

# Legal Framework and Trademark Examination Practices to Tackle Bad Faith Trademark Applications

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IPVN-JETRO Workshop on Countermeasures Against  
Bad Faith Trademark Applications with TM5

Japan Patent Office



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Legislation regarding bad-faith trademark filings

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Examination Guidelines regarding bad-faith trademark filings (Main paragraph of Article 3 (1) and Articles 4 (1) (vii) , 4 (1) (xix) of JTA\*)

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# 1. Legislation regarding bad-faith trademark filings

# Relevant Provisions of the Trademark Act of Japan


## Main paragraph of Article 3 (1)

 No intention to use


## Article 4 (1) (xv)

 Confusion over the sources of goods and services


## Article 4 (1) (vii)

 Violation of public order and morality

## Article 4 (1) (xix)

 Identical with or similar to well-known trademarks of other persons and are used for unfair purposes

## Article 4 (1) (x)

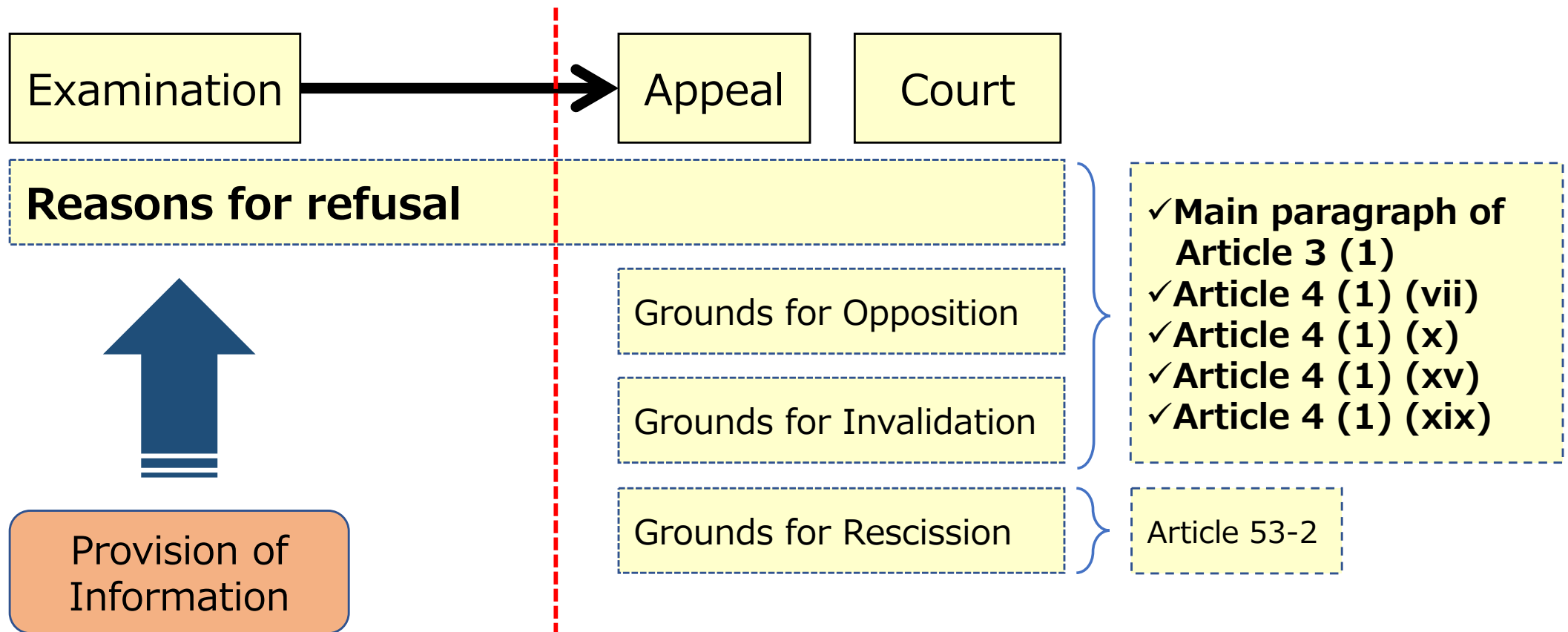
 Identical with or similar to well-known unregistered trademarks of other persons

# Relevant Provisions of the Trademark Act of Japan

Other persons' trademarks that are <i>well known</i> <u>in Japan</u>	Other persons' trademarks that are <i>well known</i> <u>only in foreign countries</u>	Other persons' trademarks that are <i>not well known</i> <u>either in Japan or foreign countries</u>
When designated goods/ services are similar to each other → Article 4 (1) (x)		
Even if designated goods/ services are not similar to each other, but when there is likelihood of confusion as to the sources → Article 4 (1) (xv)		
Even if there is no likelihood of confusion, when trademarks are used for unfair purposes → Article 4 (1) (xix)		
When claimed trademark are against public interest, public morality or international fidelity due to fraud in the filing process and the like → Article 4 (1) (vii)		
Lack of intention to use the trademark → Main Paragraph of Article 3(1)		
Any persons or legal entities can provide information to the JPO, indicating why registration of claimed trademarks should be refused.		

# Structure of Japan's Trademark System to Deal with Bad-Faith Filings

- JTA provides that bad-faith trademark filings can be refused even in the examination process at the JPO.



**2. Examination Guidelines regarding bad-faith trademark filings (Main paragraph of Article 3 (1) and Articles 4 (1) (vii) , 4 (1) (xix) of JTA\*)**

# Main paragraph of Article 3 (1)

## ➤ No intention to use

*Any trademark to be used in connection with goods or services pertaining to an applicant's business may be registered, with the exception of the following:*

- Trademark use
  - = When the applicant is currently using the trademark applied
  - = When the applicant has an intention to use the trademark applied in the future
- Cases where **the examiner has reasonable doubts as to whether the applicant uses or has the intention to use the trademark.**

### About services such as retail services

- When an individual designates "general retail services"
- Where a juridical person has designated general retail services and if the investigation found out that the applicant is not conducting general retail services
- When an applicant designated more than one retail services that are not similar to each other

### About goods and services other than retail services

- When the designation of goods or services within one classification covers a wide range

▼  
Notify the reasons for refusal and confirm the use or intent to use the trademark.



# Main paragraph of Article 3 (1)

## ➤ No intention to use

*Any trademark to be used in connection with goods or services pertaining to an applicant's business may be registered, with the exception of the following:*

■ Even when the relevant application does not fall under the cases described in the previous slide, if the following conditions set forth in ① and ② below are met, the examiner determines that **there are reasonable doubts as to whether or not the applicant uses or has the intention to use the trademark.**

① The applicant has filed an unconceivably high number of applications for a trademark to be used by a single applicant for the goods or services pertaining to his/her own business in consideration of the past number of applications filed by the applicant (not less than 1,000 applications per year).

② The applicant's use or intention of use the trademark cannot be confirmed from the applicant's website or broadcast, etc. (e.g. according to the applicant's website, the applicant is only found to be engaged in the sale or licensing of trademarks, etc.).

## Article 4 (1) (vii)

### ➤ Violation of public order or morality

*A trademark being likely to cause damage to public order or morality:*

1. Trademarks which are, in composition per se, unethical, obscene, discriminative, outrageous, or unpleasant to people;
2. Trademarks which are liable to conflict with the public interests of the society or contravene the generally-accepted sense of morality if used for the designated goods or designated services;
3. Trademarks with their use prohibited by other laws;
4. Trademarks liable to dishonor a specific country or its people or trademarks generally considered contrary to the international faith;
5. **Trademarks whose registration is contrary to the order predetermined under the Trademark Act and is utterly unacceptable for lack of social reasonableness in the background to the filing of an application.**

## Article 4 (1) (xix)

- Trademarks that are identical with or similar to other persons' well-known trademarks and are used by applicants for unfair purposes

*A trademark being identical with, or similar to, a trademark which is well-known among consumers in Japan or abroad as that 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);*

### Point

- Trademarks of other persons are "well-known" in Japan or foreign countries.
- Identity or similarity between claimed trademarks and cited trademarks



- Unfair purposes

## Article 4(1)(xix)

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### Factors to judge “Unfair Purposes”

1. The trademarks of other persons are well known;
2. The well-known trademarks consist of coined words, or have distinctive characteristics in terms of composition;
3. The well-known trademarks’ owners have plans to enter the Japanese market;
4. The well-known trademarks’ owners have plans to expand their businesses;
5. Applicants’ request the well-known trademarks’ owners to purchase their applied-for trademarks or to make agency agreements with them in Japan; or
6. The likelihood of damaging the well-known trademarks’ reliability, reputation, and goodwill.

(Excerpt from the Examination Guidelines)

## **3. Information Provision System**

# Information Provision System

- Widely accept providing information to improve accuracy and speed of examination
- Acquire useful information smoothly and thereby prevent in advance possible granting of deficient trademark rights.
- No fees required

## [ 1 ] Information provider

"Anyone" can provide information.  
Also, the description of the name can be omitted.

## [ 2 ] Trademark applications subject to the provision of information

Trademark applications pending before the JPO are subject.  
For example, applications registered or applications decided to be refused for trademark right are not subject.

## [ 3 ] Information that can be provided

Information that requirements for trademark registrations are not met or falls under grounds for unregistrability of trademarks.

## [ 4 ] Others

- Feedback concerning the use of the information will be given in response to the request from the information provider.
- The fact that the information is provided shall be notified to the applicant.
- The provided information shall be subjected to inspection.

## **4. Case Examples of Bad Faith Trademark Filings in Japan**

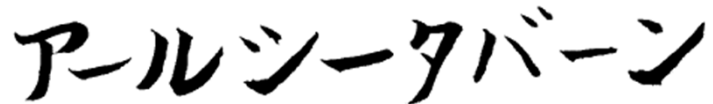
## Article 3 (1) : “RC TAVERN”



RC TAVERN  
アールシータバーン

### Company G

- Restaurant name
- Coined term
- Opened restaurant on Oct. 1, 2009



アールシータバーン

### Applicant X

- Serving food and drink
- Filed the mark on October 24, 2009
- Never used the mark and other 44 marks.



## Article 3 (1) : “RC TAVERN”

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### Court ruling

- X is **merely collecting** registered trademarks.
- X was **unlikely to have an intention to use** the trademark.
- The registration is not recognized as “a trademark to be used in connection with goods or services pertaining to the business of an applicant,” and **violates the main paragraph Article 3(1)** .

## Article 4 (1) (vii) : “KUMA”



### Company D

- Clothing, special footwear for sports, etc.
- Started use of the trademark in 1949
- Started business operation in Japan in 1972
- The trademark has become well-known in Japan



### Applicant X

- Non-Japanese-style outer clothing, headgear for wearing, etc.
- Company D’s trademark and the cited trademark give an extremely similar impression.

# Article 4 (1) (vii) : “KUMA”

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## Court ruling

- In addition to the trademark in this case, X had filed many applications for registration of other trademarks, including those consisting of four alphabetical characters and figures such as a horse (“UUMA”) and a pig (“BUTA”) instead of the puma used in the cited trademark.
- Based on the above facts, it can be said that X was aware that the cited trademark was well-known, and intentionally made the trademark look extremely similar to the cited trademark so that the traders and consumers who came across the trademark would associate it with the cited trademark.
- X adopted, applied for, and obtained registration of the trademark for the illicit purpose of free-riding the reputation, honor and customer appeal embodied by the cited trademark. The use of the trademark for the designated goods could dilute the source-indicating function of the cited trademark.
- On these grounds, the protection of the trademark is considered to disturb fair business practices and violate business ethics.

## Article 4 (1) (xix): "ETNIES"

ETNIES

Company A (U.S. right holder)

- Skateboard shoes, etc.
- Use in the U.S.
- Widely known among Japanese operators

ETNIES

Applicant X; Right holders X and Y

- Cloths, coats, etc.
- X and Y filed the mark
- Proposed transactions under conditions favorable to them

## Article 4 (1) (xix): “ETNIES”

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### Court ruling

- X predicted that the products bearing this mark would become popular in Japan.
- X and Y filed the disputed trademark for **such purposes as strengthening its own bargaining power** in the negotiations with A.
- Therefore this filing is **reasonably interpreted to use the mark for “unfair purposes”**.

# Thank you!!

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