* case, the Tokyo High Court recognized the secondary meaning of AMANDO, demonstrating that the Court would find secondary meaning when a mark became widely recognized throughout Japan by consumers.²⁰⁰ In the *Juci* case, the Tokyo High Court upheld the registration of JUCI because the mark had become widely recognized throughout Japan as indicating the source of the identified goods.²⁰¹

193. *Id.* at 54.

194. See TAMURA, *supra* note 29, at 177.

195. Judgment of Apr. 25, 1985, Tokyo High Court, *Sinketsu Torikeshi Syu* 1438.

196. Judgment of Jan. 29, 1991, Tokyo High Court, 24 *Sinketsu Torikeshi Syu* 475.

197. *Id.*

198. *Id.*

199. Judgment of Nov. 18, 1975, Tokyo High Court, *Sinketsu Torikeshi Syu* 529.

200. Judgment of Feb. 28, 1983, Tokyo High Court, 184 *Tokkyo to Kigyo* 64.

201. Judgment of Oct. 31, 1983, Tokyo High Court, 192 *Tokkyo to Kigyo* 60.

During the examination process, secondary meaning is factually determined by looking at the facts concerning the use of a trademark. The scope and duration of the use is indicative of how widely the mark is recognized on the goods or services.²⁰² In general, the following facts can prove the acquisition of secondary meaning:

1. Amount of the goods or services for which the marks are used.
2. Time from the inception of its use.
3. Length of its use.
4. Place of its use.
5. Quantity of products, certification, or transaction, and scale of business (numbers of stores, places of business, amount of sales, etc.).
6. Method, frequency, or contents of advertisements.²⁰³

The following documents can be used as evidence to prove the above facts:

1. Invoices, delivery slips, order slips, bills, receipts, account books, pamphlets, etc.
2. Printed advertisements, publicity (for example, newspaper clippings, magazines, catalogues, leaflets).
3. Photographs showing the use of a trademark.
4. Certificates from advertising agents, broadcasting companies, publishing companies, or printing companies.
5. Certificates from trade associations, or the same trade.
6. Certificates from clients or agencies.
7. Certificates from customers.
8. Certificates from public organizations (for example, the government, local public bodies, foreign embassies in Japan, the Chamber of Commerce and Industry).²⁰⁴

D. Similarity of Trademarks (Article 4-1-11)

Article 4-1-11 provides that “[t]rademarks which are similar to or identical with previously registered trademarks and are used on goods or services indicated in the prior trademark application or similar to those identified in the prior trademark application” are ineligible for registration.²⁰⁵ Therefore, the similarity of marks and the similarity of goods or services are among the most important issues in a trademark infringement case or in the

202. See KANJI KUDO, SHINSA KIJUN NO KAISETSU [EXPLANATIONS FOR THE TRADEMARK EXAMINATION GUIDELINES] 78–80 (1996).

203. TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 3 para. 2.

204. *Id.*

205. PORT, *supra* note 2, art. 4, para. 1.

examination process. Also, for trademark users, the similarity of marks is important as well because a trademark can be used without registration as long as the mark is outside the scope of similarity of the registered trademark and it does not fall within another prohibited area.

With regard to this issue, in the *Syozan* case,²⁰⁶ the Japan Supreme Court stated that the appearance, sound, and meaning of a mark are merely tentative standards, and the similarity between trademarks must be determined on the basis of whether the mark causes confusion with the source of goods or services when the mark is used on identical or similar goods.²⁰⁷ In this case, it was argued that the application of HYOZAN (with the Chinese character and the figure of an iceberg) was similar to the registered trademark SYOZAN.²⁰⁸ The Court did not find impermissible similarity between HYOZAN and SYOZAN because of the vastly divergent business circumstances connected to each mark.²⁰⁹ The Court recognized that the goods were rather expensive and therefore customers would be familiar with the brands and would not be confused by the similar sound or appearance of the marks.²¹⁰ Accordingly, it is necessary to consider the factors of the particular business circumstances in determining the similarity of trademarks.

During the examination process, Examiners review applications according to the Trademark Examination Guidelines (the "Guidelines"), an internal administrative standard that enables Examiners to interpret and apply Trademark Law properly and consistently.²¹¹ The Guidelines are based on the Trademark Law and the related judicial precedents.²¹² According to the Guidelines, appearance, sound, and meaning will be considered when determining the similarity between trademarks.²¹³

The Guidelines also state that similarity between trademarks will be considered with regard to the class of consumers of the particular goods or services.²¹⁴ The business circumstances differ concerning the range of consumers, the channels of distribution, the trend of adoption, and the state of use of a mark. For example, if the goods are raw materials, the consumers

206. Judgment of June 27, 1968, Supreme Court, 22 *Minshu* 399.

207. *See id.*

208. *Id.*

209. *Id.*

210. *Id.*

211. *See* TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, Zyobun [Preface] xi-xii; KUDO, *supra* note 202, at 1-2.

212. *See* KUDO, *supra* note 202, at 1-5.

213. *See* AMINO, *supra* note 13, at 419-25; ONO, *supra* note 25, at 193.

214. This includes the differences of experts, senior citizens, children, women etc. *See* TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

might be sophisticated industry experts. In contrast, if goods are disposable products, the consumers may be unsophisticated and unable to discern between similar marks. Another important factor is whether the manufacturer directly sells the products to consumers and whether a retailer or wholesaler handles the goods before they reach the consumer. Therefore, the similarity of marks should not be judged in a sweeping manner. Instead, when Examiners decide whether marks are similar, they must consider the mentality of consumers as well as the business circumstances.

In addition to the similarity of trademarks, the proximity of goods or services is important in deciding whether the trademarks are similar. Despite the importance, the law is silent on this matter.²¹⁵ In the *Tachibana Masamune* case, the Japan Supreme Court briefly stated that the similarity between the goods must be taken into account.²¹⁶

Thus, Examiners must consider the type of goods or services in deciding whether marks are impermissibly similar. At the same time, to ensure that Examiners maintain consistency in their decisions, the JPO decided to promulgate criteria that Examiners are required to consider when determining the similarity of goods. According to the Guidelines, Examiners must take into consideration the following:

1. If the goods coincide in production.
2. If the goods coincide in sales.
3. If the goods coincide in raw materials or quality.
4. If the goods coincide in use.
5. If the goods coincide in consumers.
6. If the goods coincide in the end product and parts.
7. The same basic guidelines are applied for goods and services.²¹⁷

The JPO promulgated the Guidelines to prevent inconsistency when determining the similarity of goods or services.²¹⁸ The Guidelines for similar goods or services classify the goods or services by taking into consideration the use of trademarks in relation to business circumstances.²¹⁹ Classifications are based upon administrative assumptions and are not legally binding.²²⁰ Therefore, decisions in a particular case are rebuttable by providing evidence regarding the actual business situation.

215. See KUDO, *supra* note 202, at 182.

216. Judgment of June 27, 1961, Supreme Court, 15 *Minshu* 1730.

217. TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

218. See JAPANESE PATENT OFFICE, RUIJISYOHIN EKIMU SHINSAKIZUN [EXAMINATION GUIDELINES FOR SIMILAR GOODS AND SERVICES] (1996).

219. See KUDO, *supra* note 202, at 184.

220. Judgment of Nov. 25, 1971, Tokyo High Court, 180 *Shinketu Torikeshisyu* 545.

E. Misconception Regarding the Quality of the Goods and Services

The registration system must protect consumers. This is accomplished through mandating that trademarks indicate the source and the quality of the product. Assurance of source guarantees consumers protection from inadvertently purchasing a product by mistake. Furthermore, Article 4-1-16 of the Trademark Law prohibits the registration of a trademark that “may cause a misconception regarding the quality of the goods and services” as illustrated by the Nagano District Court in the *Mizore* case.²²¹ As consumer protection is the primary purpose of the Trademark Law, misleading trademarks are therefore outside of the protection offered by the registration system. Article 4-1-16 is intended:

[T]o prevent a misconception of the quality of the goods by the general consumers. [To satisfy this purpose] the appropriate standard must be to consider the sound, meaning and appearance of the mark and determine whether or not, as applied to the Identified Goods or Services, the average consumer would think the goods possess some quality or characteristic that they do not possess [based on that trademark]. In making this determination, the specific impression made by the mark regarding the characteristics of the goods must be interpreted.²²²

Furthermore, actual confusion is not necessary to render a trademark ineligible for registration so long as the mark creates some doubt as to the source of a product or service in the mind of a consumer.²²³ To that end, Examiners should make a decision based on the average consumer in Japan.

During the examination process, trademarks that contain the name of a foreign country are rejected because they may create a misconception as to the place of manufacture, place of sale, location where the services are offered, or quality of the product or service²²⁴

F. Examination of the Requirements

As discussed above, to some extent, Examiners have to presume facts concerning the requirements for trademark registration based on the potential consumer. In addition, applicants themselves can provide evidence in order to facilitate registration. If the JPO denies registration for a mark, the applicant

221. PORT, *supra* note 2, at 73–75 and art. 4, para. 1; *see also* Judgment of June 26, 1986 (*Misore* case), Nagano District Court, 18 *Mutai Zaisan Hanreishu* 239.

222. Judgment of June 26, 1986 (*Misore* case), Nagano District Court, 18 *Mutai Zaisan Hanreishu* 239, 257 (quoted in PORT, *supra* note 2, at 75) (omission in original).

223. Judgment of July 20, 1986, Tokyo High Court, 1328 *Hntei Jiho* 111.

224. JAPANESE PATENT OFFICE, AMENDED TRADEMARK EXAMINATION GUIDELINES, at <http://www.jpo-miti.go.jp/info/kijunkai.htm>.

can submit any evidence that may facilitate rebuttal of the decision.²²⁵ For example, refusal for non-distinctiveness is likely to elicit survey evidence of secondary meaning from the applicant. Moreover, while an application is pending, anyone is permitted to submit evidence indicating that registration of the trademark should be rejected.²²⁶ Thus, there are some mechanisms through which evidence can be used to persuade the JTO. However, despite the avalanche of evidence received, Examiners tend to make a decision based on precedent rather than upon submitted evidence. Therefore, it is important to consider the submitted evidence in relation to previous decisions made by the JTO.

The submission of evidence is also governed by the Trademark Examination Guidelines which are designed to avoid inconsistency and to facilitate predictability in the examination process. The Guidelines assume an important role in adequate and prompt practice. However, it is also important to consider the business circumstances in each case. The end result is that Examiners make registration decisions based upon legitimate considerations and evidence to the greatest extent possible.

IX. PROTECTION FOR FAMOUS MARKS

A. Outline of the Protection for Famous Marks

Famous marks are protected regardless of whether they have been registered with the JTO.²²⁷ In addition to the Trademark Law, unfair competition laws also provide protection for famous marks²²⁸ in the distribution market.²²⁹ Consequently, actions creating unfair competition or imitating the mark of another are prohibited.²³⁰

The Trademark Law protects trademark rights against infringement. If a mark becomes famous, protection is offered to the mark despite the fact that it may not be registered with the JTO.²³¹ Likewise, the JTO will refuse registration of a mark if it will cause consumers to be confused with the famous trademark.²³² Moreover, even if a famous mark has not been registered, the junior user is precluded from using the mark or attempting to

225. PORT, *supra* note 2, arts. 15A–15B.

226. *Id.* art. 16C.

227. *See* PORT, *supra* note 2, at 71–73.

228. *See* Fusei Kyoso Boshicho [Unfair Competition Prevention Law] Law No. 14 of 1934.

229. *Id.* art. 1.

230. *Id.*

231. *Id.*

232. *Id.*

leverage the registration against the senior user of a famous mark.²³³ The protection provided to famous marks is applied systematically so as not to enlarge the scope of protection for marks that are not famous.

1. Examination

Examiners issue a rejection when an application falls under Article 4-1-10, Article 15, or Article 19, which prevents the registration of a famous mark.²³⁴

2. Opposition and Appeal for Invalidation of Trademark Registration

If a trademark is registered in violation of the Trademark Law, the registered trademark may be opposed or be invalidated by an administrative appeal. After registration, the JPO Gazette is published. Upon publication, anyone can file an opposition to the registration on the grounds of Article 4-1-10.²³⁵ In addition, any interested party can appeal the registration to an Administrative Appeals Court on the grounds of Article 4-1-10.²³⁶

3. Defensive Marks

Trademarks that are widely recognized may be registered as a defensive mark.²³⁷

4. Prior Use

If a senior user is able to establish that the trademark became widely known in Japan prior to application for the mark by another user, the senior user has the right to continue to use the mark on the goods or services that have been used in connection with the mark.²³⁸

The importance of Article 4-1-10, Article 15, and Article 19 cannot be overstated. As such, some discussion and analysis of these articles, including the examination process, is necessary.

B. Article 4-1-10

“Trademarks which are widely recognized by consumers as marks indicating the goods or services of another—or trademarks that are similar thereto—and are used on goods or services similar to those of the other

233. See Unfair Competition Prevention Law, *supra* note 228, art. 1.

234. PORT, *supra* note 2, art. 15.

235. *Id.* art. 43A.

236. *Id.* art. 46.

237. *Id.* at 23–26 and art. 64.

238. *Id.* art. 32.

party[]” may not be registered.²³⁹ “Trademarks which are widely recognized by consumers” include not only those trademarks that are known throughout Japan, but also those that may only be well-recognized in a certain area of the country.²⁴⁰ A consumer includes not only end consumers but also retailers, wholesalers, or people highly involved in the industry or trade.²⁴¹

According to Article 4-1-10, the trademarks eligible for protection under this provision need to be widely recognized in the country at the time of the application for trademark protection.²⁴² In order to determine the degree of fame necessary for protection, courts will examine the length of use, amount of sales, and market share.²⁴³ In the *DCC Coffee* case,²⁴⁴ the District Court “held that even though the mark had been used for 23 years and recognized as a trademark by at least 30% of its targeted market, the trademark DCC as used on coffee and coffee-related products was not ‘well recognized’ for purposes of Article 4-1-10.”²⁴⁵ On appeal, the Appellate Court held that because “coffee” is a daily product distributed nationwide, the trademark should be “widely recognized” in at least a few prefectures.²⁴⁶ However, the Appellate Court pointed out that *DCC* was used mainly in only one prefecture with a market share of approximately thirty percent.²⁴⁷ Therefore, it would appear that in order to obtain the degree of fame necessary to obtain Trademark Law protection, a mark must reach a degree of fame that is more than just well-known or popular.²⁴⁸

However, the fame requirement becomes unsettled when the mark maintains a strong market abroad. In the *Computerworld* case, the Court held that that a mark may be sufficiently famous to warrant protection even if it is used primarily overseas so long as the mark indicates the source of the goods or services to consumers in Japan.²⁴⁹

A determination of whether a foreign mark is famous is examined to

239. PORT *supra* note 2, art. 4, para. 10.

240. TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4. See also generally Judgment of Feb. 26, 1992 (*Computerworld* case), Tokyo High Court, 1430 *Hanrei Jiho* 116.

241. TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

242. *Id.*

243. See PORT, *supra* note 2, at 72.

244. Judgment of Sept. 30, 1982 (*DCC Coffee* case), Hiroshima District Court, 499 *Hanrei Times* 211.

245. PORT, *supra* note 2, at 61.

246. See Judgment of Sept. 30, 1982 (*DCC Coffee* case), Hiroshima District Court, 499 *Hanrei Times* 211.

247. Judgment of June 16, 1983, Tokyo High Court, 15 *Mutai Zaisan Hanreishu* 501.

248. Judgment of Feb. 26, 1992 (*Computerworld* case), Tokyo High Court, 1430 *Hanrei Jiho* 116.

249. *Id.*

determine the degree of infiltration into the consumer market. Therefore, facts concerning the use of a trademark and the quantity of the goods or services on which the mark was used is taken into account.²⁵⁰

The degree of fame is therefore determined by examining the following measures: (1) length of use; (2) place of use; (3) quantity of products; certification or transaction, and scale of business (numbers of stores, places of business, amount of sales, etc.); and (4) method, frequency, or contents of advertisements.²⁵¹

The following documents can be used as evidence to prove fame:

1. Invoices, delivery slips, order slips, bills, receipts, account books, pamphlets, etc.
2. Printed advertisements or publicity materials (for example, newspaper clippings, magazines, catalogues, leaflets).
3. Photographs showing the use of a trademark.
4. Certificates (or survey evidence) from advertising agents, broadcasting companies, publishing companies, or printing companies.
5. Certificates (or survey evidence) from trade associations, or the same trade or other third parties.
6. Certificates (or survey evidence) showing use of the mark by clients, agencies, customers, and public organizations.²⁵²

In addition to the foregoing documentation, Examiners should consider the business circumstances when assessing the fame of the mark.

C. Article 4-1-15

Article 4-1-15 prohibits the registration of “[t]rademarks which may cause confusion regarding the goods and services related to another’s business.”²⁵³ I . . . [C]onfusion regarding the goods and services related to another’s business means not only the case where the customers are confused over the goods or services as they are coming from another’s business itself, but also that the customers are confused over the goods or services as they are coming from the business which has a certain relationship with another’s business regarding the financial or organizational points of view.²⁵⁴

Thus, Article 4-1-15 provides a higher degree of protection compared

250. See KUDO, *supra* note 202, at 78

251. TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

252. *Id.*

253. PORT, *supra* note 2, art. 4, para. 15.

254. TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

with Article 4-1-10; namely, the owners of “famous” marks can prevent the registration of mark on grounds beyond the similarity of goods or services.

For example, Company *A* uses the trademark on Good *X*, and the mark has become widely known throughout Japan. Then, Company *B* uses a similar mark on Good *Y*, which is not similar to Good *X*. The good either has nothing in common with the Good *X*. In this case, the customers would assume that Good *Y* is coming from Company *A*, though it does not. Accordingly, the customers are confused as to the source of Good *X*.

In the past, confusion was narrowly construed.²⁵⁵ Under such construction, the Administrative Court of Appeals prohibited a finding of confusion unless the goods of a famous mark were identical to the goods found in a trademark application.²⁵⁶ For example, if PARKER was used on the identified goods “Bone, Horns, Teeth, Tusks and the related goods,” it could not cause confusion among the consumers for fountain pens.²⁵⁷

The Industrial Property Council broadened the definition of confusion to prevent the use of a famous mark by another—even on dissimilar goods.²⁵⁸ The unfair competition laws also adopted this broadened definition of confusion.²⁵⁹ For instance, in the *Piaget* case, the Tokyo High Court held that the mark PIAGET may cause consumer confusion regarding the relationship to the famous PIAGET watch.²⁶⁰ In light of the strengthened protection for famous marks, the Administrative Appeal Courts also began to utilize the broader definition of confusion in their decisions.²⁶¹

Examiners will comprehensively consider the following factors to determine whether a trademark causes confusion: “(1) Degree of fame of another’s trademark (dissemination of advertisement, survey of popularity, etc.); (2) Whether another’s trademark is a created (coined) mark; (3) Whether another’s trademark is a house mark; (4) Possibility of diversified business operations; and (5) Relationship between goods and/or services.”²⁶²

Compared to Article 4-1-10, Article 4-1-15 requires the trademark to have a greater degree of recognition to qualify for protection. However, according to the Examination Guidelines, the requirements under 4-1-15 do not

255. See KUDO, *supra* note 202, at 194.

256. *Id.*

257. Judgment of Apr. 28, 1962, Tokyo High Court, 318 *Sinketu Koho* 79.

258. See ONO, *supra* note 25, at 233.

259. See KUDO, *supra* note 202, at 194; Judgment of Mar. 25, 1987, Kobe District Court, 19 *Mutaizaisan Shu* 80.

260. Judgment of Mar. 17, 1988, Tokyo High Court, 21 *Mutaizaisan Hanreishu* 173.

261. See KUDO, *supra* note 202, at 194.

262. TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

necessarily require that the mark must be known throughout Japan.²⁶³

Alternatively, the factors found in Article 4-1-10 can be used to prove the presence and the degree of fame.²⁶⁴ Additionally, it is said that coined words are more distinct than existing words.²⁶⁵ As such, if a coined word becomes famous, it is less likely to cause confusion than an ordinary word.²⁶⁶ "House-marks" are also distinctive, because they are generally the name of the trademark owner. As such, consumers recognize the house-mark more frequently than individual names of products or pet names.²⁶⁷ Therefore, house-marks, like coined words, are less likely to cause confusion with trademarks used in connection with other goods or services.²⁶⁸

In addition, foreign marks need not be famous exclusively in Japan, but consumers must be aware of the mark's fame overseas.²⁶⁹ In some cases the fame of a foreign mark is not determined by the end consumer, but may be established through recognition by distributors or traders that the mark is famous.²⁷⁰

D. Article 4-1-19

Trademarks may not be registered:

. . . [W]hich are the same as or similar to trademarks that are widely recognized among consumers either in Japan or in foreign countries as identifying the goods or services related to another's business and are used for illicit purposes such as trading off of the goodwill of another or causing damage to another.²⁷¹

The Industrial Property Council points out that as widely recognized trademarks have become more important for users in the present economic society, those marks should be fully protected from dilution and free riders.²⁷² The globalization of trade and travel have contributed to the infringement of marks that are not famous domestically, but have obtained fame abroad. For example, in the *Dorothée bis* case, the Kobe District Court ruled that filing an application for a senior user's famous mark in a foreign country with the intention of disturbing the trademark owner's business in Japan, is a form of

263. AMENDED TRADEMARK EXAMINATION GUIDELINES, *supra* note 224, art. 4.

264. See TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

265. KUDO, *supra* note 202, at 199.

266. *Id.* at 199-200.

267. *Id.*

268. *Id.*

269. See TRADEMARK EXAMINATION GUIDELINES, *supra* note 85, art. 4.

270. *Id.*

271. PORT, *supra* note 2, art. 4, para 1.

272. See INDUSTRIAL PROPERTY COUNCIL, *supra* note 123, at 26.

plagiarism and engaging in such an action constitutes trademark abuse.²⁷³ Similarly, in the *Jimmy's* case, the Osaka District Court stated that if the registrant registered the trademark with the intention to prevent the trademark holder from selling or franchising their products in Japan, the registrant is unable to exercise the trademark right.²⁷⁴ Furthermore, in the *Popeye* case, the Japan Supreme Court held that it is an abuse of a trademark right for the registrant of POPEYE to bring an infringement suit against the licensee of the copyright for the POPEYE cartoon character.²⁷⁵

In response to these cases, Article 4-1-19 was amended in 1996 to prohibit the registration of famous marks with the intent to gain a competitive advantage in the marketplace through the exclusion of competitors, free riding on the fame of another's mark, or any other illicit purpose.²⁷⁶

Regarding violations of Article 4-1-19, after a test has been undertaken to determine whether the mark is famous,²⁷⁷ a trademark Examiner must determine whether there is an illicit purpose for the use of the famous mark. Trademark Examiners may rely on the following items to determine whether there was an illicit purpose for the use of the famous mark:

1. Documents showing that the owner of a widely recognized mark has plans to export the products to Japan.
2. Documents showing that the owner of a widely recognized mark has plans to expand its business to Japan in the near future.
3. Documents showing that the owner of a widely recognized mark has offered to license the mark to those parties interested.
4. Survey evidence showing that if the applicant uses the mark, the use is likely to impair goodwill, reputation, and recognition built up in the mark.²⁷⁸

During examination, applications are rejected if the proposed mark is identical or very similar to a famous mark. In this case, Examiners operate under the presumption that the application is for an illicit purpose.²⁷⁹ This presumption arises because applicants seldom independently develop a mark that is very similar or identical to a famous trademark by happenstance. Moreover, Examiners will consider expressed concerns or complaints from foreign governments, or a governmental organization, regarding the potential

273. Judgment of Dec. 21, 1972, Kobe District Court, 14 *Mutai Zaisan Hanreisyu* 813.

274. Judgment of Feb. 25, 1995, Osaka District Court, 25 *Chiteki Zaisan Hanreishu* 56.

275. Judgment of Feb. 25, 1995, Supreme Court, 44 *Minsyu* 876.

276. See HEISEI, *supra* note 120, at 141-43.

277. AMENDED TRADEMARK EXAMINATION GUIDELINES, *supra* note 224, art. 4.

278. *Id.*

279. *Id.*

registration of a mark that strongly resembles a famous mark.²⁸⁰

E. Examination of Famous Marks

Determination that a mark is famous does not automatically preclude registration of a similar mark. The difficulty lies in balancing protection for the famous mark with the scope of fame the mark maintains. Any determination must be based on the facts of the instant case and the holdings set forth by the courts.

The ability to search for a famous mark abroad is rather limited because a researcher is likely to be unfamiliar with foreign markets and face language and societal challenges as well. For that reason, it may be impractical to require applicants to collect evidence from abroad indicating that the mark they seek to register is not similar to a famous mark in another country. This should not create the impression that the JPO is tolerant of heedless trademark searches for famous marks abroad; rather, it is a statement about the feasibility of conducting a global trademark search. However, the publication of trademark applications allows everyone the opportunity to assist the JPO in trademark determinations by submitting evidence of foreign famous marks that the applicant or JPO may be otherwise unaware of. Consideration of submitted evidence is not viewed as undermining the competency of the Examiner so much as it is viewed as assistance in making the registration system more reliable.

In addition, the "super registry" system found in the United States that maintains a comprehensive list of all registered trademarks, provides a significant resource to JPO Examiners. Examiners are able to avoid problems of a lack of information that may otherwise lead to the arbitrary examination of trademarks in foreign countries by utilizing the super registry system. The system is successful because the owner of a trademark, famous or otherwise, registers the mark on the registry so that the entire world may learn of the mark. Though Japan has yet to adopt its own super registry system, it does have a defensive mark system that is similar to the super registry. Like the super registry, the defensive mark system facilitates the exchange of information concerning trademarks.

X. CONCLUSION

I have introduced the trademark registration system in Japan to illustrate

280. See JAPANESE PATENT OFFICE, ZYUYOSHA NO AIDANI HIROKUNINSIKISARETEIRU SYOHO NI KANRENSURU SYOHO NOTORIATSUKAI [HANDLING OF THE MATERIALS ON TRADEMARKS WIDELY RECOGNIZED AMONG CONSUMERS], at <http://www.jpo-miti.go.jp/info/kijunkai.htm>.

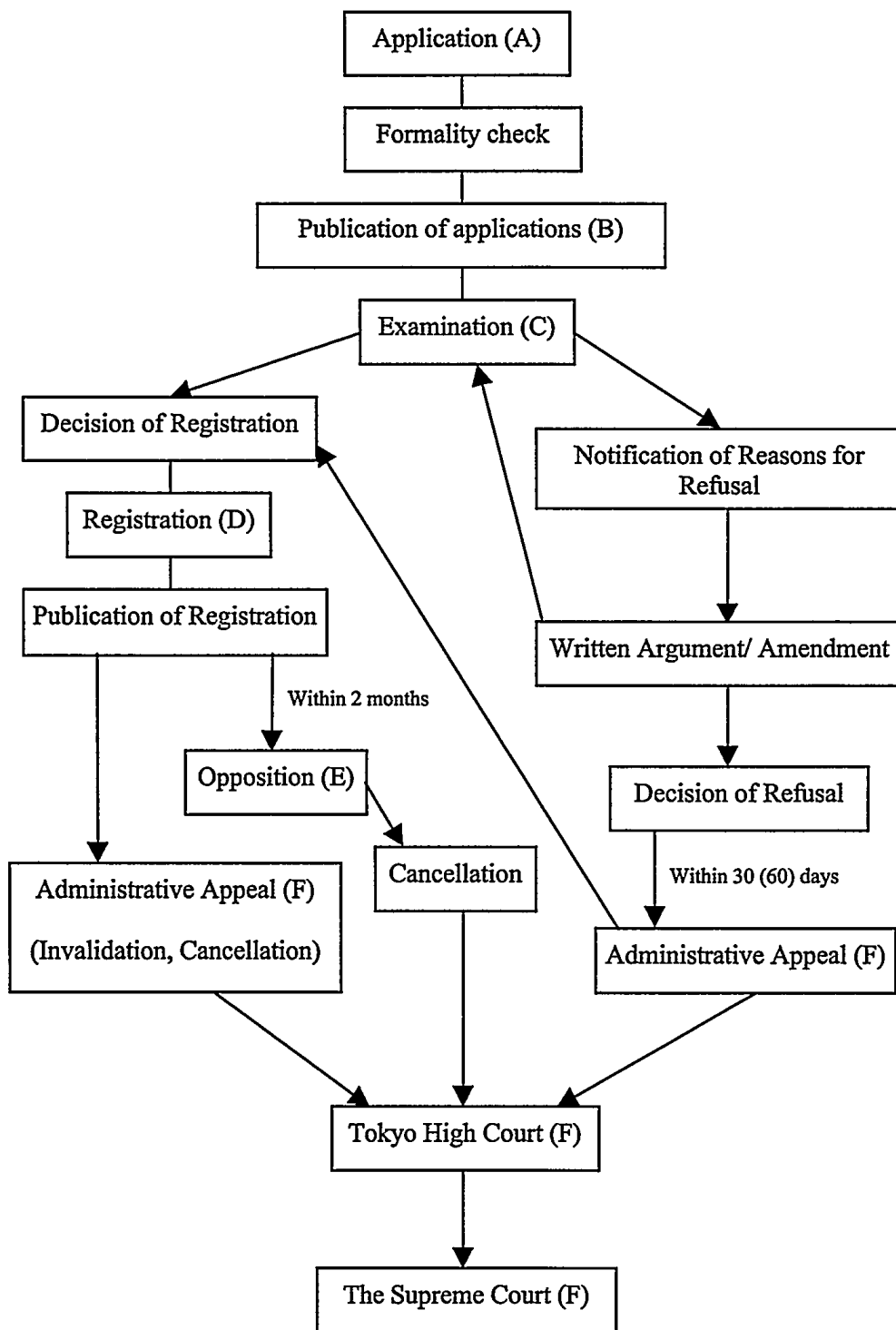
how trademarks are protected. The Trademark Law was introduced to encourage industry and provide enforceable trademark rights in Japan. In a modern society, protection of trademarks is imperative to identify the origin of products or services.

Japan employs the registration-based system in order to promote legal certainty with respect to securing the title to a trademark. This system attempts to verify that a trademark can be registered quickly and provides the opportunity to review the decisions made by the JPO.

The Trademark Law requires that for a mark to be eligible for registration, the mark must be distinctive, may not cause confusion, and cannot misappropriate the goodwill of another mark. During examination, the JPO relies upon the Trademark Examination Guidelines in addition to the business circumstances of each trademark. In addition, the Trademark Law provides fairly strong rights to the trademark registrant and efficient remedies to protect the trademark against infringement and to encourage registration.

The Trademark Law also provides protection to famous marks that have established goodwill. In other words, the law prevents the registration, by junior users, of famous marks. If a famous mark has been registered, the law may revoke the registration or restrict the registrant in the use of the mark. Avoidance of registering a famous mark or previously registered mark is achieved through the new publication system that facilitates the dissemination of trademark registration.

To conclude, the purpose of the Trademark Law is not only to grant trademark rights through registration, but also to protect the goodwill of trademark owners and users. The Japanese trademark registration system has some built-in mechanisms to avoid lengthy court battles and improve predictability so as to promote business and industry ventures in Japan.

Process for Trademark Applications

Statistical Data on Trademarks

Applications and Registrations

	Applications	Publications of Examined Trademarks	Decisions of Registration	Registrations
1989	172,780	97,500	111,643	119,301
1990	171,726	100,000	121,492	116,714
1991	167,906	119,000	135,284	95,329
1992	311,011	150,000	157,404	156,040
1993	174,585	123,500	166,572	166,697
1994	172,859	104,000	126,733	147,191
1995	179,689	138,000	179,811	144,911
1996	188,160	150,000	169,530	178,251
1997	133,116	11,490	193,357	253,272
1998	112,469	NA	141,531	132,066

Note: The number of registrations includes the number of renewal registrations and defensive mark registrations.

Appeals of Examiner's Decisions of Refusal

	Appeals	Appeals accepted
1989	3,041	2,571
1990	3,286	2,152
1991	3,900	1,748
1992	3,953	3,003
1993	3,711	2,959
1994	2,492	2,884
1995	2,624	3,450
1996	2,481	4,314
1997	2,763	6,937
1998	3,968	3,076

Appeals for Invalidation

	Appeals	Appeals accepted
1989	193	47
1990	205	36
1991	164	21
1992	137	22
1993	226	24
1994	185	64
1995	161	70
1996	181	77
1997	210	185
1998	317	136

Appeals for Cancellation

	Appeals	Appeals accepted
1989	924	462
1990	922	456
1991	1,216	580
1992	1,063	607
1993	990	603
1994	803	660
1995	882	937
1996	1,109	591
1997	1,339	772
1998	1,454	1,079

Data: JAPANESE PATENT OFFICE, ANNUAL REPORT (1999).

