

# Trademark procedures and strategies

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## Legal framework

### ***National***

The Trademark Law and its related regulations govern the registration and protection of trademarks in Japan. The Examination Guidelines for Trademarks also play an important role in the examination of trademark applications at the Japan Patent Office (JPO). The revised examination guidelines took effect on April 1 2017.

In addition, the Unfair Competition Prevention Law protects well-known trademarks, both registered and unregistered, as well as certain configurations of goods, from unauthorised use.

### ***International***

The following international treaties apply 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).

## Unregistered marks

### ***Trademark Law***

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

**Prior user's rights:** Even if an unregistered mark is identical or similar to another's registered mark, a prior user may continue to use the mark provided that:

- at the time of the subsequent trademark application the unregistered mark is well known to consumers or dealers in Japan for goods or services relating to the prior user's business; and
- the prior user has no intention of engaging in unfair competition in its use of the unregistered mark.

The prior user:

- may not seek an injunction or compensatory damages against the infringer;
- may use its unregistered mark only within the specific region in which the mark was used at

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the time of the subsequent trademark application, and only in relation to the goods or services for which it was used at the time; and

- may assign the mark only along with its business.

### ***Unfair Competition Prevention Law***

Unregistered marks that are well known or famous, as well as 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, if the damages were caused negligently or intentionally, compensatory damages.

'Unfair competition' includes:

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

### **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. Actual use is not a requirement for trademark registration. A power of attorney is unnecessary when applying for trademark registration.

#### ***Scope of protection***

Protected: The Trademark Law provides that a trademark should be recognisable by human perception and shall consist of characters, figures, signs, three-dimensional (3D) shapes, colours or any combination thereof, or sounds, and be used for goods or services relating to the applicant's business. In April 2015, motion marks, hologram marks, colour marks *per se*, sound marks and position marks also became registrable as trademarks.

A trademark right is granted when an examiner of the JPO determines that the mark meets all registration requirements. It is an exclusive right to use the mark with respect to designated goods or services, which becomes effective throughout Japan upon registration of the trademark with the JPO. The Trademark Law follows the first-to-file principle.

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

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

Some trademarks that lack distinctiveness – excluding generic terms – may still be registered if the applicant can prove that they have acquired distinctiveness for specific uses. Further, 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, a commerce and industry association, a chamber of commerce and industry or a specified non-profit corporation (including an equivalent foreign legal entity) may be registered, provided that it fulfils the other requirements.

Even if a mark is sufficiently distinctive, it will be rejected if it falls under one of the various bars set out in Section 4 of the Trademark Law concerning the public interest or an individual interest.

Examples of public interest prohibitions include:

- trademarks that consist of a national flag, coat of arms or other insignia of Japan or any foreign nation, the Red Cross or similar marks;
- trademarks offending public order or morality;
- trademarks that are misleading as to the quality of the goods or services;
- 3D trademarks comprising solely functional features that are essential to the use or purpose of the goods or their packaging; and
- trademarks that comprise foreign well-known trademarks and are used in bad faith.

Examples of individual interest prohibitions include:

- trademarks comprising the name or portrait of another person;
- trademarks that are identical or similar to another's well-known mark and used for identical or similar goods or services;
- trademarks that conflict with a prior registration;
- trademarks that cause confusion with respect to the source of the goods or services;
- trademarks for wines or spirits that indicate regional origin in a manner prohibited by the TRIPs Agreement or the JPO; and
- trademarks that are identical or similar to another's well-known trademark in Japan or abroad as identifying the relevant goods or services if the applicant uses such mark in bad faith.

Measures against non-use of trademark: 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 services, the examiner will preliminarily reject the mark and notify the applicant accordingly. This refusal may then be overturned if the applicant certifies the use or intended use of the trademark under the application where it has designated:

- a wide range of goods or services;
- two or more dissimilar retail services; or
- general retail services.

## **Procedures**

### ***Examination***

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

Once formal registration requirements 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. 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 refusal 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 scrutinised by a panel of trial examiners. If the panel issues 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. In practice, it takes an average of five to six months from filing an application to a registration decision, if the JPO finds no reason to reject the application.

A trademark right is established upon registration of such right with payment of the registration fee.

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 within six months prior to the expiration date.

### **Opposition**

Anyone may file an opposition to registration within two months of the trademark being published in the *Trademark Gazette*. Once an opposition is filed with the JPO, the panel of trial examiners will consider whether it has merit.

The grounds for opposition are similar to the reasons for rejection in the examination stage (ie, lack of distinctiveness and unregistrability).

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

If the rights holder succeeds in its arguments against opposition, the trademark registration will be maintained; otherwise, it 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 rights holder may appeal to the IP High Court. If it 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 reasons outlined below.

**Cancellation/surrender:** A rights holder may voluntarily cancel its trademark right. The cancellation may apply to all or only some of the designated goods or services.

**Invalidation:** An interested party may request a trial to invalidate a trademark registration on the basis of similar grounds to those available in an opposition to trademark registration; additionally, invalidation may be sought based on some facts that occurred after registration.

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

Once a decision to invalidate a registration has become final, in principle, the trademark right is retroactively deemed never to have existed.

**Revocation:** Anyone may request a trial to revoke a registered trademark based on the following grounds:

- Non-use – if a registered trademark has not been used in Japan by a rights holder or its licensee for at least three consecutive years.
- Improper use – if a rights holder or its licensee uses a registered trademark in an improper manner.
- 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 committing an act of unfair competition and in a manner that may cause confusion with the other's goods or services.

Where a trademark owner's rights are registered in a country that either is a signatory to the Paris Convention or the Trademark Law Treaty, or is a member of the TRIPs Agreement, the rights holder may seek revocation of a Japanese trademark registration if its agent or representative files the trademark application without the owner's authorisation within five years of such unauthorised

registration.

### ***Searches***

The JPO provides a public database called the Japan Platform for Patent Information, in which trademarks can be searched in a variety of ways.

### **Enforcement**

#### ***Trademark Law***

The unauthorised 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 shall be deemed to constitute infringement. These include:

- the possession of the designated goods, or goods similar to the designated goods or services, affixed with the registered trademark or a trademark similar thereto on the goods or their packaging for the purpose of assignment, delivery or export; and
- the manufacture, assignment, delivery or importation, as a business, of products to be used exclusively for the manufacturing of products indicating the registered trademark or a trademark similar thereto.

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

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) which acts with or without negligence or wilfulness. Together with an 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 obtain this, the plaintiff must show irreparable harm due to the infringement; courts sometimes require that a bond be posted.

In the case of negligent or intentional infringement, compensatory damages are also available. Under the Trademark Law, an infringer's negligence is presumed. 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 rights holder proves the amount using one of these measures, this will be presumed to be the damages incurred. However, the rights holder may seek actual damages exceeding this 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 extent. There are no punitive damages under the applicable Japanese laws.

The rights holder may seek an order for rehabilitation of brand reputation, including corrective advertising.

**Criminal penalties:** Intentional trademark infringements are subject to criminal penalties of up to 10 years' imprisonment and/or a fine of ¥10 million in certain cases.

## **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), regardless of whether that party is acting negligently or wilfully. The plaintiff may also seek an order for the 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 case of negligent or intentional infringement, the rights holder may claim compensatory damages. As with the Trademark Law, the Unfair Competition Prevention Law also provides optional measures for calculating the rights holder's damages. However, unlike under the Trademark Law, negligence is not presumed.

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 in the case of negligent or intentional infringement.

Criminal penalties: The misappropriation of a well-known mark with the intent to commit an act of unfair competition is punishable by imprisonment and/or a fine.

## **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.

## **Ownership changes and rights transfers**

### **Assignment**

A rights holder or applicant may assign its rights relating to the trademark or trademark application. The assignment documents need not be notarised or legalised.

Assignment of status as applicant: The assignor or assignee must file a notice of change of ownership with the JPO. The assignment will take effect once such notice is filed.

Assignment of registered trademark: An application to register the transfer of a trademark right must be filed either by both the assignor and the assignee, or by the assignee alone if it has obtained such consent from the assignor.

The change in ownership will take effect once it is entered in the Trademark Register.

### **General succession**

If an applied-for or registered trademark transfers by merger, inheritance or other general succession, this will have 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 to register the transfer of the trademark right (after registration).

## **Licensing**

Exclusive licences (*senyo shiyoken*) must be registered to be effective. While registration is not compulsory for non-exclusive or exclusive licences other than *senyo shiyoken*, registration will allow the licensee to maintain its rights to the trademark in the event of any third party's subsequent acquisition and/or exclusive licence for such trademark right.

## **Related rights**

Where a trademark – especially a 3D 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 with the JPO.

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

The Corporation Law prohibits the bad-faith use of a trade name or company name that causes confusion with a different company's name.

### **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 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 owners of registered and unregistered marks by providing that no one may obtain, keep or use in bad faith a domain name that is identical or similar to a trademark owned by a third party.

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*Shinichiro Hara assisted in the preparation of this chapter.*

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