

Protection against Bad Faith Trademark Filings in Japan and JPO's Initiatives towards International Cooperation

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1. Purpose of Presentation

This presentation intends:

to share information on laws and regulations as well as examination practices in Japan as to how to deal with so-called “bad faith trademark filings,” i.e., trademarks filed for unfair purposes, taking advantage of the fact that another person’s trademark is not registered.

In addition, this presentation is aimed at introducing the JPO’s initiatives towards international cooperation against Bad Faith Filings.

2. Measures against Bad Faith Trademark Filings under the Japanese Trademark Act

- Provisions that apply to bad faith trademarks 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) Summary of applicable provisions

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 other, when there exists 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)</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)</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>		

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 of the 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

Reference: Trademark Examination Guidelines

(5) Determining “unfair purposes” under Article 4 (1) (xix)

- 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.

Reference: Trademark Examination Guidelines

(6) Presumption of “Unfair Purposes” under Article 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)

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

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

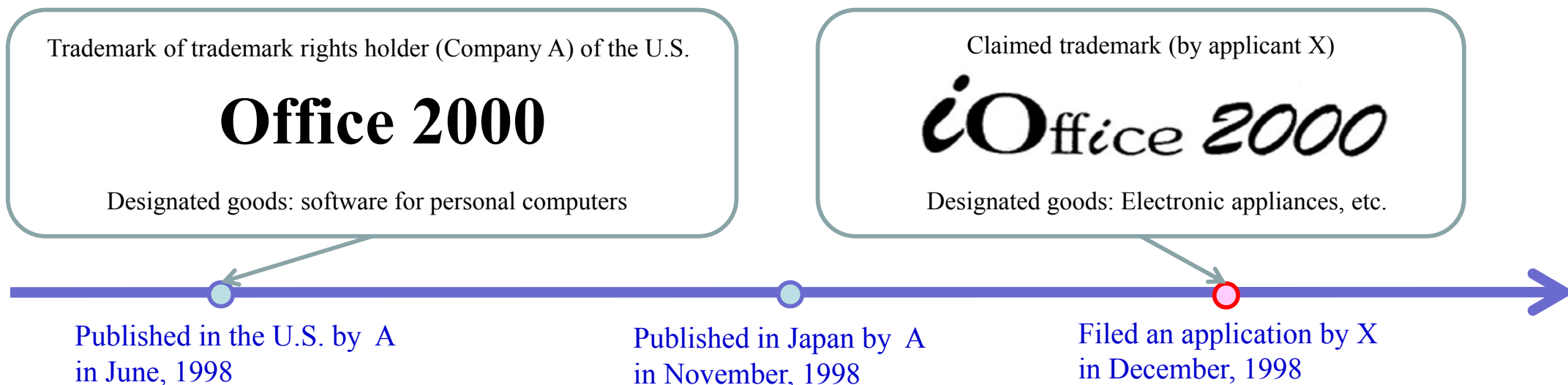
Trademarks subject to Article 4 (1) (vii) are as follows:

- ✓ 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**.

3. Cases

- Factors to be considered in determining “Unfair Purpose” -

Case 1. “iOffice 2000” (Article 4 (1) (xix) of the Trademark Act)



The JPO considered the following facts in determining “unfair purposes”:

- The rights holder of the cited trademark, i.e., Company A, officially announced in the U.S. on June 16, 1998, that “Office2000” would be the name it will use for the upgraded version of the office software called “Office 97.” This information was reported by the media also in Japan, and after that, the Japanese subsidiary of Company A held a launch event for “Office2000” on November 11, 1998.
- Applicant X filed a trademark application to register the claimed trademark on December 8, 1998.
- Applicant X is a company that engages in developing and selling groupware, a kind of software for personal computers.

Conclusion: The court determined that the use of the claimed trademark by applicant X falls under Article 4 (1) (xix) of the Trademark Act based on the following:

- Applicant X filed an application to register the claimed trademark, which is similar to “Office2000,” after sufficiently recognizing the fact that, at least one month before the filing, Company A announced the launch of “Office 2000” and that “Office2000” had already become a famous trademark. The applicant then used its similar trademark after.
- The court had to admit that Applicant X filed a trademark application to register the claimed trademark with the intention of obtaining a free-ride on the fame of Company A’s trademark “Office2000,” and used the claimed trademark for groupware, which is obviously closely related to office software. Also, as a result of applicant X using the claimed trademark, **the reputation** of Company A’s “Office2000” **was negatively impacted**. Therefore, the court, referring to in Article 4 (1) (xix), concluded that applicant X used the claimed trademark “iOffice2000” for groupware, which is its own product, for “unfair purpose.”

Case 2. “S DESIGN” (Article 4 (1) (xix) of the Trademark Act)

Trademark of a Swiss
trademark rights
holder (Company C)



Designated goods: Automobiles, wheels, etc.

Claimed trademark
(by applicant X)



Designated goods: Automobiles, etc.

C sent a letter of protection in 2003

X started importing and
selling in 2001

Application was filed by X
in November, 2003

Partnership between C and X was
cancelled in December, 2003

The JPO certified the following facts in determining “unfair purposes”:

- Applicant X started importing and selling products of Company C, which was a rights holder of the cited trademark in Switzerland, from around the autumn of 2001 as Company C’s de facto distributor in Japan.
- At the Tokyo Motor Show, Applicant X adopted inappropriate display methods without Company C’s consent, so to be likely to cause misidentification, in that applicant X sells Company C’s products also for Japanese cars. Based on this, Company C sent a letter protesting against applicant X on November 6, 2003.
- Applicant X filed an application to register the claimed trademark on November 13, 2003.
- The relationship between Company C and applicant X became worse, and on December 9 in the same year, applicant X sent a letter to Company C to request dissolving the commercial relationship and their partnership was cancelled.
- In the autumn of 2004, Company C sent letters to dealers of applicant X, demanding that they stop selling imitation SPRTIC wheels. As a result, it left no possibility for the partnership between Company C and applicant X.

Conclusion: The filing and registration **falls under Article 4 (1) (xix) of the Trademark Act** based on the following:

- Applicant X filed an application and obtained registration for the claimed trademark under condition that he was inevitably to terminate the partnership with Company C, with the intention to make profits for his own business **by using** the cited trademark and the products of Company C, which have **an ability to attract consumers**, even after the partnership had terminated. Accordingly, the filing and registration are determined to have been intended for **unfair purposes**.

Case 3. “CieAura” (Article 4 (1) (vii) of the Trademark Act)

Trademark of American
trademark rights holder
(Company F)



Designated goods using the trademark registered in the U.S.:
Medical machines, apparatus, etc.

Claimed trademark
(by applicant X)

C i e A u r a

Designated goods: Bracelets for medical purposes, medical
machines and apparatus with sheet-like structures, etc.

Started using by F in the U.S.
in May 2009

Uploaded on the website of F
and video-sharing sites in 2010

Application was filed by X
in May 2011

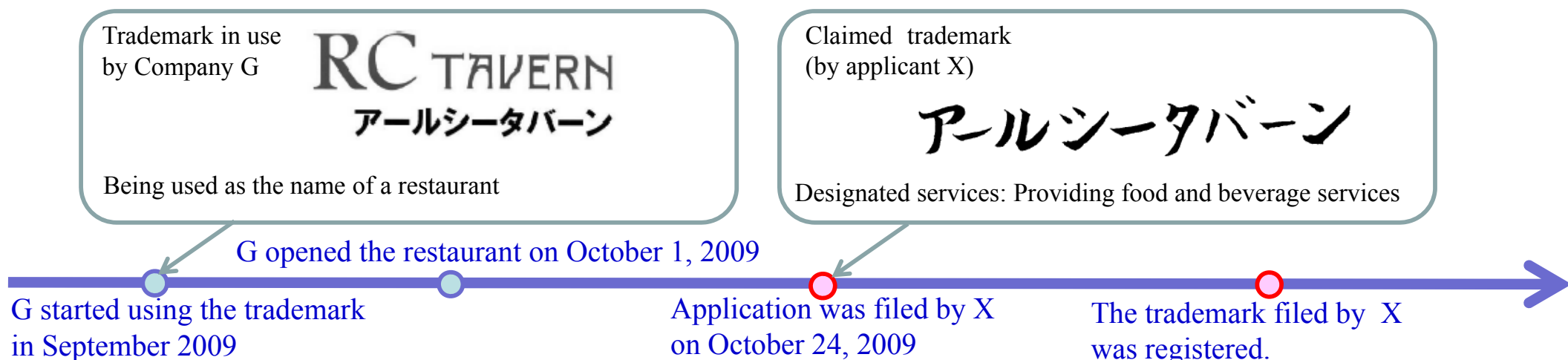
The JPO certified the following facts in determining “unfair purposes”:

- The U.S. rights holder of the cited trademark, i.e., Company F, started using the trademark on May 7, 2009.
- Company F uploaded the trademark on its website in March 2010 and introduced its products bearing the trademark in September 2010.
- Company F published its products, trademark, and its experiences involved with the products on a magazine issued around April 2010.
- The trademark of Company F as well as reviews for and experiences with the products of Company F endorsed by well-known celebrities were uploaded on video-sharing sites in July 2010.
- Around March 2010, at the latest before the claimed trademark was filed for registration, Applicant X was able to know the fact via the Internet that Company F were using the cited trademark with its products to sell them in the U.S.

Conclusion: The court determined that the filing and registration for the claimed trademark by applicant X falls under Article 4 (1) (vii) of the Trademark Act based on the following:

- Considering all the identified findings that: (1) letters of “CieAura” are a coined word, (2) the claimed trademark of applicant X and the cited trademark of Company F are common in terms of not only spelling but also trademark composition, in which letters “C” and “A” are capitalized, and (3) the designated goods of the claimed trademark by applicant X indicate the products of Company F, it is difficult to assume that the claimed trademark happened to be identical with the cited trademark by coincidence in terms of not only the trademark composition but also the designated goods. Consequently, it was determined that, after recognizing the fact that Company C uses the cited trademark and sells its products bearing the cited trademark, applicant X filed an application to register the claimed trademark, by taking advantage of the unfiled and unregistered condition of Company F’s cited trademark in Japan, for unfair purposes such as any purposes to gain profits unfairly or to cause damage to other persons.
- The applicant’s background with this trademark registration lacked social validity. Accordingly, the claimed trademark falls under a case in which the approval of this trademark registration is absolutely intolerable because it would violate the public order under the Trademark Act.

Case 4. “RC TAVERN” (Principal paragraph of Article 3 (1) of the Trademark Act)



The JPO certified the following facts in determining “unfair purposes”:

- Since around September 2009, Company G was advertising and promoting, mainly in central Tokyo, its restaurant by making use of the cited trademark.
- On October 1, 2009, Company G opened its restaurant bearing the cited trademark as well as engaging in providing food and beverage services.
- Applicant X filed an application to register the claimed trademark on October 24, 2009, and obtained trademark rights for this trademark on March 26, 2010. However, since then and up to the present, applicant X has never used this registered trademark for the designated services of “providing foods and beverages” or for any other purposes/services in other businesses.
- The cited trademark being used by Company G is **a coined word and is particularly distinctive**. Also, **the filing date of the claimed trademark by applicant X was very close to the timing of advertising and promoting the restaurant as well as the opening date of the restaurant**. Based on these facts, it could be determined that, after recognizing the fact that the cited trademark has been used by Company G, applicant X filed an application to register the claimed trademark, which is similar to Company G’s trademark.
- Furthermore, **in addition to the claimed trademark in this case**, applicant X **filed applications to register 44 trademarks in a short period** between June 2008 and December 2009, and obtained trademark rights for them. Nonetheless, **since then and up to the present, the applicant has never used these registered trademarks**. **The scope of the designated services is also excessively wide and lacks consistency**. Moreover, for 30 of these trademark registrations, **there are shops and companies that are actually using similar trademarks and trade names without any relation to the applicant**. And, for 10 of them, the applicant’s trademark applications were filed after the actual use of others’ trademarks and trade names that were similar to the applicant’s trademarks.

Conclusion: The filing and registration is a violation of the principal paragraph of Article 3 (1) of the Trademark Act.

- In principle, rights holders should prove that “their registered trademarks are actually used in connection with goods and services relating to their businesses at the time the decisions to register them were decided. Nonetheless, the claimed trademark cannot be acknowledged to have been registered as such trademark. Accordingly, it should be determined that applicant X filed an application and obtained registration for the claimed trademark, which was not be actually used for services relating to the applicant’s business, without any intention to use the trademark for services relating to the applicant’s business.

4. Information Provision System

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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

Information has been
provided for 550 to
750 cases per year

(in 2011 – 2014)

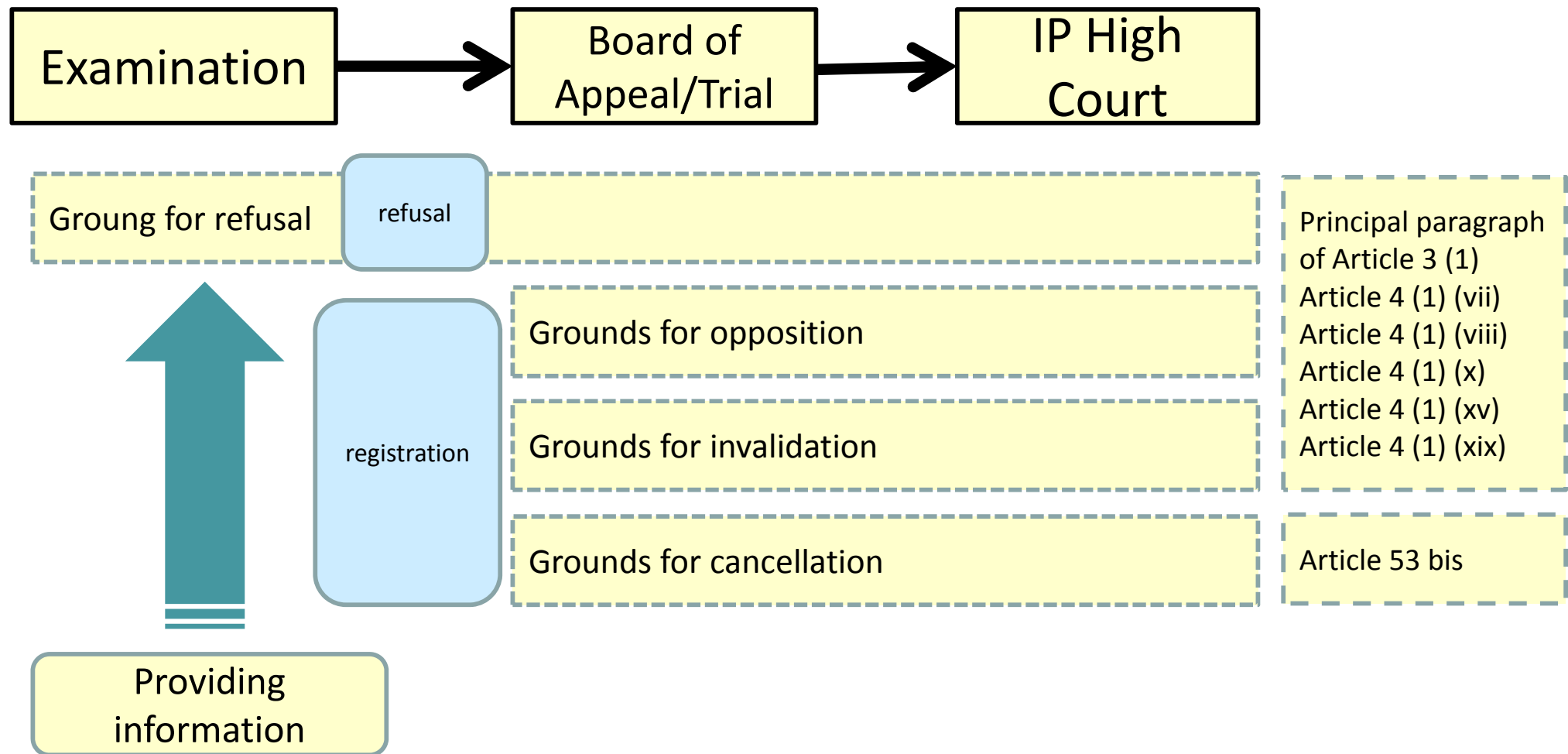
(Trademark Examination Manual 89.01)

5. Japan's Policies for Dealing with Bad Faith Trademark Filings

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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
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<p>The trademark is against public interest, public morality or international fidelity by such reasons as application was filed fraudulently → Article 4(1)(vii) <u>Case 3. "CieAura"</u></p>		
<p>Lack of intention to use the trademark → Principal Paragraph, Article 3(1) <u>Case 4. "RC TAVERN"</u></p>		
<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.</p>		

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



6. JPO's Initiatives Towards International Cooperation

6. JPO's Initiatives towards International Cooperation

Cooperative Relationship among Japan, China, Korea in the TM5 (1)

- The “TM5” is a framework established for the purpose of promoting international cooperation among the five Trademark Offices of Japan, the U.S., Europe, China and Korea; and supporting global business activities of entities by developing an international framework that provides appropriate protection for, and ensures the strategic use of, their trademarks in countries around the world.
- Currently, 11 projects are being implemented.
- The 4th TM5 Annual Meeting was held in Alexandria, the US from December 1 to 2, 2016.

Current Projects

1. TM5 Website (KIPO)
2. Comparative Analysis on Examination Results (KIPO)
3. Common Statistical Indicators (OHIM)
4. TMView (OHIM)
5. TM Class and Taxonomy (OHIM)
6. ID List (USPTO)
7. Common Statistical Indicators (USPTO)
8. Indexing of Non-Traditional Trademarks (USPTO)
9. Bad Faith Trademark Filings (JPO)
10. Image Search of Figure Trademarks (JPO)
11. Improving User-Friendliness of International Trademark Applications (JPO)



Newly Proposed Project

12. User Involvement (JPO and OHIM)

6. JPO's Initiatives towards International Cooperation

Cooperative Relationship among Japan, China, Korea in the TM5 (2)

TM5 Bad Faith 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

■ Holding Seminars

The 3rd TM5 Bad Faith Trademark Filings Seminar will be held on March 1, 2016 in Nihonbashi, Tokyo.

■ Compiling Information and Publishing Reports

- A report called “Case Examples of Bad Faith Trademark Filings” will be made. It is planned to be released in FY 2016.
- A report called “Guidelines on Criteria and Methods for Certifying Bad Faith” will be made. It is planned to be released in FY 2018. (P)



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

Laws and Examination Guidelines/Practices of the TM5 Offices against Bad Faith Trademark Filings

Structure of the Report

- The Report called “Laws and Examination Guidelines/Practices of the TM5 Offices against Bad Faith Trademark Filings” consists of three chapters.
 - Chapter 1 outlines the systems and practices of the TM5 Offices against bad faith trademark filings.
 - Chapter 2 compares and summarizes the systems and practices of TM5 Offices based on their replies to a questionnaire they all agreed.
 - Chapter 3 consists of a Comparison Table based on the results of the questionnaire referred to in Chapter 2.

Important Points

- The Report enables users to understand the differences in the systems/practices in the TM5 Office by comparing their systems and practices.
- It is important to properly understand the system/practices in each Office in order to consider appropriate measures to address bad faith trademark filings.

6. JPO's Initiatives Towards International Cooperation

International Cooperation in Asia

- An urgent issue is to develop a business environment in which Japanese 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 Efforts

- Holding Seminars in the ASEAN Region to Disseminate Information and Raise Awareness on Bad Faith Trademark Filings (Jakarta, Indonesia: August 2014 / Hanoi, Vietnam: January 2015)
- 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 trademark 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.

7. Summary

- During the examination process, the JPO, based on the Trademark Act, is able to refuse trademark applications filed in bad faith.
- Based on the fact that providing information on trademark applications may be effective to refuse registrations in the examination process, the JPO promotes its users to make as much use of the Information Provision System as possible.
- In order to address the issue of “Bad Faith Trademark Filings,” the JPO will broadly publicize both in and outside Japan, Japanese systems and practices by using the framework of TM5 and other international frameworks.
- The JPO will also work on further support for trademark users whose trademarks are actually filed in bad faith.