Tackling Bad Faith Trademark Filings in Japan

Hiroshi Moriyama
Director for Trademark Examination Planning
Trademark Division, Trademark and Customer Relations Department
Japan Patent Office
Table of Contents

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

To share information on laws and regulations as well as examination practices in the U.S., Europe, China, Korea and Japan and foster understandings through the panel discussion regarding so-called “bad faith trademark filings” in which a trademark is filed for unfair purposes, taking advantage of the fact that another person’s trademark is not registered in the country/region concerned.
2. Measures against Bad Faith Filings 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
### Major Provisions that cover Bad Faith Trademark Filings

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

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

(Trademark Examination Guidelines)
Determine &quot;Unfair Purposes&quot; 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 &quot;unfair purposes&quot;.

- 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

(Trademark Examination Guidelines)
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)
Refusing trademarks that are against public order or morality

Article 4(1)(vii)
No trademark shall be registered, if the trademark:

is likely to cause damage to public order or morality;

Trademarks that falls under Art.4(1)(vii) are:
✓ Trademarks which are letters or diagrams, in composition per se, outrageous, obscene, discriminative or offensive
✓ Trademark which are, irrespective their composition, liable to conflict with the public interests of the society or contravene the generally-accepted sense of morality if used for designated goods or designated services.
✓ Trademarks with their use prohibited by other laws
✓ Trademarks liable to dishonor a specific country or its people or trademarks generally considered contrary to the international fidelity

(Trademark Examination Guidelines)
3. Case Examples

- Factors taken into account in determining “Unfair Purposes”
Case 1. “iOffice2000”  

Tokyo High Court 2001 (Gyo-ke) No.205

Trademark of an American right holder  (Company A)

Office 2000
Goods: Personal computer software

Launched on June 16, 1998 in the U.S.

Trademark filed by the applicant (X)

iOffice 2000
Designated goods: Electronic machines and apparatus, etc.

Launched on Nov. 11, 1998 in Japan
Filed on Dec. 8, 1998

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).
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.
Case 3. "CieAura"  
Opposition No. 2012-900046

A trademark of an American right holder (Company F):

- Designated goods for the U.S. registered trademark: Therapeutic apparatus, etc.

Trademark filed by the applicant (X):

- Designated goods: Medical bracelet, sheet-type medical instruments, etc.

May 2009 The opponent started use in the U.S.
Mar. 2010 went on a website
July 2010 went on a video-sharing website
Filed in May 2011

Facts acknowledged in determining “unfair purposes:”
- The U.S. right holder (Company F) started to use its trademark in the U.S. on May 7, 2009.
- An introduction of F’s products together its trademark was posted on a Web page as of March and September 2010.
- Company F had a list of its products, together with its trademark and users’ comments on a magazine issued in April 2010.
- A video of celebrity’s accounts with F’s products and trademark went on a video-sharing websites as of July 29, 2010.
- X was in the position that it could come to know, through the Internet, by March 2010 or thereabout at the latest, that Company F’s products bearing Company F’s trademark were sold in the U.S..

Designated goods for the U.S. registered trademark:
- Therapeutic apparatus, etc.

Designated goods:
- Medical bracelet, sheet-type medical instruments, etc.

Conclusion: Article 4.1 (vii) of the Trademark Act is applied.
- Putting together the facts that “CieAura” is a coined word, that the trademark filed by X and F’s trademark are common not only in spelling, but in the composition that the letter “C” and “A” are in capitals and that the designated goods represent F’s products, it is highly unlikely that both marks and designated goods coincide with each other. Accordingly, it is reasonable to determine that X filed the application for unfair purpose such as getting unfair profits and/or causing damage, with knowledge of F’s trademark and products, taking advantage the fact that the trademark has not been filed or registered in Japan.
- The trademark in the application concerned is deemed to be socially inappropriate with respect to backgrounds behind its filing; Grant of registration thereof would contravene public order contemplated by the Trademark law and, hence, is unacceptable.
Case 4. "RC TAVERN" Intellectual Property High Court 2012 (Gyo-ke) No.10019

**Facts acknowledged in determining “intention to use:”**

- Company G started advertising the restaurant concerned mainly in Tokyo, with its trademark from September 2009.
- G opened the restaurant on October 1, 2009 which is engaged in food service under its trademark.
- Y filed an application for registration of the trademark on October 24, 2009 and received registration thereof on March 26, 2010; however, Y has never used the trademark for “Providing foods and beverages” or other services.
- Putting together the facts that the trademark used by G is a coined word and hence, has a distinctive feature and that the dates on which advertising of the restaurant was started and opening date and the filing date are close to each other, it is likely that Y filed the application for the trademark which is similar to G’s trademark, with knowledge of the presence of G’s trademark.
- While Y filed as many as 44 applications, in addition to this case, for a short period from June 2008 to Dec 2009 and received a registration thereunder, there have been no signs of its use. In addition, the designated services covered a wide extent and lacked coherence; for 30 of these trademarks, there exist restaurants or companies operating independently of Y under a trademark or trade name that is similar to the trademark filed by Y; for 10 of these trademarks, Y’s filings took place after use of such similar trademarks or trade names of others had been started.

**Conclusion:** The trademark in the application concerned is in violation of Principal paragraph, Article 3(1) of the Trademark Act.

- Although the right holder has the burden of proving that the trademark will be used in connection with designated goods or services at the time of decision to grant registration, no effective proof is provided. It is reasonable to determine that the registration was granted for such a trademark that Y had never been actually used and have no intention to use in the future.
4. Information Submission System
Any person can provide the JPO with the information that the trademark in the application concerned is not registrable (i.e., 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)

600 ~ 700 submissions are received per year.

(in 2011 and 2012)
5. Japan’s Concept for tackling Bad Faith Filings
## Japan’s Concept for tackling Bad Faith Filings

<table>
<thead>
<tr>
<th>Well-known in Japan</th>
<th>Well-known only abroad</th>
<th>Not well-known either in Japan or abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated goods/services are similar to each other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ Article 4(1)(x)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Even if designated goods/services are not similar to each other, when there exists likelihood of confusion</td>
<td>→ Article 4(1)(xv)</td>
<td></td>
</tr>
<tr>
<td>Case 1: “iTOffice2000”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Even if there is no likelihood of confusion, when the trademark is used for unfair purposes</td>
<td>→ Article 4(1)(xix)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The trademark is against public interest, public morality or international fidelity by such reasons as application was filed fraudulently</td>
<td>→ Article 4(1)(vii)</td>
<td>Case 3. “CieAura”</td>
</tr>
<tr>
<td>Lack of intention to use the trademark</td>
<td>→ Principal Paragraph, Article 3(1)</td>
<td>Case 4. “RC TAVERN”</td>
</tr>
</tbody>
</table>

Any person can submit information that the applied trademark falls under the reason for refusal.
Bad faith trademark filings can be refused in the examination of the JPO under the Trademark Act.

Ground for refusal
- Principal paragraph, Art.3(1)
- Art.4(1)(vii)
- Art.4(1)(viii)
- Art.4(1)(x)
- Art.4(1)(xv)
- Art.4(1)(xix)
- Art.53 bis

Ground for Opposition

Ground for Invalidation

Ground for Cancellation

Information Submission
6. Summary
Summary

- 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.