

Can you register a parody trademark?

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Introduction

Facts

Issues

JPO Trial and Appeal Board decision

IP High Court decision

Supreme Court decision

Comment

Introduction

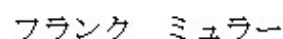
The registrant in a recent case⁽¹⁾ registered the trademark FRANCK MIURA in Japanese katakana and Chinese characters (Figure 1) in Class 14 for clocks and watches, unwrought and semi-wrought precious stones and their imitations, key rings and personal ornaments.⁽²⁾



(Figure 1)

The registrant distributed lookalikes of Franck Muller's well-known luxury watches. However, while the watch designs resembled each other in their entirety, the design similarities were not at issue in this case. Rather, the case centred on the similarity of, and the likelihood of confusion between, the trademark and the following prior marks:

- FRANCK MULLER in Japanese katakana standard characters (Prior Mark 1, Figure 2), which was registered in Class 14;⁽³⁾
- FRANCK MULLER (Prior Mark 2, Figure 3), which was registered in Class 9 for spectacles and their parts and accessories and Class 14;⁽⁴⁾ and
- FRANCK MULLER REVOLUTION, which was registered in Class 14 (Prior Mark 3, Figure 4).⁽⁵⁾



(Figure 2)



(Figure 3)



AUTHOR

[Chisako Yagi](#)



(Figure 4)

The case also examined whether reasons to invalidate the FRANCK MIURA trademark registration existed.

This update focuses on the similarities between the FRANCK MIURA trademark and Prior Mark 1.

Facts

The Franck Muller brand was established in 1991, following which the registrant of Prior Marks 1 to 3 (ie, the defendant) used its signature FRANCK MULLER mark on its watches.

The the registrant of the FRANCK MIURA trademark (ie, the plaintiff) distributed watches which were similar to those of the defendant on the Internet and in bricks-and-mortar shops.

On April 22 2015 the registrant of Prior Marks 1 to 3 demanded a trial to invalidate the FRANCK MIURA trademark. On September 8 2015 the Japanese Patent Office (JPO) Trial and Appeal Board concluded that the trademark should be invalidated and that the registrant should bear the trial costs.

On October 16 2015 the registrant of the FRANCK MIURA trademark brought a suit before the IP High Court claiming that the board's decision should be rescinded.

The parties did not dispute that the defendant's signature FRANCK MULLER mark was well known among Japanese consumers with relation to the defendant's goods, and that this had been the case both when the plaintiff had filed its application and when its mark had been granted. Further, the plaintiff admitted that:

- the defendant's marks (eg, its signature FRANCK MULLER mark) represented the famous luxury watches and the famous brand of the same name; and,
- referring to the defendant's marks indicated that the plaintiff's goods were parody goods.

Issues

The case addressed whether the plaintiff's trademark met any of the Trademark Act's grounds for rejecting a trademark registration and should therefore be invalidated – namely:

- Article 4(1)(xi), under which a mark cannot be registered if it is identical or similar to a prior registered trademark used in connection with the same or similar designated goods;
- Article 4(1)(x), under which a mark cannot be registered if it is identical or similar to a prior used well-known trademark used in connection with the same or similar designated goods;
- Article 4(1)(xv), under which a mark cannot be registered if it is likely to cause confusion in connection with the goods pertaining to another party's business; or
- Article 4(1)(xix), under which a mark cannot be registered if it is:
 - identical or similar to a trademark which is well known among consumers in Japan or abroad; and
 - used for unfair purposes.

JPO Trial and Appeal Board decision

As mentioned above, the JPO Trial and Appeal Board concluded that the FRANCK MIURA trademark should be invalidated and that the plaintiff should bear the trial costs. The board's decisions regarding the above issues can be briefly described as follows.

Article 4(1)(xi)

Appearance

The FRANCK MIURA trademark comprised Japanese katakana and Chinese characters, while Prior Mark 1 comprised only the former. When observed as a whole, the board held that the FRANCK MIURA trademark and Prior Mark 1 were distinguishable with respect to their appearances.

Pronunciation

The pronunciation of the plaintiff's trademark (ie, "Franku Miura") and Prior Mark 1 (ie, "Franku Myura") was similar in tone and feeling. Therefore, the board held that the pronunciation of each mark was similar.

Connotations

Considering the actual circumstances of the plaintiff's goods and its intention to refer to the defendant's marks, the board held that its trademark evoked the famous Franck Muller brand. Therefore, the board held that the connotations of the trademark and Prior Mark 1 were similar.

Conclusion

Although the plaintiff's trademark and Prior Mark 1 were different in appearance, the pronunciation and connotations of each mark and the designated goods that they covered were similar. Therefore, the board held that the FRANCK MIURA trademark and Prior Mark 1 were similar and that the former fell under Article 4(1)(xi) of the Trademark Act.

Article 4(1)(x)

The defendant's signature FRANCK MULLER mark was well known among Japanese consumers with respect to watches. Further, as discussed above, the plaintiff's trademark and the designated goods that it covered were similar to those of the defendant. Therefore, the board held that the plaintiff's trademark fell under Article 4(1)(x) of the Trademark Act.

Article 4(1)(xv)

As discussed above, the defendant's FRANCK MULLER mark was well known among Japanese consumers with respect to watches and the board considered that the trademarks and designated goods were similar. Thus, it held that using the trademark in conjunction with the designated goods would likely cause confusion with regard to the goods of another party (ie, the defendant). Therefore, the board held that the trademark fell under Article 4(1)(xv) of the Trademark Act.

The plaintiff alleged that its goods were parody watches and that, therefore, there was no likelihood of confusion regarding their origin, as consumers were aware that they were different from those of the defendant. However, the purpose of Article 4(1)(xv) is to:

"prevent free-riding on a well-known or prominent indication and the dilution of the indication, to protect a trademark distinguishing function vis-a-vis other marks, to ensure the maintenance of business confidence of persons who use trademarks, and to protect interests of consumers."

As the plaintiff had referred to the defendant's mark and indicated that its goods were parody goods, it had clearly been free riding on the defendant's well-known mark.

Article 4(1)(xix)

As discussed above, the plaintiff had registered its trademark for watches, among other things, while recognising that the defendant's mark was widely recognised among consumers as an indication of its watches. Therefore, the board held that the plaintiff had been using the trademark:

- to gain unfair profits;
- to cause damage to another party; or
- for other unfair purposes.

The trademark therefore fell under Article 4(1)(xix) of the Trademark Act.

IP High Court decision

The IP High Court rescinded the JPO Trial and Appeal Board decision, holding that the trademark did not fall under any of the above provisions for rejecting a trademark under the Trademark Act and that there was no reason to invalidate the trademark. The court's decisions on the above issues were as follows.

Article 4(1)(xi)

Appearance

The plaintiff's trademark comprised Japanese katakana and Chinese characters, while Prior Mark 1 comprised only the former. Therefore, the court held that the marks were clearly distinguishable with respect to their appearance.

Pronunciation

While the pronunciation of the latter words of each mark (ie, "Miura" and "Myura") was somewhat different, the first four sounds – "f" (pronounced "hu"), "ra", "n" and "ku" – were identical and, when each mark was pronounced as a whole, they were similar and confusing in feeling and tone. Therefore, the court held that the pronunciation of the plaintiff's trademark and Prior Mark 1 was similar.

Connotation

The word 'Miura' (as contained in the plaintiff's trademark) is a popular Japanese family name and also indicates a geographical name in Japan. The word 'Franck' is a popular name among people in other countries. It is generally known that the combination of a Japanese family name and a non-Japanese name is used in cases such as international marriages and, therefore, the court held that the plaintiff's trademark had the connotation of "a Japanese person or someone who has connections with Japan who is using the name 'FRANCK MIURA'". Conversely, Prior Mark 1 had connotations of the luxury Franck Muller brand. Therefore, the court held that the connotations associated with the trademark and Prior Mark 1 were different.

Conclusion

Although the court held that the pronunciation of the plaintiff's trademark and Prior Mark 1 was similar, there was no evidence that, in practice, the marks were identified and the origins of the goods determined only by way of this pronunciation. Considering that the marks' appearances were clearly distinguishable and that their associated connotations were completely different, the court ruled that:

- the similarity in pronunciation alone did not outweigh these dissimilarities; and
- there was no likelihood of confusion as to the origin of goods.

The defendant argued that the plaintiff's trademark also evoked the famous Franck Muller brand and that, due to the similarities in pronunciation and connotation, the trademark and Prior Mark 1 should be considered to be similar. It was not denied that customers could associate the famous Franck Muller brand with the trademark to some extent. However, considering that the plaintiff's trademark comprised the Japanese word 'Miura' in Chinese characters, and that there was no evidence that the defendant had used a Japanese or geographical name in its marks or advertisements, the court held that consumers would:

- associate the plaintiff's trademark with the defendant's famous Franck Muller brand with the understanding that they had different origins; and
- distinguish the FRANCK MIURA trademark and Prior Mark 1.

The defendant also argued that the plaintiff's trademark was an imitation of Prior Mark 1 and was used in conjunction with similar goods. Therefore, consumers would be confused as to the origin of the goods and whether there was an economic or organisational connection between the plaintiff and the defendant. However, as discussed above, the court held that the appearance and connotations of the FRANCK MIURA trademark and Prior Mark 1 were completely different. In addition, the price of the goods was different, with the plaintiff's goods mainly costing between Y4,000 and Y6,000 and many of the defendant's goods costing over Y1,000,000. Further, the orientation of each brand was different. Under these circumstances, the court held that it was obvious that traders and consumers would not confuse the origin of the plaintiff's goods and those of the defendant.

In conclusion, the court held that the FRANCK MIURA trademark did not fall under Article 4(1)(xi) of the Trademark Act and that the JPO Trial and Appeal Board had erred in its decision in this respect.

Article 4(1)(x)

As discussed above, the FRANCK MIURA trademark and the mark used by the defendant were different. Therefore, the court held that the trademark did not fall under Article 4(1)(x) of the Trademark Act and that the board had erred in its decision in this respect.

Article 4(1)(xv)

The defendant's FRANCK MULLER trademark was widely recognised and famous among Japanese consumers with respect to the designated goods. The plaintiff's goods were similar to those of the defendant in their nature and intended purpose. Conversely, as discussed above, although the pronunciation of the FRANCK MIURA trademark and Prior Mark 1 was similar, there was no evidence that, in practice, the marks were identified and the goods' origins were determined by way of this pronunciation. Rather, with respect to watches, the appearance and connotation of a trademark plays a big role in identifying the origin of such goods, which also applies in the case of other goods designated under the plaintiff's trademark. In addition, there was no evidence that the defendant had used a Japanese or geographical name in its marks or advertisements to distinguish its business. As a result, the court held that there was no likelihood that traders and consumers would:

- falsely believe that:
 - the origin of the plaintiff's goods was the defendant's business; or
 - the plaintiff's goods related to the defendant's business; and
- confuse the origin of the goods.

The defendant argued that the trademark was likely to cause confusion in connection with the goods pertaining to its business, as:

- the plaintiff's goods were similar to those of the defendant with respect to their features and appearance; and
- it was clear that the plaintiff had been free riding on the defendant's well-known mark.

However, with respect to the first bullet point above, although the appearance of the goods may have been similar, the orientations of the two brands were significantly different and it was highly unlikely that the defendant would manufacture and sell the same goods as the plaintiff. Regarding the second bullet point, Article 4(1)(xv) is not intended to ban all types of registration considered to constitute free riding. Rather, Article 4(1)(xv) bans the registration only of marks which satisfy the conditions stipulated therein. Simply selling goods in a manner which constitutes free riding on a famous mark does not necessarily satisfy the conditions of the article.

In conclusion, the court held that the trademark did not fall under Article 4(1)(xv) of the Trademark Act and that the JPO Trial and Appeal Board had erred in its decision in this respect.

Article 4(1)(xix)

As discussed above, the court held that the FRANCK MIURA trademark and Prior Mark 1 were different. Therefore, it was unnecessary to consider whether the plaintiff had used the trademark:

- to gain unfair profits;
- to cause damage to another party; or
- for any other unfair purposes.

The court held that the plaintiff's trademark did not fall under Article 4(1)(xix) of the Trademark Act and that the JPO Trial and Appeal Board had erred in its decision in this respect.

Supreme Court decision

The defendant filed a petition for acceptance of final appeal with the Supreme Court, which the court rejected on March 2 2017. As a result, the IP High Court decision is final and binding.

Comment

The differing decisions of the JPO Trial and Appeal Board and the IP High Court stem from each body's different evaluation of the facts. With regard to the similarity of the marks, the JPO Trial and Appeal Board considered that the pronunciation and connotations of the marks were similar, while

the IP High Court considered that the latter were different. This led to different conclusions, with:

- the JPO Trial and Appeal Board finding that the marks were similar; and
- the IP High Court finding that they were different and that the plaintiff's trademark did not fall under Article 4(1)(xi) or (x) of the Trademark Act.

As regards Article 4(1)(xv) of the Trademark Act, the JPO Trial and Appeal Board considered that, in order to meet the requirements of such a provision, it is sufficient to prove the existence of free riding on a well-known mark. Conversely, the IP High Court considered that it must be proven that the mark in question satisfies the conditions stipulated under Article 4(1)(xv) – such as a likelihood of misbelief or false recognition among consumers regarding the origin of the goods – in addition to proving the free riding. Further, the IP High Court indicated that even if customers had associated the famous Franck Muller brand with the plaintiff's trademark to some extent, this did not necessarily mean that they had confused the origin of the goods.

There are several other court cases which have dealt with the registrability of parody trademarks, including *SHI-SA* (Figure 5),⁽⁶⁾ *Lamborghini* (Figure 6)⁽⁷⁾ and *KUMA* (Figure 7).⁽⁸⁾



(Figure 5)



(Figure 6)



(Figure 7)

In many cases pertaining to the registrability of parody trademarks, in addition to Articles 4(1)(x), (xi), (xv) and (xix) of the Trademark Act, as discussed above, Article 4(1)(vii) of the act – which prohibits the registration of marks which are likely to cause damage to public policy – is also claimed as a basis for invalidating a registration (although this article was not claimed in *Franck Miura*). However, there are opposing views that the application of Article 4(1)(vii) should not be expanded to include private disputes between parties (eg, disputes determining to which party a trademark right belongs). If this view is adopted, Article 4(1)(vii) should not be applied to parody cases, as the issues regarding parody and free riding essentially belong to the category of private disputes and cannot necessarily be considered to be detrimental to public policy.

For further information on this topic please contact [Chisako Yagi](#) at Nishimura & Asahi by

telephone (+81 3 6250 6200), or email (ch_yagi@jurists.co.jp). The Nishimura & Asahi website can be accessed at www.jurists.co.jp.

Endnotes

- (1) JPO Trial and Appeal Board, Invalidation 2015-890035, IP High Court: 2015 (gyo-ke) 10219, judgment issued on April 12 2016.
- (2) Registration Number 5517482, Registration Date: August 24 2012, Application Number: 2012-023292, Application Date: March 27 2012.
- (3) Registration Number: 4978655, Registration Date: August 11 2006, Application Number: 2005-026157, Application Date: March 25 2005.
- (4) Registration Number: 2701710, Registration Date: December 22 1994, Application Number: H04-022189, Application Date: March 5 1992.
- (5) International Registration Number: 777029, International Registration Date: March 13 2012, Registration Date in Japan: May 2 2013.
- (6) IP High Court, 2008 (gyo-ke) 10311.
- (7) IP High Court, 2011 (gyo-ke) 10426.
- (8) IP High Court, 2012 (gyo-ke) 10454.

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