

# JTA BULLETIN

OFFICIAL NEWSLETTER OF THE JAPAN TRADEMARK ASSOCIATION

## The Japanese Trademark Law Now Revised

*On June 4, 1996 the Japanese Trademark Law Revision Bill passed the Diet and the revised law was promulgated on June 12, 1996, under Law (Horitsu) No. 68 of 1996.*

*In Issue No. 1 of this Newsletter, we reported on the Government Advisory Committee's Final Report which served as the basis for the Revision Bill. However, there are several differences between the Final Report and the Revised Law that passed.*

*In this issue, therefore, we again give an overall review of the revised law. The important changes in the law will be dealt with individually in more detail in future issues.*

### 1. Enforcement

The revised Trademark Law will come into force on **April 1, 1997**, with some exceptions noted later.

### 2. Revisions Relating to TLT

The conclusion of the Trademark Law Treaty (TLT) was approved by the Diet on June 10, 1996.

The following are the revisions made to adjust the Japanese Trademark Law to the TLT:

#### (1) Multi-class Application System

An application will be allowed to cover plural classes of goods and/or services.

Also, a new procedure has been introduced for dividing a single registration covering more than one item of goods and/or services into two or more registrations.

#### (2) Abolishing Proof-of-Use Requirement at Renewal

A trademark registration will be renewable only by filing an application with the renewal registration fee, without any substantial examination or submission of proof of use of the trademark.

Accordingly, in the case of registrations whose expiration dates are on or after April 1, 1997,

namely, whose renewal periods start on or after October 1, 1996, no proof of use need be submitted so long as a renewal application is filed on or after April 1, 1997.

#### (3) Abolishing Requirements for Advertisement of Trademark Transfer in a Daily Paper

Presently, in order to transfer a trademark registration by assignment, it is necessary to advertise the particulars of the transfer in a daily newspaper thirty days before a petition for recordal of the assignment is filed with the Patent Office. This obligation will be removed.

#### (4) Grace Period for Renewal Applications

Under current law, a renewal application can be filed only in the six-month period preceding the expiration date of the trademark registration. The revised law will permit a renewal application to be filed a further six months after the expiration date on condition that the renewal registration fee be paid double.

#### (5) Others

The following changes have not been included in the revised Law itself but will be made by the implementation rules which will be revised by April 1, 1997.

- Requirements for stating applicant's business in an application will be abolished.

- A Power of Attorney will be effective not only in application procedures but also in post-registration procedures such as recording the change of registrant's name and address.

- A general Power of Attorney, which is effective in all procedures regarding existing and future trademark applications and registrations of the same person, will be accepted.

### 3. Unused Trademark Control Measures

#### (1) Facilitation of Cancellation Procedures Based on Non-use

(a) The current law requires the plaintiff to have a legal interest in seeking cancellation on a trademark registration. This requirement sometimes causes time-consuming debates at the beginning

of the action.

This requirement for "legal interest" will be eliminated and, as a result, **any person** will be able to institute a cancellation action based on non-use.

(b) Under the current system, the fact that a cancellation action has been filed is registered in the Trademark Register and the trademark owner can escape cancellation of the registration by using the trademark before registration of the cancellation action is completed. Therefore, if you approach an unused trademark owner to negotiate the purchase of the unused trademark, the trademark owner might then commence using the trademark to avoid cancellation of the registration. In order to prevent such use for evading cancellation of an unused trademark, under the revised law, use by the trademark owner or his licensee within **three months** before the date on which the cancellation action is registered in the Trademark Register will not be deemed to be legitimate use enabling a trademark registration to avoid being cancelled, provided that the plaintiff in the cancellation action establishes that the trademark owner commenced using the trademark after he became aware that such a cancellation action was likely. However, such use within the three month period may be deemed as legitimate use if the owner can establish that he has justifiable reason for it.

(c) If a cancellation action is successful, currently the trademark registration lapses only from the date on which the decision on cancellation became finally binding.

Under the revised law, the registration will be deemed to have lapsed on the registration date of the filing of the cancellation action in the Trademark Register. Accordingly, regardless of how long the cancellation proceedings take, the registration for the unused mark always becomes ineffective from the registration date of filing of the cancellation action.

### (2) Flexible Payment System

Currently the trademark registration fee (as well as the renewal fee) for a ten year period must be paid in one lump sum.

In order to promote the earlier lapse of registrations for trademarks no longer in use, such as those for goods with short life cycles, the revised law introduces a new system under which the registration fee or renewal fee can be paid in **two installments**.

The registration fee and the renewal fee for the first five years must be paid within 30 days from the decision for registration and within the six-

month period preceding the expiration date, respectively. The registration fee for the second five years must be paid within the first five year period; however, a six-month grace period is also granted on condition that the fee be paid double.

In case the fee for the second five years is not paid in said period, the registration lapses five years before the expiration date.

### (3) Abolishing the Associated Trademark System

The system of associated trademarks will be abolished, and this will have the following two major consequences:

(a) The trademarks which are currently applied for or registered as associated trademarks will become **separately transferable** to different persons.

(b) In cancellation proceedings, use of one associated trademark is presently deemed to be use of all the associated trademarks. Therefore, if only one of the associated trademarks has been used in the past three years, all the other associated trademarks can escape cancellation. Abolition of the associated trademark system will mean that in order to avoid cancellation, **every trademark** will have to be used, and is consequently expected to reduce the number of unused trademarks preserved as associated trademarks of an actually used trademark.

In this connection, however, the following two points should be noted:

- Under an interim measure, use of one associated trademark will continue to be deemed as use of the other associated trademarks in cancellation proceedings up to March 31, 2000.

- The revised provision concerning cancellation action based on non-use explicitly acknowledges that there is some latitude regarding **identicalness of marks** and gives the following as examples in which a trademark is deemed identical to the registered trademark attacked by a cancellation action:

A trademark consisting of the same letters as the registered trademark with alteration only in style of type

A trademark which is created by switching the Hiragana, Katakana or Roman characters of the registered trademark to another of these letter forms and which is the same as the registered trademark in pronunciation and concept

A trademark consisting of a device which looks the same as the registered trademark

Any other trademark which is recognized as the

registered trademark in view of common sense in the society concerned.

#### **4. Liberalization of Partial Assignment of a Trademark Registration**

A trademark registration will become partially transferable even though the transfer results in the goods covered by the transferee's part of the registration being similar to those of the transferor's part.

In this connection, the revised law introduces a new type of cancellation action, under which if the above transferee or transferor has used the registered trademark so as to cause confusion with the other party's business for the purpose of unfair competition, any person can demand cancellation of the registration of the party who caused the confusion.

Despite the liberalization of the assignment of trademark registrations, the Letter-of-Consent system was not introduced by the present revision of the law.

#### **5. Post-Registration Opposition System**

In order to speed up the registration of trademarks, the current pre-registration opposition system will be replaced by a post-registration opposition system. That is, the revised law will allow the public to file an opposition only after a trademark has been registered.

The new procedures can be summarized as follows:

(1) If the Examiner does not find any reason for rejection of the application, he issues a decision for grant without publishing the application.

The trademark applied for is then registered upon payment of the registration fee and the registration is published in the Trademark Gazette.

(2) An opposition can be filed within two months from the date of the publication of registration.

(3) An opposition may be filed for each class of goods and/or services covered by the registration.

(4) The opposition is examined by a group of three or five Trial Examiners.

(5) Although a copy of the opposition is sent to the registrant, this alone does not enable registrant to submit a response. Only in case the Trial Board has tentatively decided to cancel the registration, the chief Examiner will invite the registrant to submit an argument.

(6) If the opposition is decided in favor of the registrant (i.e. if the decision is to maintain the registration), no appeal is allowed against the decision. The opposer can, however, seek invalidation of the registration by means of an invalidation trial.

(7) If the opposition decision is in favor of the opposer (i.e. if the decision is to cancel the registration), the registrant (applicant) can institute an Appeal before Tokyo High Court.

#### **6. Broader Protection for Well-known Trademarks**

The revised law prohibits registration of a trademark which is well known in Japan or in any foreign country as an identifier of another's business and is to be used with **unjust purpose** (i.e. purpose of gaining unjust profits, purpose of doing damage to another person, or any other unjust purpose).

The significant changes to be noted are that under the new provision, a well-known mark can be protected irrespective of whether there is a likelihood of confusion between the well-known mark and the mark applied for by an unauthorized person, and that protection will be extended to a trademark which is well-known in a **foreign country**, even if it is not well-known in Japan.

Whether this provision will become useful or not will depend on the interpretation of the term "unjust purpose" by the Patent Office and courts.

#### **7. Three-dimensional Marks**

Under the revised law, three-dimensional marks will become registrable.

In order to apply for a three-dimensional mark, you have to indicate in the application that the mark is three dimensional. The implementation rules will regulate how to identify the mark in the application.

A new provision specifically provides that a trademark which has the shape of goods or the package of goods and which consists only of a three-dimensional shape indispensable for securing the function of the goods or the package of goods shall be denied registration. That is, a three-dimensional mark which is **functional** is unregistrable.

Further, a transitional provision allows a person who has used a three-dimensional mark since before April 1, 1997 to continue using that mark irrespective of a third party's registration for a trademark the same as or similar to the three-dimensional mark.

## 8. Collective Trademarks

A new system for registering collective trademarks has been introduced.

Collective trademarks can be applied for only by **non-profit corporations**.

The members of the collective which owns a collective trademark have a right to use the collective trademark according to the collective's bylaws. Use by a member of the collective (the owner) is deemed as that by a licensee and thus inures to the owner.

An application for an ordinary trademark can be converted to one for a collective trademark, and vice versa. Furthermore, a transitional provision permits a registration for an ordinary trademark under the existing law to be converted to a registration for a collective trademark under the revised law.

## 9. Reclassification

When the International Classification of goods and services was introduced on April 1, 1992, there were already four generations of classification systems in Japan. However, no reclassification has ever been made. Therefore, presently, registrations under five different classifications coexist.

At this revision of the law, it has at last been decided to implement reclassification for bringing all trademark registrations under the current International Classification system.

Reclassification will start with the trademark registrations whose expiration dates are on or after **October 1, 1998**.

The owner of such a trademark registration is required to file an **application for reclassification** within the 18-month period extending from the six-month before the expiration date to one year after the expiration date.

The application is examined by the Examiner as to whether the goods shown in the application are included in the original specification of goods. If the goods shown in the application are broader than the scope of goods covered by the original registration, the application will be rejected.

Unless reclassification is granted, the registration will lapse on the next registration date. (That is, the unreclassified registration cannot be renewed at the second renewal after October 1, 1998.)

The Patent Office is preparing Guidelines for the reclassification procedures.

## 10. Conclusion

The present revision of the Trademark Law is the most significant since 1959 and will considerably affect your trademark strategy and management in Japan. As mentioned at the beginning, we will inform you of the details of the revision from the **next issue**.

*International Activities Committee*

The JTA Bulletin is distributed by the Japan Trademark Association to international public organizations and by its members to their associates.

If you wish to receive future issues of the JTA Bulletin (free of charge), please fill in the following form and send it to the Japan Trademark Association.

Name of the sender from whom you received this first issue:

Your Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Company: \_\_\_\_\_ Business Type: \_\_\_\_\_  
Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_  
Country: \_\_\_\_\_ Post Code: \_\_\_\_\_  
Day Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_  
Day Fax: \_\_\_\_\_ Evening Fax: \_\_\_\_\_

### Japan Trademark Association

c/o Suzuye & Suzuye  
UBE Building, 3-7-2 Kasumigaseki, Chiyoda-ku, Tokyo, 100, Japan  
Tel: (81-3) 3508-1498 Facsimile: (81-3) 3507-0861