

Tackling Bad Faith Trademark Filings in Japan

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1. Measures against Bad Faith Filings under the Japanese Trademark Act
2. Case Examples
 - Factors taken into account in determining “Unfair Purposes”
3. Information Submission System
4. Japan’s Concept for tackling Bad Faith Filings
5. Summary

(1) Relevant Provisions under the Japanese Trademark Act

Provisions applicable to bad faith trademark filings are as follows:

- Principal paragraph, Art.3(1) : Intension to use the mark
- Art.4(1)(vii): Trademarks against public order or morality
- Art.4(1)(viii): Trademarks containing a name, etc. of another person
- Art.4(1)(x): Trademarks identical with or similar to another person's well-known trademarks
- Art.4(1)(xv): Likelihood of Confusion as to the origin
- **Art.4(1)(xix): Trademarks identical with or similar to another person's well-known trademarks and used for unfair purposes**
- Art.53bis: Cancellation of counterfeiting registration by agents

(2) Major Provisions that cover Bad Faith Trademark Filings

Well -known in Japan	Well-known only abroad	Not well-known either in Japan or abroad
<p>Designated goods/services are similar to each other → Article 4(1)(x)</p> <p>Even if designated goods/services are not similar to each other, when there exists likelihood of confusion → Article 4(1)(xv)</p>		
<p>Even if there is no likelihood of confusion, when the trademark is used for unfair purposes → Article 4(1)(xix)</p>	<p>Even if the trademark is not well-known in Japan, when the trademark is well-known abroad and is used for unfair purposes → Article 4(1)(xix)</p>	
<p>The trademark is against public interest, public morality or international fidelity by such reasons as application was filed fraudulently → Article 4(1)(vii)</p>		
<p>Lack of intention to use the trademark → Principal Paragraph, Article 3(1)</p>		

(3) Refusing trademarks identical with or similar to another person's well-known trademark and used for unfair purposes

Article 4(1)(xix) * Introduce by the Trademark Act Amendment of 1996

No trademark shall be registered, if the trademark:

is identical with, or similar to, a trademark which is well known among consumers in Japan or abroad as indicating goods or services pertaining to a business of another person, if such trademark is used for unfair purposes (referring to the purpose of gaining unfair profits, the purpose of causing damage to the other person, or any other unfair purposes, the same shall apply hereinafter) (except those provided for in each of the preceding Items);

Points of the provision

- Another person's trademark is "well-known" in **Japan or abroad**
- "Identity or Similarity" between applied trademark and cited well-known trademark



- **"Unfair purposes"**

Followings are the example of applications that falls under Article 4(1)(xix):

1. Cases in which trademarks well-known abroad are not registered in Japan
 - Applications filed for the purpose of making the owner of the well-known trademark buy the trademark rights for a high price
 - Applications filed for the purpose of preventing the owner of the well-known trademark from entering the Japanese market
 - Applications filed for the purpose of forcing the owner of the well-known trademark to enter into a distributor agreement

2. Cases where there is no likelihood of confusion between the trademark well-known throughout Japan and the applied trademark identical with or similar to the said trademark
 - Applications filed to dilute the function of indicating the origin
 - Applications filed to impair the reputation of the well-known trademark

(5) Determining “Unfair Purposes” under Art.4(1)(xix)

If materials that demonstrate facts listed below are available, the JPO conducts examination taking them into consideration in order to determine “unfair purposes”.

- ✓ Another person’s trademark is well-known
- ✓ The well-known trademark consists of coined words or has highly distinctive features in composition
- ✓ The owner of the well-known trademark has a plan to enter the Japanese market
- ✓ The owner of the well-known trademark has a plan to expand business
- ✓ Demands from the applicant forcing the owner to buy the trademark rights or to enter into a distributor agreement
- ✓ Risks of damaging credibility, reputation and goodwill of the well-known trademark

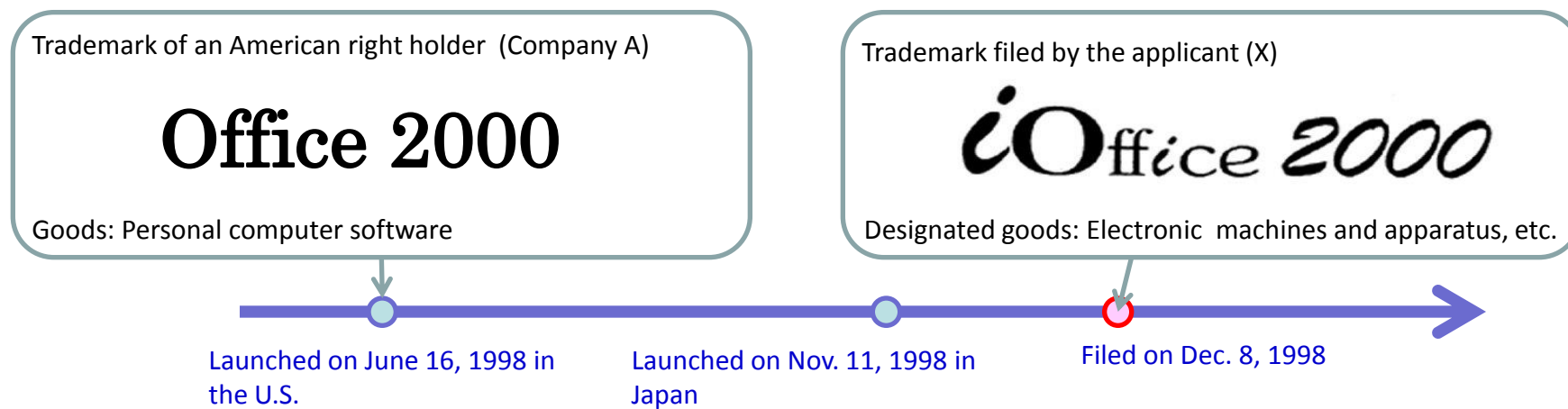
(6) Presumption of “Unfair Purposes” under Art.4(1)(xix)

Even if materials to prove facts listed in the previous slide are not found, a trademark application that meets both of the following requirements is **presumed as having an intention to use “another person’s well-known trademarks” for unfair purposes** because it is highly unlikely that the trademark coincides with the said well-known trademark only by accident.

- i) The trademark filed is **identical with or remarkably similar to** the trademark well-known in one or more foreign countries or well-known throughout Japan.
- ii) Another person’s well-known trademark consists of **coined words** or has **highly distinctive features in composition**.

(Trademark Examination Guidelines)

2. Case Example(1) "iOffice2000" Tokyo High Court 2001 (Gyo-ke) No.205



Facts acknowledged in determining "unfair purposes:"

- On June 16, 1998, the American right holder (Company A) officially announced in the U.S. that its forthcoming upgraded version of "Office 97" will be launched under the name of "Office2000." Following the media coverage thereof in Japan, a Japanese subsidiary of Company A held an "Office2000" launch event on November 11, 1998 in Japan.
- X filed an application for registration of the trademark in the application concerned on December 8, 1998.
- X is a company engaged in the development and selling of groupware, a kind of personal computer software.



Conclusion: Article 4(1) (xix) of the Trademark Act is applied.

- It is found that X filed an application for registration of a trademark which is similar to the trademark of Company A and thereafter, used the same, with the good knowledge, at least one month before its filing of application, that Company A would launch its forthcoming office software under the name of "Office2000" and that the trademark had become a well-known trademark.
- It inevitably follows that X used the trademark in connection with groupware which is obviously closely related to office software with the intention of taking free ride on the famousness of "Office2000" as Company A's trademark and that X's use of the trademark is most likely to dilute the famousness of Company A's "Office2000." Therefore, it is found that X's use of the trademark concerned in connection with its groupware had an "unfair purpose" under Article 4(1) (xix).

2. Case Example(2) "S DESIGN"

Intellectual Property High Court 2009

Trademark of a Swiss right holder (Company C)

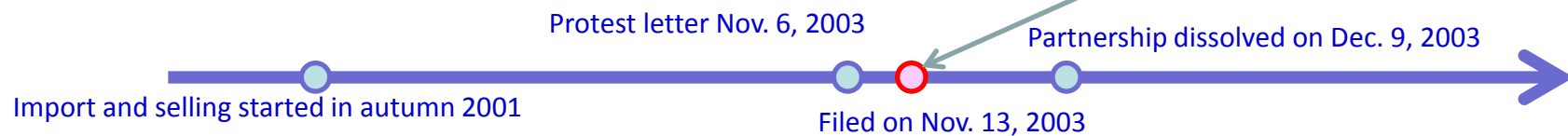


Goods: Automobiles, wheels, etc.

Trademark filed by the applicant (X)



Designated goods: Automobiles, etc.



Facts acknowledged in determining "unfair purposes:"

- X started the import and selling C's products in autumn 2001 as a de facto agent of a Swiss right holder (Company C).
- Company C sent a protest letter on November 6, 2003 because X exhibited C's products in a manner that can be misleading, without the consent of Company C, at the Tokyo Motor Show.
- X filed an application for registration of the trademark concerned on November 13, 2003.
- Relations between the two soured and X sent a letter to dissolve a partnership on December 9, 2003, and the partnership was dissolved.
- As at November 2006, Company C sent a letter to X's clients requesting a discontinuation of counterfeiting wheels of SPORTEC and the possibility for continuation of partnership between the two is completely disappeared.

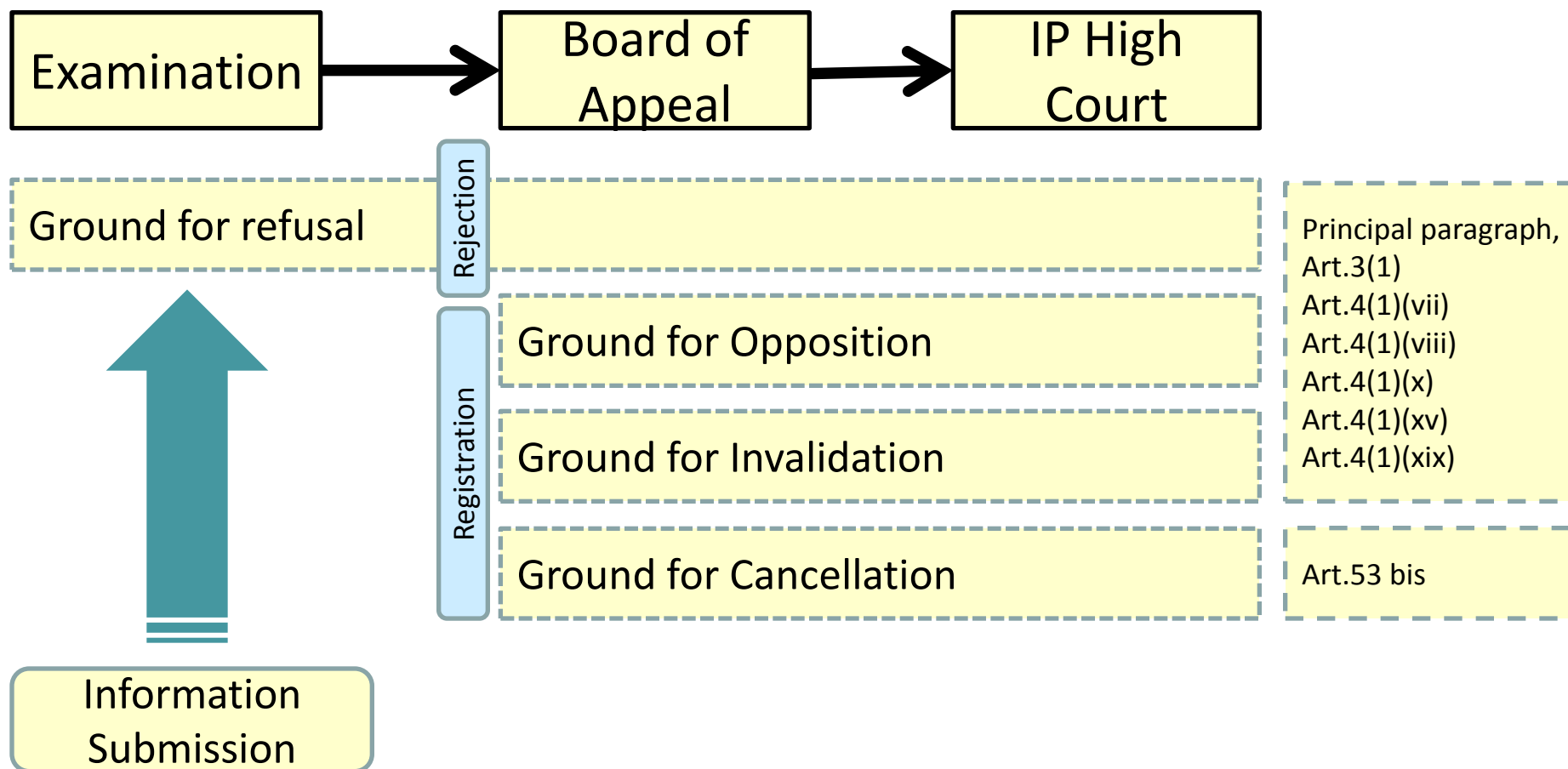


Conclusion: **Article 4.1 (xix) of the Trademark Act is applied.**

- It is found that X's application for registration of the trademark concerned is filed for **an unfair purpose** because it can be said that there was an intention to **utilize the goodwill of** the Company C's trademark and its products and further to benefit its own business even after the partnership is dissolved, in the circumstances that the partnership was to be dissolved between X and Company C.

3. Scheme for tackling Bad Faith Filings in Japan

- Bad faith trademark filings can be refused in the examination of the JPO under the Trademark Act.



4. Information Submission System

Any person can provide the JPO with **the information that the trademark in the application concerned is not registrable** (ie. Information that the trademark falls under the reason for refusal) by using Information Submission System.

(Article 19 of the Ordinance for Enforcement of the Trademark Act)



Who ? : Any person

When ? : Applications pending before the JPO

What ? :

- 1) Publications or a copy thereof
- 2) Catalog, brochure, etc. which is related to use of the trademark
- 3) Documents showing use of the trademark such as a copy of documents involved in business transactions

(Trademark Examination Manual 89.01)

750 submissions are
received in 2013

- **Bad faith trademark filings can be refused in the examination of the JPO under the Trademark Act.**
- **Submission of information will be effective in order to refuse bad faith filings in the examination.**
- **JPO will continue to work on sharing information on laws and regulations as well as examination practices regarding bad faith filings and enhance outreach for users by leading the “Bad faith trademark filings Project” in the framework of TM5.**

Thank you