

Japan

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1. Legal framework

National

The Trademark Law and its related regulations govern the registration and protection of trademarks in Japan.

In addition, the Unfair Competition Prevention Law protects well-known trademarks, both registered and unregistered, and certain configurations of goods (ie, three-dimensional trademarks) from unauthorized use.

International

The following international treaties are applicable in Japan:

- the Paris Convention for the Protection of Industrial Property;
- the Trademark Law Treaty;
- the Nice Agreement on the International Classification of Goods and Services;
- the Madrid Protocol; and
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

2. Unregistered marks

Trademark Law

Under the Trademark Law, unregistered marks are protected only in certain limited circumstances.

Prior user's rights: Even if an unregistered mark is identical or similar to another's registered trademark, a prior user of the unregistered mark may continue to use the mark regardless of such registration if the following conditions are met:

- The prior user uses in Japan a mark that is identical or similar to the registered trademark for identical or similar goods or services to those designated by the registered trademark;
- As a result of such prior use, at the time of the subsequent trademark application, the

unregistered mark is well known to consumers or dealers in Japan as being used for goods or services relating to the prior user's business;

- The prior user has no intention of engaging in unfair competition by using the unregistered mark; and
- The prior user will continue to use the unregistered mark for goods or services for which it has previously been used.

If an unregistered mark is widely recognized in a certain region, it is considered to be well known even if it is not recognized throughout Japan.

The prior user:

- may not seek an injunction or compensatory damages against the infringer of its unregistered trademark under the Trademark Law;
- may use its unregistered mark only within the specific region in which the mark was used at the time of the subsequent trademark application, and only in relation to the goods or services for which it was used at the time of such trademark application; and
- may assign the mark only along with its business.

Unregistrability: A trademark which is identical or similar to another's unregistered mark that is well known in Japan as identifying its goods or services is unregistrable with respect to identical or similar goods or services. A trademark that causes confusion with another's goods or services, such as those of an unregistered well-known trademark owner, is also unregistrable. Further, a trademark which is identical or similar to an unregistered mark that is well known in Japan or abroad as identifying the relevant goods or services will be unregistrable if the applicant uses such mark in bad faith. Anyone – including the user of the unregistered well-known mark – may file an opposition or demand an invalidation trial in relation to such trademark.

Unfair Competition Prevention Law

Unregistered marks that are well known or very well known to consumers or dealers and certain configurations of goods are protected under the Unfair Competition Prevention Law.

The law provides that where unfair competition causes damage to a person's business, that person may seek an injunction and compensatory damages against the infringer.

'Unfair competition' includes:

- use of another's mark that is well known to consumers or dealers as identifying its goods or services, thus causing confusion (or the likelihood of confusion) with that party's goods or services;
- use of another's mark, as one's own, which is very well known to consumers or dealers as identifying its goods or services; or
- imitation of the configuration of another's goods (except when such configuration is essential to the function of the goods themselves).

It is generally understood that a 'very well-known' mark should generally be known to consumers or dealers throughout the country; on the other hand, a 'well-known' mark need not be known throughout the country, but should be well known to consumers or dealers in a certain region.

Where the infringed mark is well known or very well known only in foreign countries, only the export of goods bearing the mark to such foreign countries will be prohibited.

3. Registered marks

Ownership

An individual or corporation that intends to use a trademark for goods or services related to its business may apply for trademark registration

and own a trademark right. Actual use is not a requirement for trademark registration.

A foreign individual with a domicile or residence in Japan, or a foreign corporation with a place of business in Japan, may also apply for and own a trademark.

A foreign individual with no domicile or residence in Japan, or a foreign corporation with no place of business in Japan, may apply for and own a trademark through an agent with a domicile or residence in Japan, as long as:

- the foreign individual or corporation is from a country that treats Japanese nationals no less favourably than its own nationals with regards to trademark protection;
- the foreign individual or corporation is from a country that has reciprocity with Japan with regards to trademark protection; or
- the foreign individual or corporation is permitted to apply for and own a trademark under the Paris Convention, TRIPs Agreement or other treaty.

Scope of protection

Protected: The Trademark Law provides that a trademark shall consist of characters, figures, signs, three-dimensional shapes or any combination thereof, or any of these in colour, used for goods or services relating to the applicant's business. Thus, trademarks comprised exclusively of sounds, scents, tastes or colours may not be registered.

A trademark right is granted when a Japan Patent Office (JPO) examiner determines that the trademark meets all registration requirements. It is an exclusive right to use the mark with respect to designated goods or services, and becomes effective throughout Japan upon registration of the trademark with the JPO. Since the Trademark Law follows the first-to-file principle, if an applicant files a trademark application prior to another party which first used such trademark, the former will have priority for registering the trademark.

Not protected: Under the Trademark Law, a trademark application will be rejected if the following substantive requirements are not satisfied:

- The mark is sufficiently distinctive for consumers to distinguish the applicant's goods or services from those of others;
- The mark does not qualify as unregistrable under the Trademark Law; and
- The application is not in violation of any treaties.

Trademarks that lack distinctiveness (eg, generic terms or descriptive terms for the designated goods or services, commonplace names or surnames, simple and commonplace marks) may not be registered. However, some of these trademarks – except for generic terms – may be registered if the applicant can prove that the trademark has acquired a secondary meaning for specific uses. Furthermore, a well-known trademark consisting of a geographical name and a generic term for a product or service that is owned by an industrial business cooperative association (including an equivalent foreign legal entity) may be registered, provided that the trademark fulfils the other requirements for registration.

Even if a trademark is sufficiently distinctive, it will be rejected if it falls under one of the various bars to registration provided in Section 4 of the Trademark Law. These may be classified into prohibitions primarily for the public interest or an individual interest.

The following are examples of public interest prohibitions:

- trademarks comprised of a national flag, coat of arms or other insignia of Japan or any foreign nation, the Red Cross or similar;
- trademarks offending public order or morality;
- trademarks that are misleading as to the quality of the goods or services;

- three-dimensional trademarks comprised solely of functional features that are essential to the use or purpose of the goods or their packaging; and
- trademarks comprised of foreign well-known trademarks and used in bad faith.

The following are examples of individual interest prohibitions:

- trademarks comprised of the name or portrait of another person;
- trademarks that are identical or similar to another's well-known trademark and used for identical or similar goods or services to those for which the well-known trademark is used;
- trademarks that conflict with a prior registration;
- trademarks that cause confusion with respect to the source of the goods or services; and
- trademarks for wines or spirits that indicate regional origin in a manner prohibited by the TRIPs Agreement or the JPO.

Applicants must file one application per trademark and identify one or more goods or services pursuant to the classification system provided by the JPO. Applications that violate this rule will be rejected.

Retail service: Since April 2007, it has been possible to designate a 'retail service' as a service under International Class 35.

Measures against non-use of trademark: Due to changes to the examination guidelines, where there is justifiable doubt as to whether the applicant is conducting, or is planning to conduct, business in connection with the designated goods or/and services, the examiner will notify the applicant of the reasons for the rejection of the application in order to confirm the use or intended use of the trademark by the applicant. In practice, in order to overturn a refusal the applicant may be required to certify

the use or intended use of the trademark where the applicant designates;

- a wide range of goods and/or services;
- two or more retail services that are not similar to each other; or
- general retail services.

4. Procedures

Examination

An applicant may file a trademark application with the JPO in person, by mail or online.

On receipt of the application, a JPO official will examine whether the application meets the formal registration requirements.

Once these are satisfied, the examiner will consider whether the application meets the substantive requirements for registration.

If the examiner finds reasons to reject the application, he or she will notify the applicant accordingly within 18 months of the date of application. The applicant may submit written arguments or amendments in response.

If the applicant does not reply to the JPO's notice, or if its written arguments or amendments fail to overturn the reasons for rejection, the JPO will issue a rejection decision.

The applicant may appeal the JPO's decision, which will become final and conclusive if no appeal is sought.

If an appeal is requested, the application will be scrutinized by a panel of trial examiners. If the panel makes an unfavourable ruling, the applicant may appeal to the IP High Court; if it fails to do so, the rejection decision becomes final.

Registration

If the examiner determines that there are no reasons to reject the application, or if such reasons are defeated, he or she will issue a registration decision. It takes an average of six to seven months from the filing of an application to the registration decision, if the JPO finds no reason to reject the application.

A trademark right is established upon payment of the registration fee within 30 days of receipt of this decision.

The trademark registration will then be published in the *Trademark Gazette*.

The term of protection lasts for 10 years from the date of registration. The trademark right may be renewed every 10 years by filing a request for renewal at least six months prior to the date of expiration of protection. It takes approximately two weeks from filing a request to obtain registration of such a renewal.

Opposition

Anyone may file an opposition to registration within two months of publication of the trademark in the *Trademark Gazette*. Once an opposition is filed with the JPO, the panel of trial examiners will examine whether it has merit. It takes on average 11 months from the filing of an opposition to the issue of a decision. The time required for opposition proceedings varies depending on the validity of the reasons for opposition.

The grounds for opposition are similar to those for rejection (ie, lack of distinctiveness and unregistrability); however, an opposition may also be filed if the trademark application conflicts with a prior application.

If the JPO intends to accept the opposition and revoke the registration, it must provide notice of the reasons for revocation and give the trademark owner an opportunity to contest such notice.

If the trademark owner succeeds in its arguments against opposition, the trademark registration will be maintained; otherwise, the registration will be revoked. The opponent may take no action against a decision to maintain the registration. Thus, in order to contest a registration once maintained, the opponent must demand an invalidation trial.

In case of a decision to revoke registration, the trademark owner may appeal to the IP High Court. If the trademark owner does not appeal, the decision becomes final and conclusive.

Removal from register

Aside from successful opposition, a registered trademark may be removed from the Trademark Register for the following reasons.

Cancellation/surrender: A trademark owner may voluntarily cancel its trademark right. If there are any licensees, the trademark owner must obtain their consent to cancellation. The cancellation may apply to all or only some of the designated goods or services. The voluntary cancellation will take effect upon its entry in the Trademark Register.

Invalidation: An interested party may demand a trial to invalidate a trademark registration based on similar grounds as an opposition to trademark registration; additionally, invalidation may be sought based on facts that occurred after registration (eg, a change of the trademark owner's eligibility under a treaty).

An invalidation trial may be commenced even after a registered trademark right has been extinguished. However, an invalidation trial based on grounds such as lack of distinctiveness or individual interest prohibitions may not be brought more than five years from the date of registration.

Once a decision to invalidate a registration has become final and conclusive, the trademark right is deemed never to have existed. However, if the

decision becomes final and conclusive based on facts that occurred after registration, a trademark right will be deemed not to have existed from the time such facts arose.

Revocation: Anyone may demand a trial to revoke a registered trademark based on the grounds outlined below:

- Non-use – if a registered trademark has not been used in Japan by a trademark owner or its licensee for at least three consecutive years, anyone may demand a trial to revoke the registration.
- Improper use – if a trademark owner or its licensee uses a registered trademark in an improper manner – for instance, in a way that may cause confusion with another's goods or services – anyone may seek revocation of the registration. Such a trial may be brought up to five years after the date on which such improper use ceased.
- Similar trademarks owned by different persons – if similar registered trademarks come to belong to different persons as a result of the transfer of a registered trademark right, and one person uses such mark with the intention of unfair competition and in a manner that may cause confusion with the other's goods or services, anyone may seek revocation of the registration of that trademark.
- Unauthorized registration – where a trademark owner's rights are registered in a country that is a signatory to the Paris Convention or the Trademark Law Treaty, or a member of the TRIPs Agreement, it may seek revocation of a Japanese trademark registration if its agent or representative (or someone who was its agent or representative in the year prior to the trademark application) files the trademark application without the owner's authorization. Revocation may not be sought once five years have elapsed since such unauthorized registration.

In case of revocation for non-use, the trademark right will extinguish from the date of registration of the request for revocation. In all other cases above, once the decision to revoke a trademark registration has become final and conclusive, the trademark right will extinguish from the date of this decision.

Searches

The JPO provides a public database called the Industrial Property Digital Library (IPDL), in which trademarks can be searched in a variety of ways. The IPDL can be accessed online, free of charge. It may take a few months from its filing date before a mark is available for search.

It is possible to search word marks by specifying the term using Latin characters both by class and for all classes. It is possible to search graphic marks by specifying the term for the graphic under the Vienna Classification by class, but not for all classes.

However, it is possible to search word marks consisting of only Japanese characters and to search word marks on the basis of their pronunciation in the IPDL only in Japanese.

5. Enforcement

Trademark Law

The unauthorized use of a mark that is identical or similar to a registered trademark in relation to identical or similar goods or services constitutes infringement. The Trademark Law provides that certain preparatory activities constitute infringing acts, such as the possession, export, import, transfer, delivery or manufacture of infringing goods.

Where infringement occurs, the owner of the registered trademark (or its registered exclusive

licensee) may enforce its rights by filing a trademark infringement suit in a district court. The plaintiff may also choose either the Tokyo District Court or the Osaka District Court pursuant to the Civil Procedure Code, each of which has a specialized division for the hearing of IP cases, as an optional jurisdiction in addition to the customary jurisdiction provided by the code.

The remedies for trademark infringement available under the Trademark Law are outlined below.

Civil remedies: The plaintiff may seek an injunction against an infringing party (or a party that is highly likely to infringe the trademark right) which acts with or without negligence or wilfulness. Together with the injunction, the plaintiff may seek an order for destruction of the infringing goods and removal of the facilities used to commit the infringement, as well as other measures necessary to prevent the infringement.

The plaintiff may also seek a preliminary injunction to prevent infringement while the infringement suit is pending. To obtain a preliminary injunction, the plaintiff must show an irreparable harm due to the infringement and the court sometimes requires that a bond be posted.

In the case of negligent or intentional infringement, compensatory damages are also available. Under the Trademark Law, since an infringer's negligence is presumed by the infringing activity, the infringer must refute such presumption of negligence.

To ease the burden of assessing damages, the Trademark Law provides the following optional measures for calculating damages:

- the owner's expected profit per item multiplied by the number of infringing items

sold, to the extent of the owner's production or sale capability;

- the actual profit made by the infringer; or
- an amount equivalent to the deserved royalties.

Where the trademark owner proves the amount using one of these measures, this amount will be presumed to be the damages incurred by the trademark owner. However, the trademark owner may seek actual damages exceeding this amount by proving the amount of such damages.

A plaintiff may additionally claim other damages, such as consequential damages (eg, intangible damage to brand reputation) and attorneys' fees, although the courts tend to affirm claims for attorneys' fees only to a limited amount. There are no punitive damages under the applicable Japanese laws.

Following registration, a trademark owner may claim damages incurred by its business before registration, provided that it previously sent a warning letter to the infringer notifying it of the trademark application.

Apart from these compensatory damages, pursuant to the Civil Code the plaintiff may also seek restitution for unjust enrichment for infringement with or without negligence or wilfulness. In contrast, compensatory damages require negligence or wilfulness. As a general matter, unjust enrichment is calculated on the basis of royalties. Restitution is subject to a limitation period of 10 years, as opposed to compensatory damages, which have a limitation period of three years.

Further, in the case of negligent or intentional infringement, the trademark owner may seek an order for rehabilitation of brand reputation, including corrective advertising.

Criminal penalties: Intentional trademark infringements are subject to criminal penalties.

Direct infringement is subject to criminal penalties of up to 10 years' imprisonment or a fine of ¥10 million for individuals. Indirect infringement is punishable by up to five years' imprisonment or a fine of ¥5 million for individuals and, when applicable, a fine of up to ¥300 million for their employers (including corporations).

Unfair Competition Prevention Law

Civil remedies: The owner of either a registered or unregistered trademark whose business has suffered (or is likely to suffer) damage from unfair competition may file suit in a district court seeking an injunction against an infringing party (or a party that is highly likely to infringe), no matter whether that party is acting negligently or wilfully. Together with the injunction, the plaintiff may seek an order for destruction of the infringing goods and removal of the facilities used to commit the infringement, as well as other measures necessary to prevent the infringement.

In the case of negligent or intentional infringement, the owner may claim compensatory damages. Unlike under the Trademark Law, negligence is not presumed under the Unfair Competition Prevention Law. Therefore, the owner must prove the negligence or wilfulness of the infringer.

Like the Trademark Law, the Unfair Competition Prevention Law provides optional measures for calculating the owner's damages.

Apart from these compensatory damages, pursuant to the Civil Code the plaintiff may also seek restitution for unjust enrichment for infringement with or without negligence or wilfulness and an order for rehabilitation of brand reputation, including corrective advertising.

Criminal penalties: The misappropriation of a well-known mark with the intent of unfair competition is punishable by up to five years' imprisonment

and/or a fine of ¥5 million for individuals and, when applicable, a fine of up to ¥300 million for their employers (including corporations).

Appeals

A party which is not satisfied with the district court's decision may appeal to the competent appellate court, whose decision may subsequently be appealed to the Supreme Court on limited grounds.

Timeframe

The average duration of IP infringement cases is approximately 12 months for the district courts and nine months for the appellate courts, and four to five months for preliminary injunction cases. However, the courts have recently been attempting to accelerate enforcement procedures in order to strengthen the protection of IP rights in Japan.

Alternative dispute resolution

Alternative dispute resolution before certain private entities, such as the Japan Intellectual Property Arbitration Centre, may be considered.

Before commencing legal proceedings, it is customary business practice – although not a legal requirement – for the trademark owner to send a warning letter to the infringer requesting cessation of the infringement and wait one or two weeks for a reply.

6. Ownership changes – legalization requirements

Assignment

A trademark owner or applicant may assign its rights relating to the trademark or trademark application.

Assignment of status as applicant: If the applicant assigns its status as an applicant for trademark registration, the assignor or assignee

must file a notice of change of ownership of the application with the JPO.

In case of filing by the assignor only, the assignor must attach a letter of assignment signed by both assignee and assignor. In case of filing by the assignee only, the assignee must attach a letter of assignment signed by both assignee and assignor, or assignor only.

The letter of assignment need not be legalized. The assignment of applicant status will take effect upon the filing of such notice.

Assignment of registered trademark: If a registered trademark right is assigned, in principle an application for registration of transfer of the trademark right must be filed by both the assignor and the assignee.

However, if the assignor consents in writing to the assignee filing an application on its own, the application can be filed by the assignee only (the necessary document for the application is a letter of assignment, which need not be legalized). Moreover, either the assignor or assignee may file an application for registration of the transfer if the applicant attaches one of the following documents:

- a legalized copy of the contract or agreement with respect to the assignment; or
- a certificate of assignment or letter of assignment prepared in conformity with the requirements of the Trademark Law Treaty and signed by both assignor and assignee, which need not be legalized.

The change in ownership will take effect upon its entry in the Trademark Register. It takes approximately two weeks from filing a request for registration of transfer of a trademark right to registration thereof.

Complete succession

If the status of an applicant for trademark registration or a registered trademark right

transfers by merger, inheritance or other complete succession, such change has immediate effect. However, the successor must notify the JPO by filing a notice of change of ownership of the application (before registration) or an application for registration of the transfer of the trademark right (after registration).

The necessary document to certify the change is a certificate of merger or a certificate of inheritance, which must be legalized.

Legalization is customarily performed through notarization by a notary public.

Licensing

Exclusive licences set forth under the Trademark Law must be registered to be effective. Such exclusive licence prevents the trademark owner from using its own trademark. Licences other than exclusive licences under the Trademark Law do not require registration; however, once such a licence has been registered, the licensee shall maintain its rights to the licensed trademark in the event of any third party's subsequent acquisition of the trademark right and/or exclusive licence for such trademark right. The application for registration of a licence must be filed by both licensee and licensor, unless the licensor consents in writing for such application to be filed by the licensee only. The necessary document for registering a licence is a licence agreement signed by both licensor and licensee or a document signed by the licensor granting such licence.

7. Areas of overlap with related rights

Where a trademark – especially a three-dimensional trademark – is a new technological invention or device, it may also be protected as a patent under the Patent Law or as a utility model under the Utility Model Law. If the trademark is a new, functional and ornamentally featured

design, it may also be protected as a design under the Design Law. However, these rights are protected only if they are registered by the JPO.

Where the trademark is an original and creative expression as a result of intellectual or cultural activities, it will also be protected as a copyrighted work under the Copyright Law, without any registration.

Conversely, if use of a registered trademark infringes a patent, utility model or design that was applied for prior to the trademark application, the trademark right (regardless of registration) will not be enforceable to the extent of such infringement. In addition, if any use of a registered trademark infringes a copyright that was obtained prior to the trademark application, the trademark right will not be enforceable to the extent of such infringement.

The Corporation Law prohibits the bad-faith use of a trade name or company name that causes confusion with a different company's name. The owner of a trade name or company name whose business has suffered (or is likely to suffer) damage from such prohibited use may file a claim for the termination of use of such name.

8. Online issues

The Trademark Law provides that the 'use' of marks includes use on the Internet in the following manner:

- providing trademarked goods or services via the Internet (eg, online distribution of trademarked software products);
- providing services through a website displaying a trademark (eg, mobile banking services displaying trademarks on the monitor or screen); and
- providing information consisting of advertisements, price lists or other business

documents relating to trademarked goods or services on or through the Internet.

Protection under the Unfair Competition Prevention Law extends to an act of unfair competition on the Internet.

With respect to cybersquatting, the Unfair Competition Prevention Law protects registered and unregistered mark owners by providing that persons who are not owners of a mark may not obtain, keep or use in bad faith a domain name that is identical or similar to the mark. Since the Trademark Law does not address the registration and retention (without use) of domain names, the protection under the Unfair Competition Prevention Law is of particular importance for registered trademark owners.