

## Summary of Revisions of the Japanese Trademark Law

-Protecting Regional brands-

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Amendments to the Japanese Trademark Law will come into effect on April 1, 2006. The main feature of this amended Law is the introduction of the "Regionally based collective marks" System.

### What is a Regionally based collective mark?

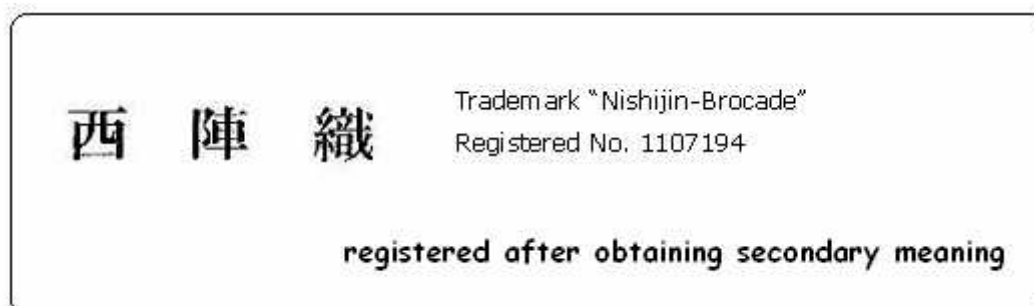
A Regionally based collective mark is a mark consisting of a geographic name and the common name of goods or services, which is used by an industrial business cooperative association.

### Outline of a Regionally based collective mark

If such a mark becomes well known to a certain extent by use, it can be registered as a "Regionally based collective mark." Same as normal trademark right, term of the right is 10 years from the registration date.

### Why do we need Regionally based collective mark?

Throughout history, there have been a number of regional industrial business cooperative associations in various regions in Japan. It has been a common way for crafts men living in the same region to cooperate by establishing and using a common brand for their regional products, for example "Nishijin-Brocade" and "Hakata-Doll."



Regional brand names such as these have two specific characteristics:

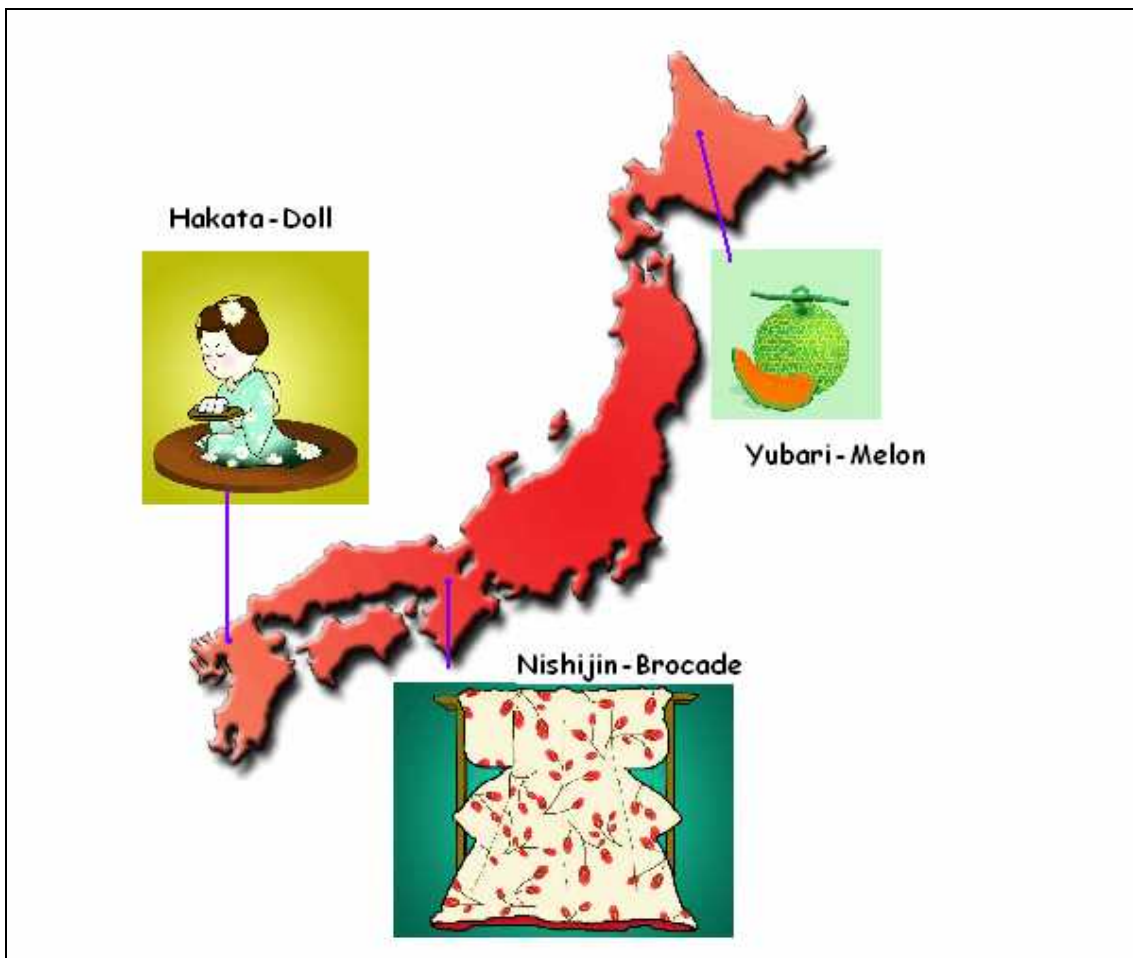
1) The regional brand name is owned or managed by an industrial business

cooperative association, and the entities using the regional brand name are members of the association. That is, the owner of the trademark right and the users are different entities.

- 2) The regional brand name normally consists of a "regional name" and a "goods/services name."

The present trademark law provides for the registration of a "Collective trademark" for those who satisfy condition 1) above. The problem is for the regional brand names described in 2).

In the "Nishijin-Brocade" example given above, "Nishijin" is a regional name that identifies a region in northwestern Kyoto city. "Hakata" in "Hakata doll" is also a regional name that identifies a particular city in Fukuoka Prefecture.



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Why do most industrial business cooperative associations often prefer to adopt regional name as their own brand-name? Because they aspire to reinforce value positioning of their own products from another region's goods/services by putting regional name.

However, the present Trademark Law deems trademark consisting of a regional name and/or a generic name to be non-distinctive, and there is no exception for Collective marks. Therefore, marks similar to these examples cannot be registered unless they acquire secondary meaning.

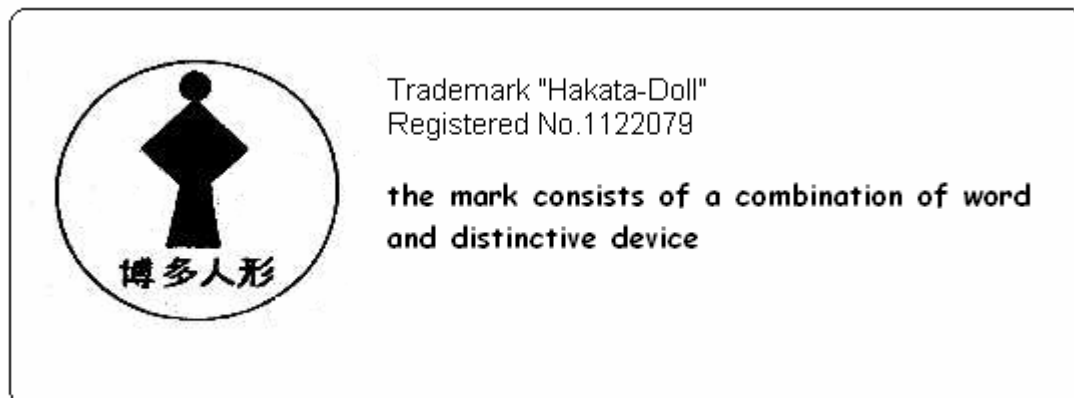
Nonetheless, alert readers may think that a lot of Collective trademark registrations consisting of a regional name and a generic name have been registered under the present law. Indeed a search of the Japanese Patent Office ("JPO") IPDL reveals many such registrations, but the JPO has determined that they have acquired secondary meaning.

For example, the trademark "夕張メロン" ("Yubari Melon") was registered under the Japanese Trademark Law. It is a typical example of a trademark that combines a regional name, "Yubari," and a generic term that is relevant to the designated goods. The official gazette shows that the JPO approved it for registration after the applicants demonstrated that it had obtained secondary meaning. The aforementioned trademark "Nishijin-Brocade" was also registered after the JPO agreed it had obtained secondary meaning by long use.



The JPO has a strict standard for evaluating secondary meaning. In order to qualify that mark has acquired secondary meaning, the mark has to be famous mark among consumers. In fact the standard for secondary meaning is identical for a normal trademark application and for a Collective trademark application. As a result, not many regional brand names have succeeded in being registered as trademarks.

Another way of obtaining registration under the present practice is to combine the regional brand name and a distinctive device as a single trademark. The JPO will find such a trademark distinctive and will register it as long as it fulfills the other requirements for registration. However, such marks are weak and not useful if a third party uses words similar or identical to those in the regional brand name without using the distinctive device.



Consequently, industrial business cooperative associations sought to expand the trademark system to include protection for regional brand names.

In addition, regional governments wanted such a system because they can expect improvement in their regional image and increasing equity for regional brands by having common regional brand for their regional products.

### **Condition for registration as Regionally based collective marks**

1. Subjective Requirements:

- 1) Applicant must be legal entities.
- 2) Applicant must be an industrial business cooperative association, another association established under the special law, or a foreign legal entity corresponding thereto.

Individual persons cannot apply for a Regionally based collective mark because they are not legal entities as required in 1). Chambers of Commerce and Industry or various regional authorities also cannot apply because they do not satisfy condition 2).

3) Membership in the applicant association must be open.

Associations must allow any qualified member to join. The regional laws under which the association has been established must provide that membership is open to all otherwise qualified applicants. Furthermore, the association cannot add a condition for membership stricter than those that were imposed on the present members without a legitimate reason.

2. Objective requirements:

1) The mark should be used by members of the association.

Since Regionally based collective marks system is part of the general trademark system, it is natural to impose the same conditions of use as for a normal trademark. Although the JPO has not yet established its Examination Standards for Regionally based collective marks, it may ask applicants to set out the association's rules for use of the mark.

2) The mark should be well-known through use in Japan

Consumers should be able to recognize the goods or services as being connected with the association or its members as a result of the use of the mark.

The difference between well-known through use for a Regionally based collective marks and secondary meaning under the Trademark Act Article 3(2) is that secondary meaning as defined under Article 3(2) requires the applicant to prove that his mark is famous throughout the country. In contrast, the definition of well-known for Regionally based collective marks is more flexible. At a minimum, Regionally based collective marks must be well known in their regional area and nearby prefectures. The degree of consumer awareness does not need to be the same as for secondary meaning.

3) The mark should consist of a combination of a geographical indication and a generic name.

According to new Trademark Act 7bis (1) to (3), the mark should consist of:

(1) a geographical name and the generic name of the designated goods and/or services (ex. "Nishijin-Brocade" "Hakata-doll") or

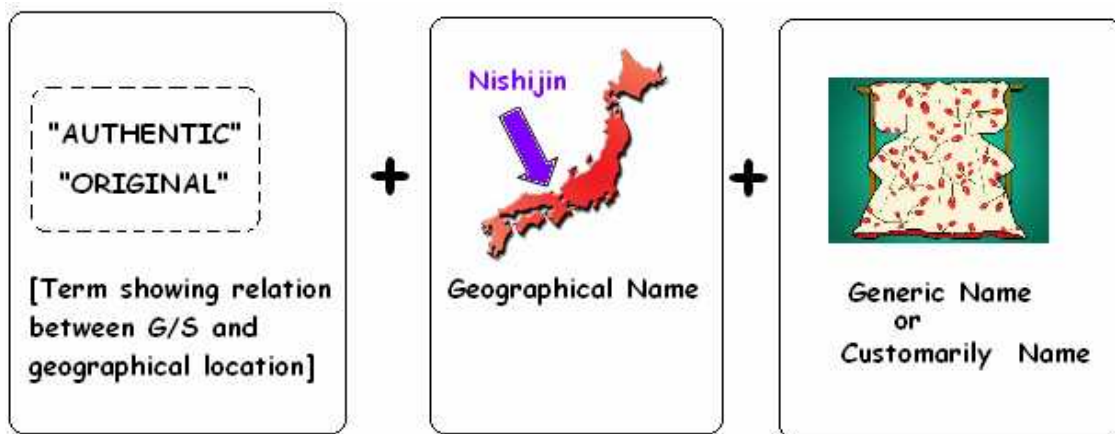
(2) a geographical name and the customarily name of the goods and/or services ("Arita-yaki" "Wajima-Nuri" etc.) or

\* "Yaki" is customarily name of "pottery", "Nuri" is customarily name of

“Japanese lacquer work”

(3) a geographical name, a generic name or a customarily name, and a term showing the relationship between the goods or services and the geographical location (“Authentic Oshima-Tsumugi” “Original Nagasaki-Castella”)

\*“Oshima” is a regional name, Tsumugi is a generic name that identifies a fabrics.  
“Nagasaki” is a regional name, and Castella is a generic name of soft-cake.



Geographical names are not limited to prefecture names or the names of other regional political entities, but also include names of rivers, mountains, regions, etc. For example “Hokkaido,” “Fuji” or “Beaujolais.”

4) There should be a close relationship between the geographical name in the mark and the goods or services.

5) All other conditions for registration specified in the Trademark Law must be fulfilled

### **Documentation need to apply for a Regionally based collective mark right**

1. Qualified Association Certification.

The Trademark Law limits applicants to qualified associations. The JPO may request the applicant to file documents showing that it is a qualified association. Although most Japanese associations will probably have no difficulty establishing their qualifications, foreign legal entities may encounter difficulties in fulfilling this requirement. The revised Trademark Law requires that the legal framework governing the establishment of qualified associations specify open membership. It

is not known at this time how the JPO will handle a situation in which an association's own by-laws specify open membership but the laws governing the registration of the association with the regional government do not mandate open membership.

## 2. Proof for being well-known by use

The JPO has not yet established its Examination Guideline for this system. However, based on current standards under Article 3(2) for secondary meaning in Japan, the following elements may be included:

- 1) How long has the mark been used?
- 2) Where is the territory of use?
- 3) Production and sales quantity
- 4) Sales area
- 5) Advertising methods, contents and frequency
- 6) Articles in magazines, newspapers, etc.
- 7) Invoice, transaction documents,

### **The Effect of Regionally based collective marks right**

Rights under Regionally based collective mark registrations are the same as normal trademark rights. The owner has an exclusive right to use the registered mark. Also, he can prevent third parties from using a mark similar or identical to his registered mark. However, limitations on the scope of the trademark right set out in Article 26 also apply to a Regionally based collective mark. That is, the registered Regionally based collective mark right shall not extend to include the prohibition of the use of an identical or similar trademark indicating in the common way identical or similar goods or services as those designated for a registered Regional collective mark.

### **Third party rights**

The revised Trademark Law includes protection of third party rights by virtue of prior use under Article 32 bis. A third party who has been using in Japan a trademark identical to or similar to the trademark in the application in respect of the same designated goods or services without any intention of violating the rules of fair competition shall have the right to use the trademark in respect to the goods or services, provided that he does so continuously.

Third parties have also three ways to cancel or invalid a Collective trademark right:

Opposition within two months after registration, Trial for Invalidation and Trial for Cancellation based on non-use (Article 50) and/ or bad-faith use (Articles 51 & 53).

#### **Limitations on the Regionally based collective mark Right**

Because this system is intended to establish a Collective mark right for a regional association, it is not an exclusive right of any individual member of the association.

The trademark right may be transferred only as the result of a merger or general succession. That is, transfer by assignment is not allowed.

#### **Effective date of the revised law**

The revisions to the Trademark Law establishing the Regionally based collective marks system will come into force on April 1, 2006. The JPO will provide more detailed information soon.

#### **Conclusion**

We can expect that this new system will enhance regional brand protection. Also it will help for regional revitalization.

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