

Bad Faith Trademark Filing in Japan

: Comparison to the UK

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1. Introduction
2. Trademark system in Japan with comparison to the UK
3. Comparison Bad Faith Filing & Trademark Act in Japan to the UK
4. Courts Decisions in Japan
5. Remarks regarding the Comparison between the laws in Japan & the UK

1. Introduction

The Bad Faith Trademark Filing is a type of trademark filing filed with an unfair purpose by taking advantage of another person's trademark that has not yet been registered in that country. An example of Bad Faith Trademark Filing is such a case. Let's imagine, Company A sells a product, which bears a trademark T in country P. T is well known in P, although it is not known in Japan. Then Company B expected T would become famous in Japan in the near future, and filed a trademark for T in Japan. When Company A tries to launch the product in Japan, it cannot obtain a trademark registration for T because Company B already got the registration. Company B offers assignment of the trademark right to Company A, in exchange for extraordinary payment.

Then the first question is whether Company A can request a Japan Patent Office (JPO) trial to invalidate Company B's trademark registration. If the answer to the first question is yes, namely in a trial decision where the JPO could invalidate the registration, on which grounds of refusal could the JPO do

so?

This is a hot international issue, and the Five Trademark Offices (China, EU, Japan, Korea, United States) have been conducting a project together to survey and research it¹⁾. Their report, which was initially released in 2014, has since been revised in 2022²⁾.

In this article, I will show the Japanese situation for this issue, that struggles with an explicit but narrow provision in the Trademark Act, in comparison to the UK status that with a provision for the bad faith filing in general also seems to have some vagueness in a common law country.

2. Trademark system in Japan with comparison to the UK

2-1. Trademark System in general

To begin with, I will explain the trademark system in general, with comparison between Japan and the UK. Trademark system is a system for protection of marks through registration. Conversely, this is a different legal measure from the Passing off (UK) and the Unfair Competition Prevention Act (Japan), which protect marks without registration.

The owner of a trademark registration has an exclusive right to use the registered trademark. The value of protected trademarks is that trademarks represent the business reputation of the users by identifying the sources of the products or services. So, the trademark's value increases with use, therefore without use there is no value and no reason for protection.

The requirement of using trademark for protection varies according to

1) TM5 Bad Faith Trademark Project

<https://tmfive.org/continuationexpansion-of-bad-faith-project-2-2/>

2) Report on "Laws and Examination Guidelines/Practices of the TM5 Offices against Bad-Faith Trademark Filings"

https://tmfive.org/wp-content/uploads/2022/12/setupgraded-report_00-03-chapter1-chapter3.pdf

countries. In the US, using the trademark at the time of application is a requirement for registration, while in the UK as well as in Japan, registration is granted regardless of whether the trademark has been used, and intention to use in the future is sufficient³⁾. But in Japan, in the context of bad faith filing, as we will see later, not using and unknown trademark is deemed to have no value for protection.

2-2. Trademark System in the UK and Japan

Then, I will compare the trademark system between the UK and Japan. For convenience of explanation, I will refer the UK system first, one reason is following the history.

2-2-1. Registration system and non-registration protection

In the UK, the trade mark protection was provided by the common law courts in the 16th C, and the courts of Chancery used the passing off action from the 19th C⁴⁾. The UK registration system was introduced in 1875. In Japan, the registration system was introduced slightly later in 1884. The Unfair Competition Prevention Act of Japan was enacted in 1934. In short, while in the UK the passing off preceded the registration system and remains important, in Japan the registration system preceded the Unfair Competition Prevention Act.

In Japan, comparing the registration system to the Unfair Competition Prevention Act, it is said that the merit of the registration system is that it could protect the use of the registered trademark by granting the exclusive right to use even before actually using it. This is because the proprietor could

3) Trademark Act in Japan Article 3 (1).

4) L. Bently, B. Sherman, D. Gangjee, and P. Johnson, *Intellectual Property Law*, 6th ed. Oxford University Press, 2022, p.855.

use it without worrying about others using the same mark with bigger advertisements and getting well-known mark protection earlier under the Unfair Competition Prevention Act. This, along with the first-to-file system, allow even small entities, who could not afford to spend enough to advertise, to file the application first and get the right to advance their business.

2-2-2. Process for registration

2-2-2-1. The UK

The process by which trade marks are registered in the UK is as follows. Any person (natural or legal) can apply for the registration of a trade mark to the Registrar on Section 32 of the Trade Marks Act 1994 (TMA 1994), and the application must contain a declaration that the mark is being used or that there is a bona fide intention to use the mark among other statements (TMA 1994, s. 32 (3)). The Registrar conducts a search and an examination of the application ex-officio only for the absolute grounds for refusal, that are the subject matter (TMA 1994, s. 3 (1)(a)), the non-distinctive marks (TMA 1994, s.3 (1)(b)-(d)), contrary to public policy or to accepted principles of morality (TMA 1994, s.3 (3)(a)), of such a nature as to deceive the public (TMA 1994, s. 3 (3)(b)), marks prohibited by law (TMA 1994, s.3 (4)), and the application made in bad faith (TMA 1994, s.3 (6)), etc. In addition, the Registrar may object to the application on the basis that the applicant does not have a bona fide intention to use the mark, and this is the different point to the European Union Intellectual Property Office (EUIPO)⁵⁾. The Registrar does not object to registration on relative grounds.

After being accepted by the Registrar, the application is published in the Trade Marks Journal, and in the two-month period following publication, there

5) Application to the EUIPO results in the grant of a single, unitary EU trade mark right that operates throughout the European Union.

is an opportunity for third parties to make observation or oppositions to the Registry.

There are relative grounds for refusal (TMA 1994, s.5) which constitute grounds for opposing an application for registration, as well as for cancellation of registered mark upon a party's objection. These grounds apply where an applicant or proprietor is at a relative disadvantage, since their sign conflicts with someone else's prior rights.

In the absence of opposition, the registration is published, and a trademark right is formed upon the registration.

2-2-2-2. Japan

In contrast to the UK, in Japan, JPO conducts the examination ex-officio for all refusal grounds and if they don't find refusal grounds, the registration is published.

The refusal grounds are as follow. (i) Trademarks which do not enable consumers to differentiate the applicant's goods or services from those belonging to other parties (the gist of Article 3 of the Trademark Act of 1959 [hereinafter TA in this section]). (ii) Trademarks which are unregistrable for reasons of public interest or for the protection of private interests (the gist of Art.4, TA)⁶⁾. Although the Examiner conducts the examination ex-officio for all grounds, there are some differences depended on the natures of the grounds⁷⁾. As to the grounds for reasons of public interest, where, after the trademark registration, the registered trademark has become a trademark that falls under any of those grounds, a request for a trial on the invalidation of the trademark

6) JPO, Procedures for Obtaining a Trademark Right <https://www.jpo.go.jp/e/system/trademark/gaiyo/trademark.html>

7) Commentary for Art.4 (1)(vii), Ryoko ISEKI (2022) 金井重彦他編『新版 商標法コンメンタール』105頁 [井関涼子] (勁草書房2022年)。

registration may be filed (Art. 46 (1)(vi), TA)⁸⁾. While the grounds for the protection of private interests do not apply to a trademark falling under any of those grounds which does not fall under those grounds at the time of filing of an application for trademark registration (Art. 4 (3)), and where a trademark registration has been made in violation of those grounds, a request for a trial on the invalidation of the trademark registration, may not be filed after a lapse of five years from the date of registration of the establishment of the trademark right (Art. 47 (1)). That is to say the Act differentiate the grounds for reasons of public interest and for the protection of private interests.

2-2-2-3. Comparison

As stated above, in the UK, the Registrar conducts an examination of the application ex-officio only for the absolute grounds for refusal and does not object to registration on relative grounds. The relative grounds mean their sign conflict with someone else's prior rights, and constitute grounds for opposing it for registration, as well as for cancellation of registered mark upon a party's objection. The absolute grounds seem to involve with the nature of trade marks and public interests.

On the other hand, in Japan, the Examiner conducts the examination ex-officio for all refusal grounds. However, the refusal grounds for public interests and those for private interests are distinguished and treated differently. I think these differentiations correspond to the absolute and relative grounds in the UK. The absolute grounds for public interests seem to be attached weight to in both countries. And difficulties to treat the bad faith filing could be based on the nature of the filing that seems undefined as we will see later.

8) All translations of the articles are based on the translation from Japanese Law Translation by the Ministry of Justice, Trademark Act No. 127 of April 13, 1959, Last Version: Act No.51 of 2023 <https://www.japaneselawtranslation.go.jp/ja/laws/view/4590>

3. Comparison Bad Faith Filing & Trademark Act in Japan to the UK

I will move to the central point, the Bad Faith Filing & Trademark Act.

3-1. Bad Faith Trademark Filing

In EU, the EUTMR (Regulation on EU Trade Mark) considers bad faith only as an absolute ground for the invalidity of an EUTM, to be relied on either before the Office or by means of a counterclaim in infringement proceedings (Article 59 (1)(b) EUTMR)⁹⁾. The concept of bad faith is an autonomous concept of EU law, however, it is not defined. Advocate General Sharpston proposed to define it as a ‘conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices’ (opinion of Advocate General Sharpston of 11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:148, § 60)¹⁰⁾.

In Japan, there is no definition in the Trademark Act about so called bad faith trademark filing. In general, it is said that a bad faith trademark filing refers to an act in which a trademark is filed for unfair purposes by taking advantage of another person’s trademark that has not been registered in the country/region concerned¹¹⁾.

3-2. The UK law

Under the UK Trade Mark Act, a trade mark shall not be registered if the application is made in bad faith. This is provided in TMA 1994, Section 3 (6), and it is an absolute ground for refusal.

9) EUIPO Trade mark guidelines p.1472.

10) EUIPO Trade mark guidelines p.1473.

11) supra. note 2, Report on “Laws and Examination Guidelines/Practices of the TM5 Offices” Chapter 1, JPO, p.2.

3-2-1. The Lindt Case of CJEU

In a judgement by the Court of Justice of the European Union (CJEU), in the case of *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth*¹²⁾ (hereinafter the Lindt Case), the decision ruled that it must be assessed case by case, taking account of all the available evidence in the relevant circumstances. This CJEU approach has been endorsed in the UK, with the decision of the England & Wales Court of Appeal Civil Division, *Sky v. Skykick* [2021] Case¹³⁾.

In the Lindt Case the trademark of Lindt was a 3-dimensional mark for a chocolate bunny, which received a Community Trademark registration. Hauswirth also produced chocolate bunnies, and Lindt alleged that Hauswirth infringed the Lindt trademark right and should cease production, while Hauswirth counterclaimed that the mark should be declared invalid because Lindt was acting in bad faith when it filed its application for registration. In Austria and Germany, chocolate bunnies have been marketed since at least 1930. Lindt has been producing it since the 1950s, getting the registration in 2000. Hauswirth has been marketing this product since 1962.



Lindt trademark



Hauswirth's chocolate bunny

12) *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth*, Case C-529/07 [2009] ECR I-4893 (CJEU).

13) *Sky v. Skykick* [2021] EWCA Civ. 1121.

The CJEU decision in the Lindt case said that the 3 factors below should be paid particular attention:

- 1) whether the applicant knows or must know that a third party is using an identical or similar sign for an identical or similar product capable of being confused with the sign for which the registration is being sought,
- 2) the applicant's intention to prevent the third party from continuing to use such a sign,
- 3) the degree of legal protection enjoyed by the third party's sign and by the sign for which the registration is being sought.

Notwithstanding the need for flexibility, it can be said that the Court of Justice of the EU has incrementally identified a definitional core¹⁴⁾.

3-2-2. The UK Cases

In the textbook of "Intellectual Property Law"¹⁵⁾, it was summarized that Bad faith tends to arise in three recurrent sets of fact patterns. Those are ① where there is no intention to use the mark, ② where there is an abuse of a relationship, e.g., a breach of trust or contract between them, ③ where the applicant was aware that a third party had some sort of claim to the goodwill in the mark. There needs to be an overall assessment, taking into account all the factors relevant to the particular case.

① No intention to use

Similar to in Japan, about this factor it is said that two seemingly conflicting principles are relevant¹⁶⁾. The first is that protected marks ought to actually be used in trade. There are provisions where non-use is the basis for revocation under section 46 (1)(a), (b), besides as part of the application a declaration

14) Bently et al., supra note 4, p.1031.

15) Bently et al., supra note 4, pp.1031-1033.

16) Bently et al., supra note 4, p.1033.

the applicant has at least a bona fide intention to use is required. The second is that trade mark applications need not be based on actual use at the time of filing, to preserve flexibility. In the case of *Sky v. Skykick*¹⁷⁾, there were conflicting approaches for bad faith in relation to the overbroad categories of product specifications. The High Court established bad faith and pared down the claim for software, identifying sub-categories. But the Court of Appeal overturned the approach and concluded that partial use within a broad category was sufficient to sustain the whole category, in order to preserve commercial autonomy. There is a criticism against the Court of Appeal's approach that it is questionable an applicant could unilaterally choose a broad specification and the cost of rendering the monopoly proportionate would be passed on to competitors¹⁸⁾.

② Abuses of relationships

The explanation for this pattern shows some examples in this situation where the applicant is an employee or an agent, a partner or former partner, or co-venturer¹⁹⁾. Although the OHIM (Office of Harmonization in the Internal Market) case, it was treated as in bad faith where the parties were in precontractual negotiations as to a licensing arrangement and, when this fell through, the disappointed potential licensee registered the mark²⁰⁾.

③ Knowledge of third-party claim

About this factor, it is said that bad faith should not be presumed too lightly, based merely on one party's awareness of another's mark, and may not even operate in situations where one party seeks to 'free-ride' off the goodwill of

17) *Sky v. Skykick* [2018] EWHC 155 (Ch), [2018] RPC (5) 227, *Sky v. Skykick* [2020] EWHC 990 (Ch), [2020] RPC (16) 711, *Sky v. Skykick* [2021] EWCA Civ. 1121.

18) *Bently et al.*, *supra* note 4, p.1035.

19) *Bently et al.*, *supra* note 4, p.1035.

20) *John Arthur Slater v. Prime Restaurant*, Case R 582/2003-4 (OHIM, BoA), *Bently et al.*, *supra* note 4, p.1036.

another's mark²¹). But where a person seeks to appropriate for themselves the residual goodwill of a trader who has stopped trading, it could be regarded as in bad faith. Because it is knowingly taking advantage of the residual goodwill²²).

3-3. The Japanese law

3-3-1. Article 4 (1)(xix) and 4 (1)(vii)

Then we will explore the Japanese law side. The Trademark Act in Japan Art. 4 (1)(xix) is a ground of refusal that does not allow trademarks identical or similar to another person's well known trademarks and used for unfair purposes to be registered. There are three requirements for this provision.

- ① Another person's trademark is well known in Japan or abroad.
- ② The trademark that is being applied for and another person's well known trademark are identical or similar.
- ③ The trademark that is being applied is/will be used for unfair purposes.

Art. 4 (1)(xix) was introduced in 1996. Before the introduction, a bad faith filing was refused based on Art. 4 (1)(vii), which does not allow trademarks against public order or morality to be registered. In Art. 4 (1)(vii), if the background to the filing lacks social reasonableness, the filing is rejected. When a company would claim to invalidate a trademark under this provision because it had its trademark stolen by another who registered the same mark, it would not necessarily be required that the trademark was well known. Art.4 (1)(vii) would be too broad a provision which could include everything.

Then Art. 4 (1)(xix) introduced in 1996. This provision was aimed at the protection of the trademarks well known only abroad and nationally famous

21) Socks World Trade Mark Application [2011] RPC (11) 329, Bently et al., supra note 4, pp.1036.

22) Jules Rimet Cup v. Football Association, [2007] EWHC 2376 (Ch), [2008] ECDR (4) 43, Bently et al., supra note 4, p.1037.

trademarks from being unfairly taken by others regardless of possible confusion with the trademarks being applied for.

Other grounds of refusal are mostly in cases of confusion²³⁾. The case of confusion occurs when a trademark is well-known and the filed trademark is identical or similar, consumers could confuse them as the source is the same. This provision (Art. 4 (1)(xix)) does not require possible confusion. Indeed, there was a legislative option to have made the provision not require a well-known mark, but in the legislative argument after all it did adopt the well-known requirement. Because it was considered that unknown trademarks have no reputation yet, so they are not worth protecting.

As I mentioned above, grounds of refusal are divided two types, reason for public interests and for private interests. Art. 4 (1)(vii) belongs to the public interests' reason. However, Art. 4 (1)(xix) has both natures. It does not apply to a trademark which does not fall under it at the time of filing of an application (Art. 4 (3)), and it is not among the grounds for a trial on the invalidation which the registered trademark has fallen under it after the registration (Art. 46 (1)(vi)), that means it belongs to the private reason. While as to the invalidation trial request, a lapse of five years from the date of registration does not apply for it (Art. 47 (1)), that means it belongs to the public interests' reason.

The bad faith filing occurs in various cases as we will see later in some judgements. And the cases include reasons for public interests and private ones depending on circumstances. The position of Art. 4 (1)(xix) might reflect such nature.

3-3-2. Article 3 (1)

As another main ground of refusal for bad faith filing, there is Article 3 (1).

23) Art. 4 (1)(x), (xii), (xv).

The main paragraph of Art. 3 (1) requires applicants to have an intention to use the mark. In Japan, as in the UK, trademark applications don't need to be based on actual use at the time of filing, but the intention to use is required.

For example, if there is an inconceivably high number of applications by a single applicant, and the applicant's website etc. shows no clue to its intention to use the mark, the filing would be refused.

However, Art. 47 (1) provides that where a trademark registration has been made in violation of Art. 3, a request for trial of an invalidation of the trademark registration (Art. 46), may not be filed after a lapse of five years from the date of registration of the establishment of the trademark right. That means this ground of refusal, no intention to use the trademark, cannot be relied on any time.

Although when it would be evident that the applicant has no intention to use the mark, the filing could be refused by Art. 3(1), when the holder of the trademark registration does not use the mark, a request for rescission of the registration cannot be made before the lapse of three years. Because of Art. 50 prescribes that where a registered trademark has not been used for three consecutive years or longer by the holder of the trademark right, any person may request a trial for rescission of the trademark registration. In other words, no use within three years alone cannot be a reason for rescission.

3-3-3. Summary

Thus, the JPO can reject a bad faith filing on several grounds of refusal. But each ground of refusal has its own requirements, and it could be difficult to reject a bad faith filing depending on case's specifics. For example, Art. 4 (1) (xix) cannot be applied in the case that the trademark is not yet well known, and it could be difficult to reject an application for a trademark which was used even for a purpose which seemed malicious, based on Art. 3 (1). Those

are the reasons why the application of Art. 4 (1)(vii) (against public order or morality) would, controversially, tend to expand.

And other way to delete the registration based on the bad faith filing, there can be trials for rescission of trademark registration. Where a registered trademark has not been used in Japan in connection with any of the designated goods and designated services for three consecutive years or longer by the holder of trademark right, any person may file a request for a trial for rescission of the trademark registration in connection with the relevant designated goods or designated services (Art.50 (1)). It can be effective in some cases of the trademark brokers who don't use their trademark at all.

3-4. Brief comparison

As mentioned above, the absolute and relative refusal grounds in the UK seem to correspond to the refusal grounds for public interests and those for private interests in Japan, and the absolute grounds for public interests seem to be attached weight to in both countries. Then the bad faith filing is an absolute ground in the UK, while in Japan the specific provision for bad faith filing, Art. 4 (1)(xix) belongs to the both, and Art. 4 (1)(vii) for public interests is controversially used. In the UK, the provision for the bad faith is explicit but there is no definition of bad faith. It is an interesting observation that abuses of relationships is one of the fact patterns of bad faith in the UK, however, as will be seen later, in Japan there are arguments it could be a mere dispute among private persons and not fallen in bad faith.

4. Courts Decisions in Japan

Then we will look at some courts decisions in example cases in Japan.

4-1. ANNE OF GREEN GABLES Case²⁴⁾

In this case a registration was held invalid under Art.4 (1)(vii). The reason for applying the article was that the registration violated international good faith and caused damage to public order or morality.

This is a case that the Province of Prince Edward Island in Canada filed a trial request for invalidation with the JPO, based on the trademark consists of the original title of an internationally famous novel, “Anne of Green Gables”.



This is the registered trademark. “Anne of Green Gables” decorated with figures.

The JPO decided the registration was invalid, and the holder of the registration brought an action seeking the rescission of the trial decision.

The court decision was based on a comprehensive examination of the following 3 points. ① The work has an international reputation and high cultural value, is an important cultural heritage of Canada, and has played an important role in fostering friendship between Japan and Canada. ② If Japan does not prohibit the registration, it is likely to violate the international good faith between Japan and Canada. ③ The title is protected as an official mark in Canada, and no private organization is allowed to use that mark in the country.

In this case, the important point for applying Art. 4 (1)(vii), the provision

24) Judgment of Intellectual Property High Court, 2006.9.20, 2005 (Gyo-Ke) No.10349, https://www.ip.courts.go.jp/app/files/hanrei_en/347/000347.pdf. Kazuko MATSUO, Case Law Analysis (2007) 松尾和子「判批 (赤毛のアン商標無効事件)」知財管理57巻7号1161頁 (2007年), Youhei MATSUBARA, Case Law Analysis (2007) 松原洋平「判批」知的財産法政策学研究15巻371頁 (2007年).

for public order or morality, was that the mark was an official mark in Canada, so it was related to public interest besides international good faith.

The decision also held that any trademark consisting of the title of a work that has a world-wide reputation and that has been registered by a party unrelated to the work is likely to cause damage to public order or morality.

On the other hand, the decision added that if only the heir of the author of a work was allowed to exercise a trademark right with respect to the title of the work after the copyright had expired, it would be contrary to the purpose of the Copyright Act, which was enacted on an assumption that all people can freely enjoy a work after the copyright expired. So, if the heirs of the author would have sought to register a trademark consisting of the title of the work, for the sole purpose of pursuing private profits, such registration might be restricted on the grounds that it would damage the public order or morality.

4-2. CONMAR Case²⁵⁾

This is a case that is a confined application of Art.4 (1)(vii) to a case involving public interest. The facts are as follows. A US registered trademark owner requested a JPO trial to invalidate a similar registered trademark in Japan. The trademark for a fastener was widely known in the US and Japan at the time of the application. The parties previously had negotiated about the production of the fastener, but did not agree.

コンマー
CONMER

This is the plaintiff's registered trademark in Japan. Two-line mark, upper is

25) Judgement of Intellectual Property High Court, 2008.6.26, 2007 (Gyo-Ke) No.10391, https://www.ip.courts.go.jp/app/files/hanrei_en/069/000069.pdf. Gaku OKAMOTO, Case Law Analysis (2010) 岡本岳「判批」別冊判例タイムズ29号260頁 (2010年)。

in Japanese KATAKANA letters of Conmer.

The JPO trial decision invalidated the registration on the ground of Art. 4 (1)(vii), because ① the plaintiff filed the application with knowledge that the trademark belonged to the defendant; ② the plaintiff took advantage of not being registered in Japan without consent of the defendant; and based on these 2 points, the JPO trial decision admitted the registration would be against the fair order of commerce and general morality or international good faith.

The court judgement ruled that the JPO trial decision should be revoked because it had mistakenly applied Art.4 (1)(vii) to the case. The court judgement stated the scope of application of Art.4 (1)(vii) as follows;

“Art.4 (1)(vii) is a provision originally established for the purpose of not granting rights based on registration of a trademark in cases where ‘letters, figures, symbols, three-dimensional shapes, their combinations or their combinations with colors’ (marks), which originally comprise the trademark, are themselves contrary to public policy (violation of public order and morals focusing on trademark components).

In addition to the cases described above, there are cases, in which Art.4 (1) (vii) is applied for the purpose of not granting rights based on registration of a trademark, for which a party that should not be entitled to trademark registration filed an application, because the trademark registration violates the spirit of the Act, damages the order of the product distribution community and is contrary to public policy (violation of public order and morals focusing on actors).”

The judgement said that although the possibility to assess a trademark is against the public interest may not be called entirely absent, depending on circumstances of application for the trademark, Trademark Act individually and specifically prescribes requirements for refusal, so the circumstances close

to the requirements should be decided exclusively on the provisions (Art.4 (1) (viii) [another person's name, etc.], (x) [another person's trademark well-known among consumers], (xv) [may cause confusion with business of another person], (xix) [trademarks well-known among consumers used for unfair purposes]).

The judgment continued to rule that considering the Japanese Trademark Act adopts the principle of first-to-file, and Art.4 (1)(xix) was introduced for eliminating applications based on unfair purposes, and that Art.4 (1)(vii) should not extend to the sphere of private matters. In this case, such action, which considers private matters, may lead to impairment of predictability and legal stability for the competence of registration. Disputes between private persons which are unrelated to the public interest should be resolved through contracts and negotiations, or they should be decided based on Art.4 (1)(xix).

The judgment also said the subject registration could be invalidated based on Art. 4 (1)(x), Art. 4 (1)(xv), and Art. 4 (1)(xix).

4-3. RC TAVERN Case²⁶⁾

This is a case that is an application of another article, Art.3 (1) which requires an applicant's intention to use the trademark. The court found that the registration of the trademark violated the main paragraph of Art. 3 (1), which requires the trademark to be used, and it revoked the JPO trial decision to reject invalidation.

The facts are as follows. The defendant was a so-called trademark broker. The plaintiff had been using the trademark since Sep. 2009, and opened the restaurant on 1 Oct. 2009. The defendant filed to register the trademark on 24

26) Judgement of Intellectual Property High Court, 2012.5.31, 2012 (Gyo-Ke) No.10019, https://www.ip.courts.go.jp/app/files/hanrei_en/923/000923.pdf. Hiroya AOKI, Case Law Analysis (2013) 青木大也「判批」判評657号23頁(判時2196号161頁)(2013年)、Shigeru OOSUGA, Case Law Analysis (2020) 大須賀滋「判批」別冊ジュリ248号4頁(2020年)。

Oct. 2009 with awareness of the plaintiff's trademark and had not used it since then.

アールンターバーン

This is the defendant's registered trademark. RC TAVERN in Japanese KATAKANA handwriting letters. The defendant filed applications for 44 trademarks in a short period (from Jun. 2008 – to Dec. 2009), but the defendant had not used them, and the designated services were broad in scope and inconsistent. Concerning 30 of those trademarks, there were companies that used similar trademarks without any connection with the defendant.

The Court's Decision was that it may be interpreted that the defendant filed for registration of other parties' trademarks just for the purpose of collecting registered trademarks. It violated Art. 3 (1). The registration was invalid.

4-4. ZHIYUN Case²⁷⁾

This is a recent case that is an application of Art.4 (1)(vii) for a so-called trademark broker. The registration was held invalid based on Art.4 (1)(vii). The facts are as follows. The trademark was a coined word and distinctive. But it was not well known. The defendant's registered trademark was "zhiyun" in the standard characters that its right covers every type of character. The plaintiff's use trademarks were in various logos, one of which was this logo.



27) Judgement of Intellectual Property High Court, 2023.1.19, 2022 (Gyo-Ke) No.10073. (English translation unreported on the court website). Ryoko ISEKI, Case Law Analysis (2024) 井関涼子「判批」L&T 102号32頁 (2024年)。

The defendant filed for 109 trademarks in a short period (2018 – 2019), and 22 of them were assigned to others. The designated goods are broad in scope and inconsistent. Concerning those trademarks, there were others that used similar trademarks without any connection to the defendant.

The court decision ruled that the defendant was conducting a business by filing a lot of other persons' trademarks to profit from them by taking advantage of the first-filing system. The defendant did not use the trademarks to indicate the source of the goods bearing the trademarks. This dispute is not only a private matter between the parties but seriously violates the fair order of the product distribution community which shows that this registration is clearly contrary to the public order even under the first-filing system.

This case was similar to the aforementioned RC TAVERN Case in which the decision applied as the ground of invalidation Art. 3 (1) that requires intention to use. However, in this case the applicant used the trademark for a nominal use, so it could not be said that the applicant did not have the intention to use.

4.5. CHIDORI-YA Case²⁸⁾

This is a case that is a denial of application of Art. 4 (1)(vii) for a dispute among family members. The facts are as follows. The CHIDORI-YA was the name of a long-established shop co-owned by family members selling Japanese sweets like Manju (a bun with a bean-paste filling), and the plaintiff was the third son of the founder while the defendant was the first son. The defendant had purposely let a trademark registration he co-owned expire and then got a registration for a similar trademark by himself, so the plaintiff sought to invalidate the registration based on Art. 4 (1)(vii). This is the defendant's registered trademark, in the Japanese KANJI characters vertical writing.

28) Judgement of Intellectual Property High Court, 2018.6.21, 2018 (Gyo-Ke) No.10007. (English translation unreported on the court website)

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The court decision discussed whether the registered trademark of the defendant was a trademark whose registration was contrary to the order predetermined under the Trademark Act and was utterly unacceptable for lack of social reasonableness in the background to the filing of an application for trademark registration. This basis is showed as one of the five cases of trademarks which are likely to cause damage to public order or morality in the Examination Guidelines for Trademarks by the JPO²⁹⁾. The court, then, ruled that this was not the case, as the defendant did not have an intention to monopolize the trademark, but rather he alleged planning to co-own it later with all family members despite not being able to do so yet due to various troubles between them at that time.

29) JPO, Examination Guidelines for Trademarks (effective on April 1, 2020),

<https://www.jpo.go.jp/e/system/laws/rule/guideline/trademark/kijun/index.html>,

Chapter 6: Article 4 (1)(vii)(Contravention of public order or morality) describes below;

<https://www.jpo.go.jp/e/system/laws/rule/guideline/trademark/kijun/document/index/0306.pdf>

1. Trademarks that are “likely to cause damage to public order or morality” are, for example, the trademarks that fall under the cases prescribed in (1) to (5) below.

- (1) Trademarks which are, in composition per se, characters or figures, signs, three-dimensional shapes or colors or any combination thereof, or sounds that are unethical, obscene, discriminative, outrageous, or unpleasant to people.
- (2) Trademarks which do not have the composition per se as prescribed in (1) above but are liable to conflict with the public interests of the society or contravene the generally-accepted sense of morality if used for the designated goods or designated services.
- (3) Trademarks with their use prohibited by other laws.
- (4) Trademarks liable to dishonor a specific country or its people or trademarks generally considered contrary to the international faith.
- (5) Trademarks whose registration is contrary to the order predetermined under the Trademark Act and is utterly unacceptable for lack of social reasonableness in the background to the filing of an application for trademark registration.

In this case, the court did consider the circumstances of the family members, instead of rejecting to take them into account as private matters. As the conclusion, the court did not apply the provision, but it seems that assessment of subjective motivation of parties could make decisions unpredictable.

4-6. GOODWEAR Case³⁰⁾

This is a case that is a denial of application of Art. 4 (1)(vii) for a dispute between companies. The facts are as follows. The defendant had bought T-shirts bearing the GOODWEAR trademark from the plaintiff, and had imported them to Japan. The defendant noticed that both did not have the registration of the trademark, rather a third party had a registration for a similar trademark. The defendant got the assignment of the registration from the third party and began to use the similar trademark. A dispute then emerged between the defendant and the plaintiff, so they stopped their business relationship. 12 years after stopping the business relationship, the defendant filed the GOODWEAR application and got the registration, which the plaintiff sought to invalidate based on Art. 4 (1)(vii). In another case, the court decision did not admit the trademark well-knowingness.



These were the parties' trademarks. The left one was the defendant's registered trademark, and the right one was the plaintiff's registered trademark. These trademarks themselves were admitted dissimilar in the JPO

30) Judgement of Intellectual Property High Court, 2020.1.29, 2019 (Gyo-Ke) No.10105. (English translation unreported on the court website)

examination and both were registered, but about the way of using there were several disputes among them.

The court decided that the circumstances and process for the defendant's application were not contrary to the fair order of commerce or lack social reasonableness, because 12 years after stopping the relationship the defendant had no obligation from faith to refrain from filing the GOODWEAR trademark. Moreover, the defendant had used the trademark in commerce, although the defendant suggested to assign the registration to the plaintiff within reasonable conditions, so the defendant did not file with the purpose to gain an unfair profit.

4-7. SUMAHO-SHURI-OU (meaning Smartphone Repair King)

Case³¹⁾

This is a case that is an application of Art.4 (1)(vii) for a dispute between a franchiser and a former franchisee, and the registration was invalidated. The facts are as follows. The plaintiff, a former franchisee, filed an application for the name of the franchise business 4 days after he had his franchise agreement terminated. The plaintiff warned the defendant, the franchiser, he was in infringement of the trademark right and suggested of transferring the registration in exchange for a high sum of money.



These were the parties' trademarks. The left one was the plaintiff's registered trademark in the Japanese Katakana and Kanji characters in the

31) Judgement of Intellectual Property High Court, 2022.9.14, 2022 (Gyo-Ke) No.10034. (English translation unreported on the court website)

standard characters that its right covers every type of character. The defendant's use trademarks were in various types, one of which was the right one that with an illustration.

The court decided that the facts of the plaintiff's application were not in good faith due to the obligation of the plaintiff as a former franchisee, as well as due to the harm to the defendant and the extortionary sale of the registration to him by taking advantage of not being registered for the defendant. The court ruled that the application should be invalidated based on Art. 4 (1)(vii) because the plaintiff abused the first-filing system, and the registration was utterly unacceptable for lack of social reasonableness.

4-8. GRAVE GARDEN Case³²⁾

Above cases are the disputes of invalidation of registrations of trademarks. This case is different from those, and the issue is whether the enforcement of the trademark right is abuse of the right.

The facts are as follows. The plaintiff had the trademark registration for GRAVE GARDEN for the service of graveyard as the designated service, and filed a lawsuit to the defendants, temples and stone dealers, for the trademark right infringement. The plaintiff was an individual and could not manage the service of graveyard by law, and the plaintiff did not have any intention to use the trademark for the plaintiff's business. But in this case, the trial for invalidation of the registration for violation of Art. 3 (1)(no intention to use) could not be filed because it was after a lapse of five years from the date of registration (Art. 47 (1)).

The court held that in general the reason of the main paragraph of Art. 3 (1) is exclusion of abusive trademark registrations by trademark brokers, and in

32) Judgement of Tokyo District Court, 2012.2.28, 2010 (Wa) No.11604. (English translation unreported on the court website)

this case the plaintiff did not have the intention to use for the plaintiff's business, so it is obvious that the registration violated of Art. 3 (1), and the trademark right could not enforce because of abuse.

5. Remarks regarding the Comparison between the laws in Japan & the UK

I would like to summarize the argument and make a final remark regarding the comparison between the laws in Japan and the UK³³⁾.

The Japanese law belongs to the civil law system. In this type of law, predictability and legal stability are important. As the IP High Court said in the CONMAR Case, the Japanese Trademark Act individually and specifically prescribes requirements for refusal. The purpose of these types of provisions can be said to ensure the predictability of competence of registration. The Trademark Act enables applicants to get registrations even before actually using trademarks under the first-to-file system. The purpose of that system is protecting entrepreneurs and small entities use of trademarks without worrying about losing them. For this aim the anticipation of successful registration should be protected.

On the other hand, the interest of unknown trademarks which were not filed yet also could be protected from unfairly being taken. The issue is what the "unfair" is. The balance of both interests is required. However, bad faith filing relate subjective motivation of the applicant and cover various cases, so case by case assessment is needed and that could conflict with predictability and stability.

33) Article about comparison between EU and German laws, Shigeki CHAEN (2015) 茶園成樹「EU 法・ドイツ法における悪意の出願」中山信弘先生古稀記念論集『はばたき—21世紀の知的財産法』836頁（弘文堂2015年）、ISEKI（井関）, supra note 7, Commentary for Art.4 (1)(vii), p.105.

As we saw in aforementioned cases, the Japanese court varied in their decisions about whether the court voided a bad faith filing or not, and on which grounds of refusal it was based. As to the public order, the ANNE OF GREEN GABLES Case focused on the fact that the application was against the international good faith and that the mark was related to public interest in invalidating the registration based on Art. 4 (1)(vii), against the public order. In the CONMAR Case, it rejected applying the same provision because it should be confined to a case involving public interest and not extend to a private matter. As to the applicant intention to use the trademark, in the RC TAVERN Case, so-called trademark broker application was invalidated based on Art. 3 (1), lack of intention to use, while in the ZHIYUN Case it was invalidated based on Art. 4 (1)(vii), against the public order. As to cases for various disputes among parties, in the GOODWEAR Case that was a dispute between former business partners, and in the CHIDORI-YA Case that was a dispute among family members, the courts did not invalidate the registration, while the SUMAHO-SHURI-OU Case that was a dispute between a franchiser and a former franchisee, the court invalidated the mark based on Art. 4 (1) (vii).

Thus, Japanese courts' rationales seem unclear because they could not agree on whether the interpretation of Art. 4 (1)(vii) should be confined to a case closely related to public interest or should be flexibly extended to protect good faith order.

Some difficult cases could happen. Suppose any grounds for invalidation cannot be applied, and the registration holder does not use the trademark at all and seeks to stop using the prior user's mark. How can the situation be treated before the lapse of three years? As stated above, no use within three years cannot be a ground for rescission of the registration (Art. 50). In the GRAVE GARDEN Case, although it was a different case, the ground of

invalidation for violation of Art. 3(1) (no intention to use) could apply, but after a lapse of five years (Art. 47(1)), the court held that the trademark right could not be enforced because of abuse of the right. Some court cases and scholars agree with such treatment (stopping the enforcement of rights because of abuse)³⁴. Then, in the said case, it would be possible that the registration holder cannot enforce the right to the prior user because of abuse.

On the other hand, the UK law belongs to the common law system. Flexibility of the common law can be said to fit this issue well. But it also seems that the Court of Justice of the European Union has incrementally identified a definitional core.

To resolve the issue of bad faith filings, harmonization of legal stability and flexibility would be needed. We might have a lot to learn from each other's legal systems.

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34) Makiko TAKABE (2015) 高部眞規子『実務詳説商標関係訴訟』226頁以下（金融財政事情研究会2015年）.