



Date: 7th June 2015

Q245

Taking unfair advantage of trademarks: parasitism and free riding

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Date	25-05-2015

I. Current law and practice

1) Do the laws of your jurisdiction provide for protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or

yes

Please comment:

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

no

Please comment:

Not explicitly provided under law (apart from this, however, protection may be available based on the rights of publicity or portrait).

For the questions below, if b. applies either separately or in addition to a., please make that clear in any relevant answer.

2) What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.

Protection provided under Article 2 (1)(i) of the Unfair Competition Prevention Act (UCPA) is academically called protection against the "act of causing confusion." Protection provided under Article 2 (1)(ii) is called protection against the "act of usurping famous indication." These are merely academic terms, not established in case law. These two, designed to restrict the use of indications that are identical or similar to well-known or famous ones, are considered as a form of protection against dilution of indications in the sense that they protect the value of well-known and famous indications.

Protection under the Trademark Act may also be available. For example, Article 4 (1)(xix) prohibits a trademark application that usurps a well-known mark, and this serves as protection against dilution of trademarks.

3) If such protection is available, what is the basis for the protection, e.g. trademark law (distinguishing between unregistered and registered trademarks where relevant), unfair competition, consumer protection law, common law? If multiple causes of action are available, is there an interaction between them, and if so, what?

The basis for the protection is mainly the Unfair Competition Prevention Act and the Trademark Act.

Under the UCPA, injunctions and damages are available against the "acts of unfair completion" as follows:

- Art. 2 (1)(i): Act of causing confusion
- Art. 2 (1)(ii): Act of usurping famous indication

Under the Trademark Act, a trademark holder may seek injunction or damages against an unauthorized user on the grounds of trademark infringement (Arts. 25 and 37). Moreover, Article 4 (1) lists grounds for unregistrability:

(vi) A mark that is identical or similar to a famous mark indicating the State, a non-profit organization etc.

(vii) A mark that is likely to cause damage to public policy.

(viii) A mark that contains someone else's portrait, name, famous pseudonym, professional name or pen name, or famous abbreviation thereof.

(xv) A mark that is likely to cause confusion with goods or services related to someone else's business.

(xix) A mark that is identical or similar to a trademark, used for goods or services related to someone else's business and well known to consumers in Japan and abroad, when such a mark is used for unfair purposes.

These provisions may be used as reasons for rejection of applications for trademark registration filed by unauthorized users.

In relation to registered trademarks, there are also the following provisions under the Trademark Act: Article 51: A trial for revocation of registration on the grounds of unfair use will be available when a trademark holder's inadequate use of his/her mark causes confusion with goods or services related to someone else's business; and Article 64 etc.: Registration of a defensive mark allows the trademark holder to prohibit the use of his/her famous mark for other goods or services than those similar to the designated ones if the likelihood of confusion exists.

The provisions described above are applicable independently of one another if their individual legal requirements for protection are satisfied.

4) What are the elements of any available cause of action, e.g. the requirement for the trademark to be registered, reputation in the trademark, establishment of a link or association with the trademark, bad faith, change in the economic behaviour of consumers, actual advantage, potential future advantage? How are they proven?

We will discuss the elements of any available cause of action under the UCPA and the Trademark Act separately below.

The requirements for protection against an "act of causing confusion" (Art. 2 (1)(i) of the UCPA) are (1) the indication in question is well known among consumers as another person's indication of goods etc., (2) the alleged offender used an indication of goods etc. that is identical or similar to the well-known indication of goods, etc., and (3) such use caused confusion with another person's goods or business. Under this subparagraph, the "similarity" between the indications is comprehensively observed by taking into consideration how they look, how they are pronounced, and how they are perceived in connection with what impressions, memories and associations may be brought about to consumers' mind.

The requirements for protection against an "act of usurping famous indication" (Art. 2 (1)(ii) of the UCPA) are (1) the indication in question is famous, and (2) the alleged offender used an indication of goods etc. that is identical or similar to the famous indication of goods, etc. Under this subparagraph, differently from (i) above, two indication need to be so "similar" as to cause dilution or pollution. In other words, the indication in question needs to be so similar that it is reminiscent of the famous indication, according to a widely-accepted theory.

The requirement for the grant of injunction (Art. 3) is that business interests have been infringed or are likely to be infringed by unfair competition. Damages will be awarded (Art. 4), business interests are infringed by an intentional or negligent act of unfair competition. According to court precedents, the facts of "infringement of business interests" include (1) a decline in sales, (2) loss of customers, (3) injury to business credibility or reputation, (4) loss of disciples, and (5) prejudice to functions of identifying sources of well-known facts and functions of assuring quality.

In the case of a trademark, its holder may allege that his/her trademark is infringed when someone is using the registered trademark for its designated goods or services, or if someone is using the

registered or a similar trademark for its designated or similar goods etc.

In connection with the preceding paragraph, an unauthorized user's application for trademark registration will be rejected under the Trademark Act if his/her trademark:

- is identical with, or similar to, a famous mark indicating the State, a local government, an agency thereof, a non-profit organization undertaking a business for public interest, or a non-profit enterprise undertaking a business for public interest (Art. 4 (1)(vi);
- is likely to cause damage to public policy (Art. 4 (1)(vii);
- contains the portrait of another person, or the name, famous pseudonym, professional name or pen name of another person, or famous abbreviation thereof (except those the registration of which has been approved by the person concerned) (Art. 4 (1)(viii);
- is likely to cause confusion in connection with the goods or services pertaining to a business of another person (Art. 4 (1)(xv);
- is identical with, or similar to, a trademark which is well known among consumers in Japan or abroad as that indicating goods or services pertaining to a business of another person, if such trademark is used for unfair purposes (Art. 4 (1)(xix);

"Famous" marks in Subparagraph (vi) above include marks used for: prefectures, municipalities, metropolitan subways, municipal subways, city railways, metropolitan buses, municipal buses, water utilities, universities, religious organizations, Olympic Games, IOC, JOC, Boy Scout, and JETRO

In relation to Subparagraph (vii), "damage to public policy" includes an act of filing a trademark application with an unfair purpose of taking free ride on someone's credibility, reputation and attractive force embodied in the trademark, according to past trademark trial and court decisions.

Subparagraph (viii) as described above is thought to be intended to protect moral interests (moral rights) of a person (including a juridical person or an entity). "Famous" will be discussed in detail in Question 5) a. below.

"Confusion" in (xv) will be discussed in detail in Question 5) c. below.

"Well known among consumers" in (xix) will be discussed in detail in Question 5) a. below. An "unfair purpose" refers to a purpose that contradicts the principle of faith and trust in transactions, e.g. a purpose of making an illicit gain or causing injury to someone else. Such a purpose is thought to exist if an unauthorized user causes injury to a well-known trademark, e.g. by filing an application for a trademark that is very similar to the well-known trademark in order to take free ride on its holder's credibility and reputation embodied in the trademark. Materials to prove an "unfair purpose" include those that show (1) the fact that the trademark in question is well known among consumers (period, scope, and frequency of its use), (2) the fact that the applicant asked for purchase of the trademark or conclusion of an agency agreement etc., and (3) the possibility that the applicant's use of the trademark

may cause injury to the holder's credibility, reputation and attractive force embodied in his/her well-known trademark.

According to Article 51 of the Trademark Act, if a trademark holder intentionally uses his/her trademark for goods/services similar to designated ones, and misleads people about the quality of goods/services or causes confusion with goods/services related to someone else's business, anyone may file a request for revocation trial.

When filing a civil lawsuit on the basis of any of the provisions above, the party needs to prove that the individual requirements described above are satisfied by producing evidence.

More specifically, the fact of being well known or fame under the UCPA may be proved by showing: (a) status and description of the indication itself (originality, novelty, creativity etc.), (b) description/scale/transaction form of goods or business, types of goods/business (public sector, manufacturing/sales of products, service industry etc.), (c) length and method of use of the indication of goods/business, (d) advertisements (type/method, frequency, size of advertising costs, circulation/viewership of the media), (e) other materials (review or evaluation by third parties), etc. Questionnaire surveys may also be conducted as supplements.

The fact of confusion may be proved by showing the degree of similarity between the indications; the degree of creativity and recognition of the well-known/famous indication to be protected; the degree of association with the goods etc. in terms of characteristics, intended use and purpose; commonality between those engaged in trade of the goods etc. and their customers; whether confusion actually occurred; whether the alleged infringer imitated the mark in bad faith; and other circumstances.

The Trademark Act provides for a defensive mark as follows: Where a registered trademark pertaining to goods is "well known among consumers" as that indicating the designated goods in connection with the "business of a holder of trademark right", the holder of trademark right may, where the use by "another person" of the registered trademark in connection with goods other than the designated goods pertaining to the registered trademark (or "existence thereof") or goods similar thereto or in connection with services other than those similar to the designated goods is "likely to cause confusion" between the said other person's goods or services and the designated goods pertaining to his/her own business, obtain a defensive mark registration for the mark "identical" with the registered trademark in connection with the goods or services for which the likelihood of confusion exists (Art. 64 (1)).

"Well known among consumers" will be discussed in detail in Question 5) a. "Confusion" will be discussed in detail in Question 5) c. below.

5) Further to question 4):

a) what degree of reputation, if any, in the trademark is required?

"Well known among consumers" in Article 2 (1)(i) of the UCPA refers to an objective condition where the indication is used for a specific person's goods or business and this fact is widely known to a substantial range of consumers. However, it is not necessary that these consumers clearly know who the specific person is. Whether an indication is "well known among consumers" under this subparagraph should be determined in correlation with the presence/absence or degree of likelihood of confusion; if confusion has already occurred, the necessary level of recognition should not be so high. As to geographical coverage, it is necessary that the indication be well known not only within the geographical area covered by the holder's business activities but also in the area covered by the adverse party (defendant).

To prove "fame" in Article 2 (1)(ii), a higher degree of recognition is required, compared to "well known among consumers" in the preceding subparagraph. As to geographical coverage, there are conflicting theories: one is that a famous indication needs to be known nationwide, and the other is that nationwide fame is not needed. However, in many court cases where the indication is determined to be famous, the related goods or business are actually known nationwide. This provision may apply, for example, to a case where unauthorized use (free riding) of a famous brand can significantly hinder the company's efforts to maintain its favorable brand image even if actual confusion has not occurred yet. If there is a value judgment, as a background, that such a situation should not be left unattended, a necessary level of fame tends to be lower for a famous indication whose degree of pollution is high.

"Famous abbreviation" in Article 4 (1)(viii) of the Trademark Act is a much debated point. Given the intention of this provision to protect moral rights, "fame" here can be thought to refer to fame of an abbreviation for a specific person among the general public, not among those engaged in trade of specific goods/services and their customers (*RIKI-OH* case, Tokyo High Court decision dated 26 June 2002).

According to Article 4 (1)(xix) ("identical with, or similar to, a trademark which is *well known among consumers* in Japan or *abroad* as that indicating goods or services pertaining to a business of another person"), the mark does not need to be so "famous" as in Subparagraph (viii) above. This requirement is taken into consideration together with other elements (injury to or taking unfair advantage of attractive force etc.) to determine the presence of "unfair purpose" described in Question 3) above. To be well known "abroad", it will be considered sufficient if the mark is widely recognized among consumers in one foreign country and it does not need to be so in several countries.

To be "well known among consumers" under Article 64 that provides for a defensive mark, the mark needs to be famous, i.e., known nationwide as in the case of a "famous" indication in Article 2 (1)(ii) of the UCPA. However, it does not need to be known to all consumers, but it will be considered sufficient if it is known to the best part of those engaged in trade of designated goods/services etc. and their consumers

b) who bears the burden of proof regarding the requirements?

When someone seeks protection under any of the provisions described above, he/she will bear the burden of proof regarding individual requirements for the protection.

c) must the use at issue cause confusion?

no

Please comment:

One of the requirements for protection against the "act of causing confusion" under Article 2 (1)(i) of the UCPA is that use of the indication "causes confusion with another person's goods or business". Under this provision, it will be considered sufficient if specific likelihood of confusion is present and actual occurrence of confusion is not required. There is a case where the court found "post-purchase confusion" to be present (ELLE GARDEN case, Tokyo District Court decision dated 16 May 2007 (the High Court denied it in consideration of how the defendant's mark was actually used).

In contrast, under Article 2 (1)(ii), the occurrence of confusion or the likelihood thereof is not required for protection against the act of usurping famous indication.

Under the Trademark Act, confusion is a requirement in Articles 4 (1)(xv) (grounds for unregistrability) and 51 (trial for revocation on the grounds of unfair use).

"Likely to cause confusion" in Article 4 (1)(xv) of the Trademark Act can be interpreted as meaning that it will be sufficient if there is an objective probability of confusion, based on the premise that the mark in the application has not been actually used yet.

In Article 51 of the Trademark Act, "...causes confusion in connection with..." can be interpreted as meaning that specific likelihood of confusion must be present.

The range of "confusion" in the context of a defensive mark is thought to be the same as that of confusion under Article 4 (1)(xi) of the Trademark Act. The scope of goods/services covered by a defensive mark cannot be larger than the scope protected under Article 4 (1)(xi). If the mark to be protected is a famous mark that is sufficiently eligible for registration of defensive mark, the widest possible range of confusion may be recognized.

In Japan, there has not been a court case where "initial interest confusion" is mentioned, as far as we know from our search.

d) can the protection be invoked in case of both similar and dissimilar goods/services?

e) are there any other factors, even if not a separate requirement, that may be relevant, and if so, what are they?

Under Article 2 (1)(ii), differently from (i), there is a requirement "use of an indication of goods or business that is "identical or similar to another person's famous indication of goods or business as one's own".

To establish free riding (to be regulated, mainly in connection with Article 2 (1)(ii) of the UCPA) when a person took unfair advantage of someone's reputation, the important points to consider to make a decision include whether the alleged offender did it knowingly or on purpose, and whether such use caused damage to the owner of the indication and the alleged offender made a gain.

6) Are there any defences against and/or limitations to the protection?

yes

If so, what are they, and what are the elements of such defences/limitations?:

In Japan, the following are available as defenses against and/or limitations to enforcement based on trademark rights:

(1) Protection for use of well-known/famous indications

(a) Defense of prior use of well-known indication (Art. 32 (1) of the Trademark Act)

It is necessary to prove that it has been used without any intention to be engaged in unfair competition.

(2) Protection for use of indication that lacks the ability to identify the source or to adjust to monopoly

(a) Generic term, descriptive indication (Art. 26 (1) (ii) and (iii))

(b) Customarily used trademark (Art. 26 (1) (iv))

(3) Protection for use of the person's own name etc. (Art. 26 (1) (i))

(4) Protection for use that is not a use as a trademark

(a) The revised Trademark Act, put into effect on 1 April 2015, provides that a trademark right shall have no effect on a mark that is not used in such a manner that allows consumers to be aware that it is used for goods/services related to someone's business (Art. 26 (1)(vi)).

Moreover, the Trademark Act provides for an invalidity defense the defendant may assert against an infringement lawsuit (Art. 104-3 of the Patent Act applied *mutatis mutandis* under Art. 39 of the Trademark Act). If a trademark is found invalid in an invalidation trial before the JPO, its holder will not be able to enforce the trademark rights in an infringement lawsuit. Article 46 (1) lists the grounds on which an invalidation trial may be requested:

(1) The trademark has been registered in violation of Art.3 (Requirements for trademark registration), Art.4 (1) (Unregistrable trademarks), Art.8 (1), (2) or (5) (Prior application), Art.51 (2) and Art.53 (2) (Prohibition of re-registration after a trial decision to revoke it), or Art.25 of the Patent Act applied *mutatis mutandis* under Art. 77 (3) of the Trademark Act (Rights enjoyed by foreign nationals).

(2) The trademark has been registered in violation of a treaty.

(3) The trademark has been registered based on a trademark application filed by a person who has not succeeded the rights deriving from this application.

(4) After the trademark registration, its holder has become unable to enjoy the trademark right pursuant to Art. 25 of the Patent Act applied *mutatis mutandis* under Art.77 (3) of the Trademark Act, or the trademark registration has become to be in violation of a treaty.

(5) After the trademark registration, it has become a trademark that falls under any of Arts. 4(1)(i) to 4(1)(iii), 4(1)(v), 4(1)(vii) and 4(1)(xvi):

(i) National flags etc.

(ii) Coat of arms of any country of the Union to the Paris Convention etc.

(iii) Mark indicating the United Nations etc.

(v) Official hallmark or sign indicating control or warranty

(vii) Trademark that is likely to cause damage to public policy

(xvi) Trademark that is likely to mislead as to the quality of the goods or services

(6) After the trademark registration of a regional collective trademark, its right holder ceases to be an Association, etc., or the trademark ceases to satisfy the requirements for a well-known mark or to fall under any of the items of Article 7-2(1).

The UCPA also provides for defenses the alleged offender may assert against a lawsuit filed under the same act (see Art. 19 of the UCPA):

(1) Exemption for generic terms and customarily used indications (Art. 19 (1)(i))

(2) Exemption for use of the person's own name (Art. 19 (1)(ii))

(a) Use of the person's own name with no wrongful purpose

(b) In this case, however, the adverse party may request to affix an indication in order to prevent confusion (Art. 19 (2)(i)).

(3) Exemption for prior use (Art. 19 1(1)(iii))

(a) An identical or similar indication of goods/business has been used with no wrongful purpose since before the indication to be protected became well known among the consumers.

(4) Unlike Article 32 of the Trademark Act, the alleged offender's indication do not have to be well known. However, the adverse party may request to affix an indication in order to prevent confusion (Art. 19 (2)(ii)).

7) Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of "unfairness". For example, is it a defence that the use is with "due cause" (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be "unfair"? Or is this just a matter of a shifted burden of proof?

In civil proceedings in Japan, a party to who is held accountable for (bears the burden of proof of) certain legal requirements based on which legal effects are generated is basically the party of whom such legal effects would work in favor. Consequently, in relation to the defenses mentioned in our answer to Question 6) above, the burden of proof is, in principle, borne by the alleged infringer who asserts such defenses.

In Japan, however, a fair use defense is generally not available against enforcement of rights under the UCPA or in trademark infringement cases.

8) If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?

In relation to the prior use defense described above, the provisions (e.g. Art. 32 of the Trademark Act and Art. 19 (1)(iii) of the UCPA) require that a party assert a defense without "any intention to be engaged in unfair competition" or "a wrongful purpose". Therefore, in the first place, it is unlikely that a free rider will be able to assert a prior use defense under these provisions.

The defendant's use of a trademark may be protected mostly in cases where the defendant's act is not considered as free riding (e.g. defenses in the cases of use of generic terms, descriptive indications and customarily used trademarks, as described above).

In general, it is unlikely that a free rider can get his/her trademark registered in a certain situation.

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

Yes, protection can be invoked.

As relief, injunctions (Art. 36 of the Trademark Act, and Art. 3 (1) of the UCPA) and damages (Art.709 of the Civil Code) are available.

b) court in other proceedings;

yes

if so what other proceedings (e.g. criminal proceedings):

The acts of trademark infringement and unfair competition may be subject to criminal punishment (Art. 78 of the Trademark Act, and Art. 21 (2) of the UCPA). However, since criminal proceedings are led by public prosecutors in accordance with the principle of prosecution instituted by the State (Art. 247 of the Code of Criminal Procedure), the victims (trademark holders etc.) are limited in opportunity to get involved in criminal proceedings.

c) opposition proceedings;

yes

Please comment:

If a free rider file an application for trademark registration, the legitimate right holder may file opposition during a period of two months after the receipt of relevant information (prior to the registration, Art. 19 of the Implementing Regulations for Trademark Act) or two months after its publication in the Trademark Gazette (after the registration, Art. 43-2 of the Trademark Act), and may file a request for invalidation trial (Art. 46 of the Trademark Act) at least during a period of five years after the date of its registration).

d) any other?

10) If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.

There is no difference between civil and criminal proceedings in requirements under the substantive law (see Arts. 78 and 78-2 of the Trademark Act). However, from the viewpoint of the procedural law, there is difference between them in terms of restriction on types o admissible evidence (basically no restriction on admissibility in the former, but hearsay evidence is basically not accepted in the latter, see Art. 320 (1) of the Code of Criminal Procedure). As to difference in degree of proof, a higher degree of proof is generally required in criminal proceedings, compared to civil proceedings.

Article 21 (2) of the UCPA provides for criminal punishment. Subparagraph (i) in the same paragraph requires that a person use a well-known indication with a "wrongful purpose" (violation of Art. 2 (1)(i)). Subparagraph (ii) requires that a person use a famous indication "for the purpose of acquiring an illicit gain through the use of the reputation or fame of another person's famous indication of goods, etc. or for the purpose of injuring said reputation or fame" (violation of Art. 2 (1)(ii)).

The procedural difference between civil and criminal proceedings has already been discussed as to the Trademark Act in the preceding paragraph.

II Policy considerations and proposals for improvements of the current law

11) Should there be protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

Why?:

Yes. A trademark that is targeted by a free rider or parasite has property value in itself, which is a result of a large amount of investment in maintenance of its brand value. Therefore, it is necessary to control the act of using someone else's valuable trademark without effort or cost. There will be no need to control such an act unless a brand owner's business interests are infringed, but when determining whether the business interests are infringed, the likelihood of pollution or dilution of the brand should also be taken into consideration.

In the cases of (1) and (2) below, the trademarks are not similar to each other and there is no likelihood of confusion and therefore, protection by injunction is not available in Japan, although there is a risk that the brand owner's business interests may be infringed. In the case of (3), the indication is protectable but actually, it is difficult to get protection in Japan.

(1) Use of a trademark that is reminiscent of but not similar to a well-known/famous brand

The requirements for protection (prevention of registration) are "similarity" under Article 4 (1) (xi) and (xix) of the Trademark Act. If the outer appearance of an unauthorized user's trademark is reminiscent of a famous brand but it is not similar in terms of how it is pronounced or how it is perceived, protection will not be provided.

Under Article 4 (1) (xv) (likelihood of confusion as to the source), it also seems, in many cases, that such a trademark is determined to be not similar and it is concluded that the likelihood of confusion does not exist. It is unlikely that the Patent Office will rule that the mark is not similar but there is likelihood of confusion.

If there is likelihood of confusion as to the source but the cause of confusion is other than the use of an identical/similar mark or the use for identical/similar goods etc., protection against infringement will not be provided under the Trademark Act.

Under Article 2 (1)(i) and (ii), protection will not be provided if an identical or similar indication is not used. In (i), both "similarity" and "confusion" are requirement for protection and therefore, it is impossible that the court will find that the indications are not similar but the likelihood of confusion exists.

(2) Trademark parody

From the viewpoint of a brand owner, parodying a famous brand is the act of taking free ride on its reputation to sell the free rider's products. On the other hand, the owner of such a parody argues that this act is no free riding but he/she created it by expressing his/her idea, using someone else's brand though. Since a fair use defense is not available in Japan, such a mark is not found to be a parody in some cases, even though it is a trademark parody from an objective perspective (e.g. *SHI-SA* case), and in other cases, the mark cannot avoid being regarded as a parody (e.g. *Omoshiro Koibito* case).

In any case under the Trademark Act or the UCPA, protection will not be provided if there is no similarity to the brand mark.

(3) Trade dress (shop's outer appearance, in particular)

Under the current Trademark Act of Japan, trade dress itself is not eligible for registration. The reason is said to be that there has not yet been an established theory as to what should be protected as trade dress and therefore, there is possibility that the scope of rights may not be clearly defined. It is also said that protection can be provided based on the existing provision for 3-dimensional marks, or the provisions for color marks and position marks, which have been introduced by the latest amendment.

Although it is possible that trade dress may be protected as an indication of business under the UCPA (e.g. *Maido Okini Shokudo* case), such protection is unlikely if the overall impression is similar but individual elements are different.

b) use that is similar but outside the scope of the definition in these Working Guidelines?

yes
Why?:

(1) Publicity rights over objects

Architectural works and other objects placed outdoors permanently that can serve as indications of business are thought to have property value. If someone uses such an object for advertising purposes to benefit from its attractive force, his/her act will be regarded as free riding.

12) Is the basis for protection or the cause of action relevant?

yes
Why?:

The basis for protection or the cause of action relevant is relevant because the Japanese Unfair Competition Prevention Act does not have a general clause for such protection and therefore, the basis for protection or the cause of action may be strictly required in certain cases.

There is almost no doubt that taking unfair advantage of trademarks such as parasitism or free riding discussed in this Working Question falls under the definition of a tort in Article 709 of the Civil Code. However, since injunction is not available under this provision, a trademark holder needs to satisfy requirements for injunction against trademark infringement or injunctive relief under the UCPA. It is

necessary that protective measures be available to cases that are not covered by these provisions.

We think the basis for protection or the cause of action is also relevant in the following cases:

(1) Use of a trademark that is reminiscent of but not similar to a well-known/famous brand

Even if such a mark is not similar to a well-known or famous brand, it is possible that the likelihood of confusion may exist (such a mark may be erroneously perceived by consumers) under certain circumstances.

(2) Trademark parody

From the viewpoint of a brand owner, parodying a famous brand is the act of free riding, even though consumers are not confused by it.

(3) Trade dress (shop's outer appearance, in particular)

Even if there is no similarity, it is possible that the likelihood of confusion may exist (such appearance may be erroneously perceived by consumers) under certain circumstances. In relation to shop's outer appearance, in particular, there is a topic of initial confusion (before purchase). If a consumer is attracted by a shop's appearance that resembles a famous shop and recognizes that it is a different shop after entering its inside but he/she buys something there, this means that the famous shop has lost a customer. In Japan, protection is not provided against loss from initial confusion like this.

13) Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above?

no

Why not?:

We do not think it is necessary to make the protection available in all types of proceedings. In the case of a trademark parody, for example, if the owner of a parody does not use it with an unfair purpose or it is not confused with the famous brand, there will be not actual damage and criminal punishment will not be appropriate for such an act. In the case of pollution or dilution of a famous brand, damages suffered by its brand owner is notional and it is difficult to calculate actual damages.

14) How can your current law as it applies to the taking of unfair advantage of trademarks and/or the interpretation thereof (in particular, in case law) be improved?

(1) Application of Art. 4 (1)(xv) of the Trademark Act

When determining the likelihood of confusion as to the source, emphasis should be placed on the likelihood of confusion in the actual situation of transactions, rather than similarity of the trademarks.

(2) Application of Art. 4 (1)(xix) of the Trademark Act

It can be considered that "similarity" under this subparagraph is determined differently from Subparagraph (xi), which concerns similarity between earlier and later applications.

For example, the following trial decision discusses "similarity" under (xix): "similarity under (xix) is determined basically in the same manner as under (xi). However, whereas emphasis should be placed on whether confusion actually occurs or not under (xi), it is reasonable to understand, in light of the purpose of (xix), that similarity under this paragraph should be determined by examining whether an unauthorized user's mark is so similar as to cause dilution by impairing the one-to-one correspondence between a trademark that is well known among consumers in Japan or abroad as that indicating goods or services pertaining to a business and a famous business owner who holds the said trademark, i.e., whether the mark is so similar as to easily remind consumers of the well-known trademark" (JPO's retrial decision on opposition (overturned by IP High Court) in *SHI-SA* case).

(3) Determination based on Art. 2 (1)(ii) of the UCPA

In light of the purpose of this subparagraph, a wider range of "similarity" may be examined, compared to the Trademark Act and Article 2 (1)(i) of the UCPA.

For example, the following court decision discusses "similarity" under Article 2 (1)(i): "similarity under Article 2 (1)(ii) is determined basically in the same manner as under (i). In light of the purposes of both paragraphs, however, whereas emphasis should be placed on whether there is a likelihood of confusion or not under (i), it is reasonable to understand that similarity under (ii) should be determined by examining whether an unauthorized user's indication is so similar as to cause dilution by impairing the one-to-one correspondence between a famous indication of goods/business and a famous business owner who holds the said indication, i.e., whether the indication is so similar as to easily remind consumers of the famous indication" (*Kuro Oolong Cha* case, Tokyo District Court decision dated 26 Dec 2008).

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

Harmonization in this area will enhance the predictability as to whether it is possible to enforce rights against parasitism in each country.

If yes, please respond to the following questions without regard to your national or regional laws. Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

16) If your answer to question 11) is no in respect of a. and/or b., is it your view that no such protection should be available anywhere?

17) Should there be harmonisation of the definition of:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

If so, please provide any definition you consider to be appropriate.:

"Free riding is an act of making an unauthorized use of the reputation attached to a third party's trademark, in order to benefit from the attractive force of that trademark, and the efforts expended by the rights holder in creating that attractive force."

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

yes

If so, please provide any definition you consider to be appropriate.:

"Violation of publicity rights is a third party's act of making an unauthorized use of the name or portrait of a famous person or a famous architectural work just for the purpose of benefiting economically etc. from its attractive force."

18) What should the basis for protection/cause(s) of action be?

A well-known or famous trademark has become widely recognized among consumers and acquired prestige, reputation and/or credibility as a result of many years of efforts and a large amount of advertisement cost expended by its owner (company). Such a mark has a sufficient attractive force and a great deal of property value in itself.

If a trademark that has become well known or famous, acquired property value or credibility that attracts customers, and a third party uses it for goods or services in a different field from its designated ones, for the purpose of taking free ride on its attractive force, the association between the famous trademark and its real owner may be weakened, which may lead to loss in property value of the famous trademark.

Since the act of free riding may undermine property value of a famous trademark as described above, its holder should be allowed to seek injunction or damages against such an act that may unreasonably lessen the mark's property value or economic benefits arising from it.

19) What should the requirements for protection be? In your answer, please address at least the following, in addition to any other relevant factors: what level of reputation, if any, in the trademark should be required, and who should bear the burden of proof?

a. what level of reputation, if any, in the trademark should be required; and

Being well known to consumers.

b. who should bear the burden of proof?

When someone seeks protection under any of the provisions described above, he/she should bear the

burden of proof regarding individual requirements for the protection.

20) What defences against and/or limitations to the protection should be available? Please state the proposed requirements for any defence/limitation, and the effect of any defence/limitation.

What we described in Question 6) above should be available as grounds or requirements for and effects of defense/limitation.

21) Who should bear the burden of proof in respect of any defences and/or limitations?

The alleged infringer who asserts defense/limitation should bear the burden of proof.

22) In what type(s) of proceedings should it be possible to invoke the protection?

1. Injunction, damages and measures to restore business reputation under the Trademark Act and the Unfair Competition Prevention Act.
2. Damages under the tort law.

Summary

Question Q245 Summary (Japan)

Unlike in the EU and USA, provision is made in Japan for protection against the taking of unfair advantage of trademarks, namely free riding, under the Unfair Competition Prevention Act (UCPA) rather than under the Trademark Act. あらう

On the other hand, provision is made in Japan for exclusion of application for and registration of a mark under the Trademark Act, where such application and registration is regarded as free riding.

Amendment of the UCPA regarding protection against free riding without the likelihood of confusion came into effect in Japan in 1993.

Criteria for eligibility for civil relief for protection against free riding without the likelihood of confusion under the UCPA in Japan are, simply, as follows:

1. Using famous marks of others (goods or other indications) and marks that are the same or similar (goods or other indications)
2. Using famous marks as one's own marks (goods or other indications)
3. Assigning goods that use such famous marks (goods or other indications), delivering, displaying for the purpose of assignment or delivery, exporting, importing, or providing through communication media
4. Using famous marks in a manner that leads to the infringement or likelihood of infringement of business interests

However, with respect to criminal punishment, UCPA requires that a person use a famous indication

"for the purpose of acquiring an illicit gain through the use of the reputation or fame of another person's famous indication of goods, etc. or for the purpose of injuring said reputation or fame."

UCPA and Trademark Act provide defenses against and/or limitations to the protection against free riding.

When studying protection against free riding, whether or not such free riding leads to the infringement or likelihood of infringement of business interests should be considered.

In addition, available defenses to an allegation of free riding, e.g. fair use, descriptive use, comparative advertising, freedom of expression, use with due cause and/or parody and nature of trademarks, e.g. coined word or not should be considered.

End of summary

Please comment on any additional issues concerning the taking advantage of trademarks in the sense of parasitism and free riding you consider relevant to this Working Question.

I write down answers which unable to put avobe.

5) d.

It depends on the statutory basis.

Under Article 2 (1)(i) and (ii) of the UCPA, the similarity of goods/services is not a requirement for protection.

Under Article 37 of the Trademark Act, the similarity is a requirement for protection against the "acts deemed to constitute infringement" (goods/services need to be identical in the case of direct infringement, see Article 25).

The similarity of goods/services is a requirement for a trial for revocation under Article 51 described above.

A defensive mark allows the trademark holder to prohibit a person from using an identical trademark for dissimilar goods/services if the likelihood of confusion exists.

17)

We think the definition of the following are both needed.