

Case Studies on Bad Faith Trademark Filings in Japan

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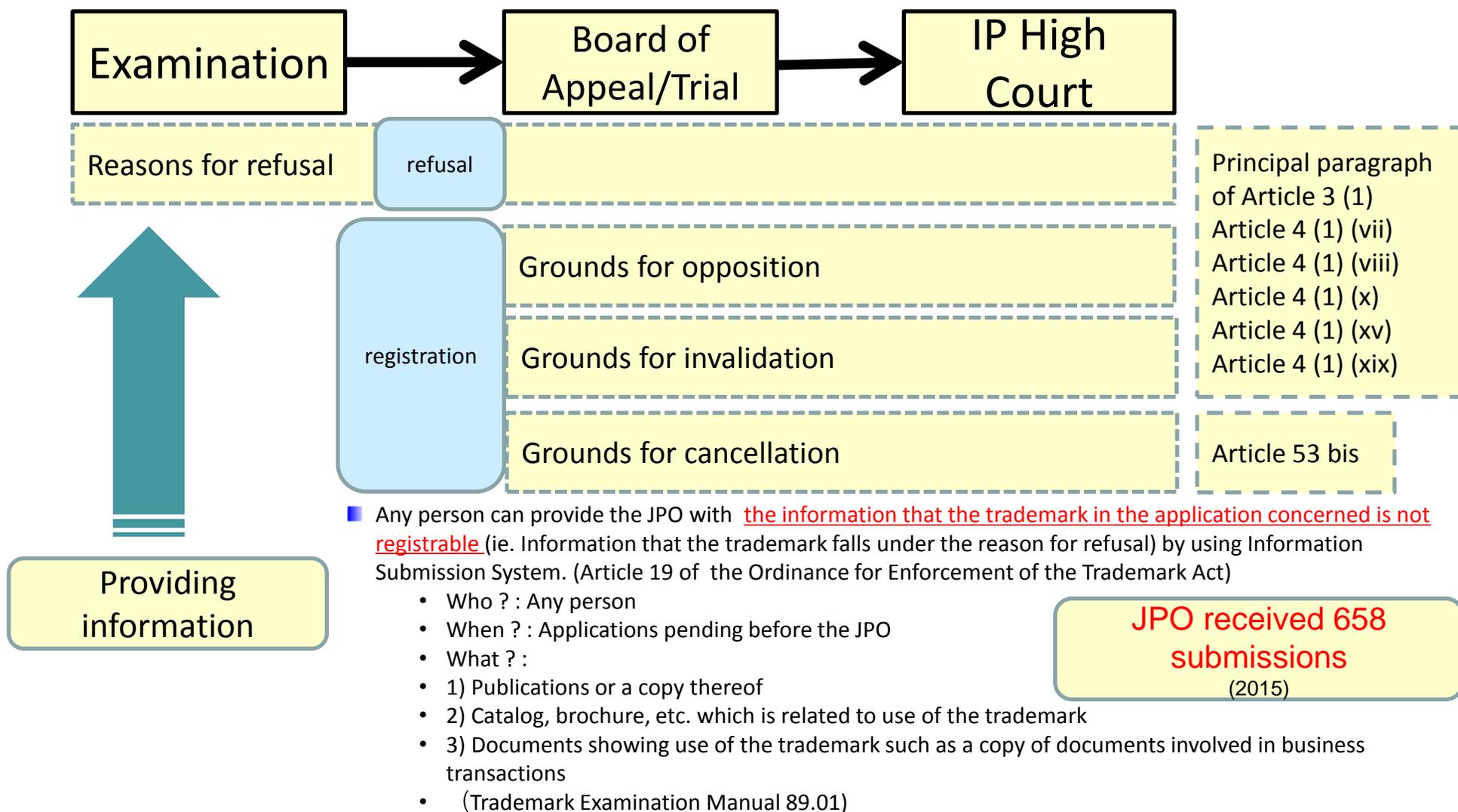
1. Measures against Trademarks Filed in Bad Faith under the Trademark Act of Japan
2. Case Examples of Bad Faith Trademark Filings in Japan
3. International Efforts against Bad Faith Trademark Filings

1. Measures against Trademarks Filed in Bad Faith under the Trademark Act of Japan

- Under the Trademark Act of Japan, the provisions applicable to bad faith filings are as follows:
 - **No intention to use the subject trademarks (the principal paragraph of Article 3 (1))**
 - **Violation of public order and morality (Article 4 (1) (vii))**
 - Trademarks containing other persons' names and/or titles (Article 4 (1) (viii))
 - Trademarks that are identical with or similar to well-known trademarks of other persons (Article 4 (1) (x))
 - Trademarks that are likely to cause confusion as to the sources of goods and/or services (Article 4 (1) (xv))
 - **Trademarks that are identical with or similar to well-known trademarks of other persons and are used in bad faith (Article 4 (1) (xix))**
 - Cancellation of registrations obtained fraudulently by representatives (Article 53-2)

(2) Japan's framework for tackling "bad faith" filing in Japan

- Under the Trademark Act, any trademark applications filed in bad faith can be refused in the examination process of the JPO.



(3) Refusing trademarks identical with/similar to well-known trademarks, and filed with unfair purposes

■ Article 4 (1) (xix) (introduced by the 1996 Trademark Act Amendment)

No trademark shall be registered, if the applied trademarks is **identical with or similar to other persons' registered trademarks that is well known among consumers in Japan or abroad** as trademarks indicating goods or services in connection with the other persons' businesses, and if such trademarks is used for **unfair purposes**(such as purposes of gaining profits unfairly, of causing damages to other persons, or any other unfair purposes, the same shall apply hereinafter)(except those stipulated in each of the preceding items).

Points in this provision

- Other persons' trademarks are "well known" **in Japan or foreign countries**.
- Applied trademarks are "identical with or similar to" the cited well-known trademarks.



- **Unfair purposes**

(4) Applications subject to Article 4 (1) (xix)

- The following examples are applications that are subject to Article 4 (1) (xix) of the Trademark Act:
 1. Cases in which trademarks well known in foreign countries remain unregistered in Japan, and:
 - 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. Even though there is no likelihood of confusion as to the sources, case where trademarks identical with or similar to trademarks well-known all over Japan are filed, and:
 - Applications are to dilute the function of indicating the origin
 - Applications are to impair the reputation of the well-known trademark

- When determining “unfair purposes”, if there are any documents, for example, indicating either of the following facts are available, the JPO conducts examinations by taking these documents into consideration:
 - The cited trademarks of other persons are well known;
 - The well-known trademarks consist of coined words, or have distinctive characteristics in terms of composition;
 - The well-known trademarks’ owners have plans to enter the Japanese market;
 - The well-known trademarks’ owners have plans to expand their businesses;
 - Applicants’ request the well-known trademarks’ owners to purchase their applied trademarks or to make agency agreements with them in Japan; or
 - Likelihood of damaging the well-known trademarks’ reliability, reputation, and goodwill of the well-known trademarks.

- 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**.

■ Article 4 (1) (vii) of the Trademark Act

No trademark shall be registered, if trademarks liable to contravene public order or morality.

Trademarks subject to Article 4 (1) (vii) are as follows:

- ✓ The trademark compositions themselves contain characters or figures that are extreme, obscene, and/or discriminatory in nature, leaving an uncomfortable/unpleasant impression in the public;
- ✓ Even if the compositions of the trademarks do not fall under the above, the use of the designated goods or services may **violate public interest or social morals**;
- ✓ Trademarks whose use is prohibited under other laws; and/or
- ✓ Trademarks that insult any nations or their citizens, and/or **violate international fidelity**.

Reference: Trademark Examination Guidelines

2. Case Examples of Bad Faith Trademark Filings in Japan

(1) “ETNIES” case: Using a trademark for unfair purposes

- Trademark used by a US right holder (Company A)

ETNIES

Goods bearing this trademark: Skateboard shoes, etc.

- Claimed trademark (Applicant X; Right holders X and Y)

ETNIES

Designated goods: Cloths, coats, etc.

In 1991 to 1992, goods bearing the trademark used by Company A were imported into Japan.

In December 1992, Company X filed a trademark application.

■ Facts recognized by the court

- The trademark used by Company A, “ETNIES,” was in use when the claimed trademark application was filed. At the same time, goods listed above bearing this Company A’s mark were marketed among US distributors and consumers.
- In Japan, five skateboarding equipment brokers or distributors (including Company X) negotiated with a Company A’s affiliate and imported sample products (shoes, T-shirts, and leather jackets) in 1991 to 1992. Based on these facts, the court determined that the goods bearing the trademark of Company A had already attracted attention of skateboarding equipment brokers and distributors in Japan and the Company A’s trademark had already been widely known among those business operators before the filing of the disputed application.
- In January 1992, Company X asked the Company A’s affiliate on several occasions to dispatch goods or their samples. In November 1992, Company X communicated its willingness to deal Company A’s products in Japan on an exclusive basis to the Company A’s affiliate.
- After the filing of the claimed trademark application, Company X and Company Y filed a joint application for registration of a trademark containing the characters of “ETNIES” in and outside Japan. When this fact came to the attention of Company A, X and Y approached A with a proposal to start transactions under conditions favorable to X and Y.
- Company X launched the export and sale of street shoes and clothes in January 1993, just after the filing of the claimed trademark application.

(1) “ETNIES” case: Using a trademark for unfair purposes

■ Court ruling: The claimed trademark falls under Article 4 (1) (xix) of the Trademark Act

- When finding the claimed trademark, Company X predicted and expected that the products bearing this mark manufactured by the Company A’s affiliate would become popular in Japan. Based on this recognition, Company X approached Company A for negotiations. Furthermore, Company X filed the claimed trademark application for such purposes as strengthening its own bargaining power in the negotiations with Company A, while A responded sincerely to X. Other circumstances also suggest that Company X or Y made some attempts to seek a superior position in the negotiations with Company A. Such attempts include application filings for the claimed trademark and other trademarks based on a scenario presumably plotted by either Company X or Y.
- Since the claimed trademark application was filed by Company X in this way, this filing is reasonably interpreted as having been intended to use the claimed trademark for “unfair purposes” referred to in Article 4 (1) (xix) of the Trademark Act.

(2) “ManhattanPortage” case: Using a trademark for unfair purposes

■ Trademark used by Company B



Goods bearing these trademarks and designated goods:
Shoulder bags, sports bags, etc.

■ Registered trademark of Company B (in US)



■ Claimed combined trademark (Applicant X)



Designated goods: Bags, pouches and sacks, etc.

■ Claimed figurative trademark (Applicant X)



In April 1983, Company B started using these marks in the US.

In November 1988, Company X filed an application for this claimed combined trademark.

In September 1990, Company X filed an application for this claimed figurative trademark.

In July 1997, Company B registered these marks in the US.

■ Facts recognized by the court

- Company B is a US business corporation manufacturing and selling school duffle bags, messenger bags, and other bags. Company B started using their marks in the US in April 1983 and obtained the US trademark registrations in July 1997.
- 1) Before October 1988, i.e., prior to the each claimed trademark application filings, Company B’s product catalogs and some other merchandise catalogs contained trademarks which are deemed identical to Company B’s registered trademark or its other mark then in use in light of socially accepted standards (i.e., a mark comprised of a group of high-rise buildings and the characters “ManhattanPortage” designed in the same way as the registered trademark). 2) Some facts show that Company B’s registered trademark and a trademark deemed identical to the registered trademark in light of socially accepted standards were already used before October 1998. Based on these and other facts, the court recognized that Company B’s registered trademark and its other trademark in use (which constitutes the core of a trademark deemed identical to the registered trademark in light of socially accepted standards) were already known widely at least in the US bag industry and among US consumers before the each claimed trademark application filings.
- In October 1988, Company B and Company X negotiated about transactions of Company B’s products. They basically agreed that X would purchase B’s products. However, they did not reach definitive agreement as to exclusive distributorship of B’s products in Japan.
- Since Company X anticipated negotiation failure, X started the manufacture of bags similar to Company B’s products in Korea in 1989. Then, X marketed those bags with a trademark primarily composed of a white-colored figure of a group of buildings on a red-colored background and the characters of “ManhattanPortage.”
- X filed an application for registration for the claimed combined trademark in November 1988 and for the claimed figurative trademark in November 1990 without notice to B.

(2) “ManhattanPortage” case: Using a trademark for unfair purposes

■ Court ruling: The each claimed trademark falls under Article 4 (1) (xix) of the Trademark Act

- Company X understood that the trademark used by Company B had already been widely known in the US and that X was not granted a license to use this trademark. Nevertheless, X filed applications for registration of the claimed combined trademark and claimed figurative trademark in Japan. Both were similar to the trademark used by Company B in appearance, and even the claimed combined trademark was similar to the trademark used by Company B in sound. As a consequence, the court determined that such application filings by Company X were intended for unfair purposes.
- Company B was not interested in trademark application for registration in Japan. This attitude, though, does not tolerate unauthorized trademark filings by others including the each claimed trademark filings by Company X. According to written statements or other documents, Company X alleged that its applications had been approved by Company B, but Company B strongly denied this. The court therefore cannot accept this allegation of Company X because it was not confirmed by any objective evidence.

■ Reference information : Related Case



- Claimed trademark (Applicant: Company X)
- Designated goods: Bags, pouches and sacks, etc.
- After the each claimed trademark application filings, Company X filed an application for a trademark comprised of the figure of a group of buildings and the characters of “Manhattan/Passage” illustrated here in March 1994 and then obtained its registration.
- As with the each claimed trademark explained above, the filing for this Claimed trademark was determined to involve unfair purposes and the JPO invalidated its registration. This judgment of invalidation is upheld by the competent Japanese court.

(3) “Noraya” case: Violation of public order and morality

- Formerly registered trademark of a restaurant in Japan (Company C)



Designated services: Serving udon or soba noodles. etc.

- Claimed trademark (Applicant X)



Designated services: Serving food and drink, etc.

Company C registered this trademark in 2001.

Company C's trademark registration was extinguished in 2011.
On the same date, Applicant X filed a trademark application.

Facts recognized by the court

- Company C was established on August 18, 2000. Then, Company C launched a restaurant franchise specializing in udon noodles in 2001.
- In 2001, Company C filed an application for the trademark comprised of a cat figure and subsequently obtained its registration of establishment.
- Company C's registered trademark was extinguished on September 21, 2011 due to expiration of the duration. On the same day, Applicant X filed an application for the claimed trademark without notice to Company C.
- As of September 21, 2011, Company C was the party to a franchise agreement (the franchiser), and X virtually acted as a general manager of the franchisee to this agreement. In June to August 2011, Company C and the franchisee struggled over unpaid amounts for foodstuff. C and X therefore discussed measures for debt collection.
- In April 2012, the claimed trademark application filing by X came to the attention of C. In subsequent consultations between C and X, X exploited the fact of such unauthorized filing as a tool in negotiations and attempted to get excessive financial benefits from C.

■ **Court ruling:** : **The claimed trademark falls under Article 4 (1) (vii) of the Trademark Act**

- As a general manager virtually acting for a franchisee of Company C, X was in a position to assume the duties required under the good faith principle, i.e., the duty to respect the formerly registered trademark of Company C and the duty to refrain from acting in a way detrimental to its ownership and control of the trademark right. However, X forced through the claimed trademark filing, taking advantage of the extinguishment of C’s trademark right due to expiration of its duration, obtained the trademark right pertaining to the trademark previously used by C, and exploited this new registration to negotiate with C for favorable financial benefits. As a consequence, the court determined that the claimed trademark application filing had been intended to get unfair benefits.
- In light of the purpose intended by this application filing and its background, the claimed trademark application filing by X not only constitutes a breach of the agreement between Company C and the franchisee, but also contravenes proper business ethics and is regarded as extremely unreasonable conduct from a social standpoint. If such trademark registration were allowed and X were recognized as a right holder, it would be unjustifiable from the standpoint of ensuring fair and orderly transactions and it would be against the purpose of the Trademark Act.
- In light of the purpose intended by the claimed trademark application and its background, the trademark covered by the claimed trademark application filing constitutes a trademark that “is likely to cause damage to public policy” as described in Article 4(1)(vii) of the Trademark Act.

■ Court ruling: The claimed trademark falls under Article 4 (1) (vii) of the Trademark Act (continued)

- Applicant X insisted that the trademark right pertaining to the formerly registered trademark had been extinguished as a result of Company C’s breach of the duty as a franchiser and that this breach must be considered seriously.
- It is true that the extinguishment of the formerly registered trademark resulted from an elementary mistake of Company C. This situation obviously constitutes a material breach toward franchisees.
- While the extinguishment of the formerly registered trademark happened as a result of an accidental mistake in this way, X intentionally exploited this accidental situation and obtained a trademark registration in pursuit of unfair benefits. The severity of disloyalty on the part of X cannot in any way be diminished by the negligence on the part of Company C. Therefore, Company C’s material breach of the duty as a franchiser never affects the judgment that the claimed trademark is a trademark likely to cause damage to public policy.

(4) “KUmA” case: Violation of public order and morality

- Registered trademark of a sports equipment manufacturer-cum-seller (Company D)



Designated goods: Clothes, special sports shoes, etc.

- Claimed trademark (Applicant X, Right holder Y)



Designated goods: Western-style clothes, hats and caps, etc.

Company D started using this trademark in Japan in 1972.

In 1997, Company D registered this trademark.

In 2006, Company X filed a trademark application.

Facts recognized by the court (1)

Company D's trademark recognized as a well known and famous mark

- Company D is a worldwide-known vendor engaged in manufacture and sale of sports equipment, sportswear, etc.
- In 1949, Company D adopted the characters “PUMA” and the figure of a puma as its corporate brand and started using them for its sports shoes.
- In Japan, Company D launched the manufacture and sale of sportswear, shoes, etc. through distributors, a Japanese affiliate and other channels in 1972. Promotional activities using many magazines and newspapers were deployed on an ongoing basis from 2005.
- Company D's trademark is a logo comprised of alphabetic characters arranged in the shape of a horizontal rectangle, with a silhouetted figure of a puma jumping to the left which is arranged in the upper right of the logo. In this way, this mark has a unique design and composition and therefore leaves consumers with a strong impression.
- Based on these facts, the court determined that Company D's registered trademark had already been recognized by Japanese consumers as a mark representing sports shoes, clothing, or other products marketed by Company D and that it had been established as a well known and famous trademark in Japan at the time of the application filing for the claimed trademark.

Similarities between Company D's trademark and the claimed trademark

- Both of these marks share many characteristics such as: four alphabetic characters arranged vertically and clearly in large size; a sideways silhouette of a four-legged animal in the upper right of the logo with its front legs thrown out to the left into the direction of the characters comprising the logo, while they are different types of animals; and close remembrance in character features. Due to the impression deriving from these common design characteristics, Company D's trademark and the claimed trademark give a closely similar impression in appearance to observers if they are observed as a whole respectively at different times in different places.

(4) “KUmA” case: Violation of public order and morality

■ Facts recognized by the court (2)

Status of use of the claimed trademark

- The website operated to sell products bearing the claimed trademark contains such statements or comments suggestive of a similarity to PUMA, for example: “KUNA T-shirts, black, back print Note: Our brand is not PUMA.” “This logo seems to resemble PUMA...”

Other facts

- In addition to the claimed trademark, Company X filed many other applications for similar marks including: a logo comprised of four alphabetic characters with a figure of a horse, a similar logo with a figure of a pig, and other marks sharing the same composition and design as other famous trademarks and incorporating some modifications.
- In connection with the sale of certain other products, Company X received a warning of copyright infringement.

■ Court ruling: **The claimed trademark falls under Article 4 (1) (vii) of the Trademark Act**

- When Company X found that Company D’s trademark is a famous mark, X intentionally created a mark with a design and composition closely resembling D’s mark in whole. Such a mark was created by using four alphabetic characters in the same composition as adopted in D’s trademark and replacing the figure of a puma in D’s original mark with a figure of a bear. As a result, business partners of X and consumers seeing the claimed trademark were reminded of D’s trademark. In this way, X filed a trademark application and obtain its registration for such unfair purposes as free riding on the credibility, reputation, and customer attracting force of Company D’s trademark. While knowing these circumstances, Company Y accepted a transfer of the claimed trademark from X.
- If the claimed trademark is used for its designated goods, the function of indicating the origin of Company D’s trademark is likely to be diluted and its credibility, reputation, and customer attracting force is likely to be damaged. This situation may potentially discredit the business of the defendant (Company D).
- As a consequence, the claimed trademark was an imitative mark created by copying features of Company D’s trademark and its registration was filed and obtained for such purposes as seeking unfair benefits by free riding on the credibility, reputation, and customer attracting force of Company D’s trademark. If such an imitative mark were protected as a registered trademark, it would obviously be detrimental to the policy of ensuring the maintenance of business confidence of persons using trademarks and thereby protecting the interests of consumers as set forth in the Trademark Act, which situation would impede fair and orderly transactions and run counter to business ethics.

(5) “Gekiuma Kanagi Curry” case: Violation of public order and morality

- Trademark used by Entity E
(a specified non-profit organization)

激馬かなぎカレー

Goods bearing this trademark: Horse meet, horse meet curry, etc.

- Claimed trademark (Applicant X)

激馬かなぎカレー
(in standard letters)

Designated services: Serving food and drink

On February 17, 2010, Entity E announced new products. On the next 18th day, the newspapers posted an article about this announcement.

In March 2010, Merchant X filed a trademark application.

■ Facts recognized by the court

- Entity E is a specified non-profit organization engaged in various projects or programs aiming at revitalization of regional economy, which projects and programs are targeted at residents in the Town of Kanagi and neighboring communities. During the course of implementing a certain project subsidized by the national government, Entity E created a new recipe of horse meat curry by February 2010. Since this curry uses horse meat produced in Kanagi, Entity E named this curry “Gekiuma Kanagi Curry”. This menu was publicly announced on February 17, 2010. An article about this announcement was published in local newspapers on February 18, 2010.
- Merchant X runs a restaurant in Kanagi. On February 25, 2010, Merchant X applied to participate in a program initiated by Entity E. Then, X obtained the recipe of the curry and received explanations about the recipe. Subsequently, X started serving horse meat curry in his restaurant.
- On March 2 and 16, 2010, Entity E asked an official of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) of Japan whether or not Entity E would be allowed to file a trademark application for “Gekiuma Kanagi Curry”. Since the MLIT official told that such filing should be withheld until completion of the project, Entity E refrained from carrying out the process of filing a trademark application.
- Merchant X filed an application for the claimed trademark without notice to Entity E on March 2, 2010 and obtained a decision of trademark registration on July 14, 2010.
- In September 2010, Entity E made Merchant X an offer for transfer of the claimed trademark right, but X rejected this offer. Subsequently, Merchant X informed Entity E that X was ready to establish a royalty-based, non-exclusive license for E.
- On December 3, 2010, Entity E filed a petition for civil conciliation. However, the conciliation ended in failure because Merchant X refused to waive or transfer the claimed trademark right and persisted in a scheme of a royalty-based, non-exclusive license.

■ **Court ruling: The claimed trademark falls under Article 4 (1) (vii) of the Trademark Act**

- As an organization acting for the benefit of local residents and merchants, Entity E received a subsidy from the national government to promote the referenced project aimed at regional revitalization for the entire town of Kanagi, which is one of the traditional communities in Japan. As part of this project, curry using horse meat produced in Kanagi was developed as a new menu and a unique name “Gekiuma Kanagi Curry” was created for this new menu. Merchant X, a restaurant owner in Kanagi, was merely one of the members participating in the program initiated by Entity E. Nevertheless, Merchant X filed an application for the disputed trademark. The court therefore determined that this application filing had been processed by taking advantage of the situation where Entity E refrained from filing an application for the trademark bearing the same nominal designation.
- In addition, Merchant X rejected an offer of Entity E for a transfer of the disputed trademark right and adhered to an idea of establishing and granting a non-exclusive license in return for a relatively high royalty. In light of these attitudes, Entity E and other restaurant owners in Kanagi were expected to be precluded from using the claimed trademark, depending on the discretion of Merchant X. As a consequence, the judgment described below is definitely acceptable: Merchant X registered the claimed trademark in an attempt to monopolize benefits to be obtained under the brand of “Gekiuma Kanagi Curry;” Merchant X understood that such registration might consequently disturb the activities promoted by Entity E and impair the public interest; and the act of Merchant X is equivalent to plagiarism.

(6) “Asrock” case: Violation of public order and morality

- Trademark used by Company F (a manufacturer in Taiwan)

ASRock

Goods bearing this trademark: Motherboards for computers

- Claimed trademark (Applicant X)

Asrock

Designated goods: Main boards, etc. for semiconductors or computers

On July 2, 2002 in Taiwan, Company F announced a plan of deploying this brand worldwide.

On July 3, 2002, Company X filed a basic application in Korea.

In September 2003, Company X filed a trademark application.

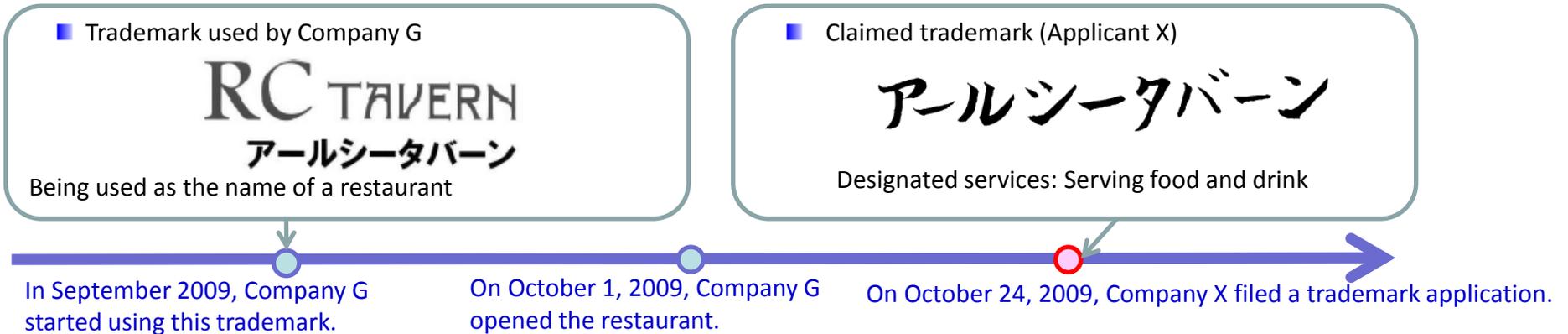
■ Facts recognized by the court

- Company F is a computer motherboard manufacturer headquartered in Taiwan, established in 2002 as a company trading products deployed under the No.2 brand of Company H. Company H is the largest computer motherboard manufacturer in Taiwan. Since its inception, Company F has been engaged in the manufacture and sale of products of special specification and low-priced products not covered by Company H’s business.
- On July 2, 2002, Taiwan’s news media reported that Company H was scheduled to newly release products under its No.2 brand, “ASRock,” in China in July 2002. This is the day before the date of the basic application for registration of the trademark “Asrock” filed by Company X in Korea.
- Company F owns the trademark “ASRock.” The character arrangement of “ASRock” is not any generic term having a specific meaning. Therefore, this character arrangement itself shows some degree of originality and it is not something that can be easily conceived by anyone as a trademark to be used at least for electronic devices or related products.
- In Korea, Company X filed as much as 13 applications for various trademarks (including the claimed trademark) in connection with computers and electronic devices incorporating software. However, Company X did not allege or prove any reason why so many applications had been filed.
- The actual status of business of Company X in Korea remained unclear. In addition, there is no evidence to prove any business activities of Company X in Japan, even though nearly three years have passed since the registration of the claimed trademark in Japan. Therefore, Company X can hardly be expected to operate any business relating to the designated goods for the claimed trademark in the near future in Japan.
- Even though Company X operates no business in Japan, Company X sent many warnings to Company F and multiple business operators trading products bearing Company F’s trademark after registration of the claimed trademark. In such warnings, X demanded discontinuation of import and sale of those products and warned the commencement of proceedings for criminal accusation and for claiming damages in the event of their failure to meet the demand.
- In Korea, distributors of Company F’s products were demanded by Company X to pay unreasonable transfer prices.

■ **Court ruling:** The claimed trademark falls under Article 4 (1) (vii) of the Trademark Act

- Company X filed the basic application for the claimed trademark in Korea on the day following the date of news release. It is highly unlikely that Company X might filed this application in Korea coincidentally on this day as a result of its own business efforts only. On the contrary, it is reasonable to assume and recognize that Company X decided to file the basic application for registration of the claimed trademark after knowing the news concerning “ASRock”. Based on this news, Company X expected that “ASRock”-branded electronic products would be coming on the market in the future and therefore attempted to become a holder of the “ASRock” trademark ahead of Company H or Company F.
- The claimed trademark admits of no other interpretation but to consider that it was intended to obtain unfair benefits from a transfer of the trademark right or inflict damage on Company F and its distributors.
- As explained above, the decision of Company X to file an application for the claimed trademark in Japan was made based on the assumption that Company F would be expected to use the same trademark and file a trademark application in Japan very soon. The claimed trademark application filing was aimed at getting unfair benefits by acting ahead of the original right holders through plagiarism. Such application filings are absolutely intolerable in terms of a sound sense of justice as well as in light of reasonable business practices. Regardless of whether or not the mark “ASRock” was well known or famous at the time of filing the claimed trademark application, the claimed trademark is identified as a trademark likely to harm public policy.

(7) “RC Tavern” case: no intention to use the trademark



■ Facts recognized by the court

- Company G is a subsidiary of Company H, engaged in restaurant business.
- From September 2009, Company G started using its trademark for advertising the new restaurant in such ways as posting information on the website, distribution of brochures, and press releases. On October 1, 2009, Company G opened the restaurant bearing its trademark and serving food and drink.
- Company X filed an application for registration of the claimed trademark on October 24, 2009 and obtained its registration in March 2010. Up until today, however, Company X has never used the claimed trademark for its designated services (serving food and drink) or for any other business.
- The trademark used by Company G is a coined word and it is distinctive. In addition, the period from the launch of advertising to the opening of the restaurant and the date of the application filing by Company X are close. Given this, Company X is thought to have recognized the trademark used by Company G and filed an application for a similar trademark based on such recognition.
- Company X filed as much as 44 trademark applications, in addition to the filing for the claimed trademark for a short period from June 2008 to December 2009. Regardless of their registrations, Company X has never used those trademarks up to the present. Moreover, their designated services cover a broad range of services in an inconsistent way. With respect to 30 trademarks of those registered trademarks, stores or companies unrelated to Company X use similar trademarks or trade names. For 10 of those 30 cases, such third parties' use of trademarks or trade names preceded the application filings by Company X.

■ **Court ruling:** The claimed trademark is a violation of the principal paragraph of Article 3 (1) of the Trademark Act.

- Company X filed applications for registration of trademarks or trade names used by others and designated a variety of services for such registrations. This conduct is merely collecting registered trademarks. At the time of rendering a decision of registration of the claimed trademark, it was not a trademark then in use by Company X for any goods or services relevant to its own business. In addition, Company X was unlikely to have an intention of using the claimed trademark for goods or services relevant to its own business at any future time.
- As a result, the claimed trademark does not constitute either of the following trademarks at the time of rendering a decision of its registration: a trademark actually in use for any goods or services pertaining to the applicant’s business or a trademark that the applicant intends to use for any goods or services pertaining to its business. Therefore, the registration of the claimed trademark is not recognized as having been filed for “a trademark to be used in connection with goods or services pertaining to the business of an applicant,” and this registration violates the principal paragraph Article 3(1) of the Trademark Act.

(8) Japan's Policies for Dealing with Bad Faith Filings

Other persons' trademarks that are well known in Japan	Other persons' trademarks that are well known only in foreign countries	Other persons' trademarks that are not well known either in Japan or foreign countries
<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 others, when there exist likelihood of confusion as to the sources → 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) (1) "ETNIES"</p>	<p>Even if the trademark is not well-known in Japan, when the trademark is well-known in foreign countries and is used for unfair purposes → Article 4(1)(xix) (2) "ManhattanPortage"</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) (3) "Noraya", (4) "KUmA", (5) "Gekiuma Kanagi Curry", (6) "Asrock"</p>		
<p>Lack of intention to use the trademark → Principal Paragraph, Article 3(1) (7) "RC TAVERN"</p>		

Any persons or legal entities are able to provide information to the JPO, indicating why trademarks, for which applications to register them that have been filed, are subject to refusal.

3. International Efforts against Bad Faith Trademark Filings

(1) Collaboration in the framework of TM5: TM5 profile

- The TM5 (Five Trademark Offices) is a framework through which five intellectual property offices in Japan, the US, the EU, China, and Korea for promoting international cooperation and developing environments where trademarks of users are properly protected and utilized worldwide, aiming at supporting global business activities of enterprises. At the initiative of TM5, 13 projects are underway.

Projects under TM5

1. Bad Faith Trademark Filings (JPO)
2. Image search of figurative trademarks (JPO)
3. Improvement of Convenience of Applicants (JPO)
4. TM5 Website (KIPO)
5. Comparative Analysis on Examination Results (KIPO)
6. Common Statistical Indicators (OHIM)
7. TMview (OHIM)
8. Taxonomy and TMclass (OHIM)
9. Indexing of Non-traditional Trademarks (USPTO)
10. TM5 ID List (USPTO)
11. Common Status Descriptors (USPTO)
12. User Association Involvement (OHIM & JPO)
13. Provision of information on description of goods and services (KIPO)



<4th TM5 Annual Meeting in Alexandria, USA>

(2) Collaboration under TM5: Bad Faith Project

Objective of the project

■ An objective of TM5 Bad Faith Project is to provide an opportunity for the TM5 Offices to exchange information on their respective law and regulations and examination practices in dealing with so-called “bad faith trademark filings”. In addition, the Project is aimed at providing updated information to users.

Major Achievements

■ Holding Seminars

- The 1st TM5 Bad Faith Trademark Filings Seminar (Tokyo, Oct. 2013)
- The 2nd TM5 Bad Faith Trademark Filings Seminar (Hong Kong, May 2014)

■ Compiling Information and Publishing a Report

A report called “Laws and Examination Guidelines/Practices of the TM5 Offices against Bad Faith Trademark Filings” was published and uploaded on the TM5 website. The report contains information about the respective systems and practices used in the TM5 Offices to address “bad faith trademark filings.

Future Plan

- A report called “Case Examples of Bad Faith Trademark Filings” will be made. It is planned to be released in FY 2016.



The 2nd TM5 Bad Faith Trademark Filings Seminar
(Hong Kong, May 2014)

Contents

- This report consists of the three chapters as follows:
 - Chapter 1: Outline of the systems and practices of the TM5 Offices against bad faith trademark filings
 - Chapter 2: Comparison and summary of the systems and practices of the TM5 Offices, compiled based on their answers in the predetermined questionnaire form
 - Chapter 3: Systems and practices of the TM5 Offices compiled in comparison tables

Major points in this report

- We can understand differences in the systems and practices among the TM5 Offices based on their comparisons.
 - Point of time for judging whether an application is filed in bad faith or not
In JPO and KIPO, examiners judge bad faith ex officio in the examination stage and, in addition, after the trademark registration if receiving an objection or a request for a trial for invalidation. In SAIC and USPTO, whether there is bad faith or not is not judged in the stage of ex officio examination, which judgment is made when a third party objection is filed based on the public notice upon formal registration, or when a request for a trial for invalidation is filed after formal registration. In OHIM, bad faith judgment is made only when a request for a trial for invalidation is filed after registration.
 - Legislation for protecting well known foreign marks that are unknown and unregistered domestically
In Japan and Korea, well known foreign marks are protected by law. In China, the US, and the EU, their trademark law has no provision for protecting such foreign marks.
- It is important to correctly understand the systems and practices operated by respective trademark offices in order to consider appropriate measures against bad faith filings.

(4) Efforts in Asia

- An urgent issue is to develop a business environment in which Japan's trademarks will be appropriately protected in emerging countries/regions that are rapidly growing, such as the ASEAN region.
- Through the framework of TM5 and other international framework, the JPO is exchanging information with Asian countries on systems/practices regarding "bad faith trademark filings" and sharing information with users as well as providing them support.

Major events and activities

- Holding Seminars in the ASEAN Region to Disseminate Information and Raise Awareness on Bad Faith Trademark Filings (Tangerang, Indonesia: 2014 / Hanoi, Vietnam: 2015/Ho Chi Minh, Vietnam:2016)
- Providing support to Small and Medium-sized Enterprises (SMEs), enabling them to obtain rights abroad and know about measures against infringements abroad, etc.
 - Subsidizing fees for filing overseas applications, including the filings of trademark applications as measures against bad faith filings.
 - Subsidizing fees for taking measures against infringements on rights obtained abroad. Starting in FY2015, the scope of the subsidy was expanded to cover fees for protective measures against infringements when companies are sued based on bad faith trademark filings.
- Providing support through IP experts to companies for measures against bad faith trademark filings.
 - JPO officials are sent on long-term assignments to Beijing, Bangkok, Taiwan, Dubai, Singapore, etc. to provide individual consultations on IP issues, including bad faith trademark filings.

ありがとうございました
THANK YOU!