

**Revision of Japanese Trademark Law
(Introduction of Trademark Consent System, etc.)**

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Abstract

The Japanese Trademark Law has been revised by the partial revision of the Unfair Competition Prevention Act (Act No. 51 of June 14, 2023). This revision includes introduction of a trademark consent system and relaxation of registration requirements for trademarks containing the name of another person. The consent system in Japan allows the registration of a trademark that is identical or similar to a prior registered trademark and is used for identical or similar goods/services, under the condition that the prior registered trademark owner gives consent and there is no likelihood of confusion of origin (Practically, the JPO would not accept a trademark identical to a prior registered trademark and used for identical goods/services, even if a Letter of Consent is submitted.) In addition, trademarks containing the name of another person have become registrable without the other person's permission as long as the other person is not well-known. Both revisions became effective for trademark applications filed on or after April 1, 2024. This IP News article will outline the revisions and provide our suggestions.

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A. Introduction of Consent System

I. Background

If a filed trademark is identical or similar to another person's prior registered trademark (hereinafter "prior registered trademark") and filed for the same or similar goods/services, the trademark application is rejected (Art. 4(1)11, Japanese Trademark Law). One of the typical options for the applicant to overcome this rejection was adoption of the so-called "assign-back¹" procedure.

However, since this procedure can be fairly costly, involving both attorney's fees and Official fees, and it was almost impossible to overcome a rejection by using the assign-back procedure when two or more prior registered trademarks belonging to different persons were cited. As some countries adopt a trademark consent system to allow registration of concurrent trademarks if the owner of the prior registered trademark consents to it, the Japanese Trademark Law was revised to introduce a trademark consent system.

II. Consent System Introduced in Japan

The newly introduced consent system is applicable to trademark applications filed in Japan on or after April 1, 2024. From that date onward, even if a trademark application is rejected due to similarity to a prior registered trademark (Art. 4(1)11), the rejection can be overcome and the trademark can be registered, provided that both of the following requirements are met (Art. 4(4)).

Requirements to Apply for the Consent System

- 1. The owner of the prior registered trademark consents to the registration of the filed trademark.*
- 2. There is no likelihood of confusion between the goods/services that the filed trademark is used for and the goods/services relating to the business of the owner (including exclusive and non-exclusive licensees) of the prior registered trademark.*

A) Letter of Consent

A Letter of Consent from the owner of the prior registered trademark is required at the time of making a decision of allowance, i.e. in response to an Office Action of reasons for rejection.

¹ Assign-back: The applicant transfers the pending trademark application to the owner of the prior registered trademark based on negotiation, and after a decision of registration is issued or the trademark is registered, the trademark (application) is assigned back to the applicant.

B) Criteria of No Likelihood of Confusion

“No Likelihood of Confusion” requires that there is no likelihood of confusion of the origin of the goods/services not only at present *but also in the future.*

According to the Examination manual, which was announced in the end of March, 2024, it is necessary to demonstrate that not only is there no actual confusion at present, but also confusion is unlikely to occur in the future.

In practice, it may be required to collect the following evidence to prove this point.

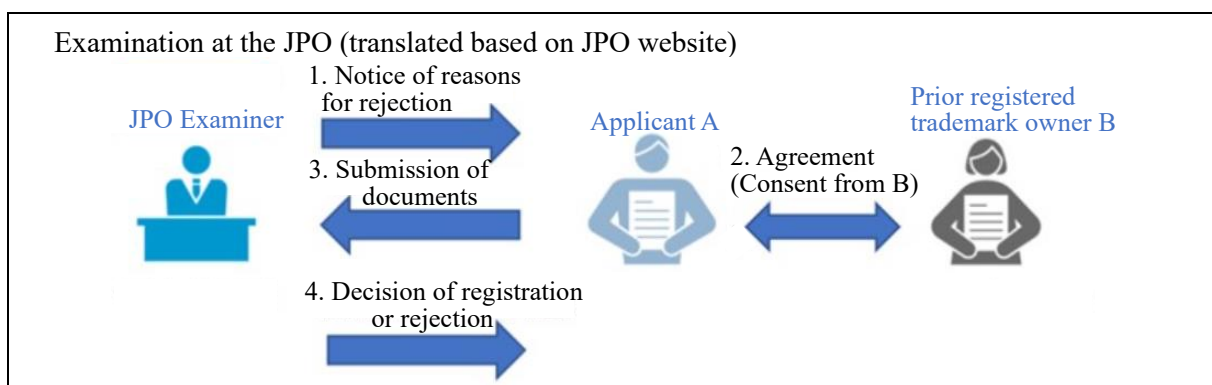
- Business content of the applicant, cited trademark right holder, etc.
(Company pamphlets, brochures etc.)
- Period of use, region of use, manner of use, etc. of both trademarks
(Advertisements, newspaper articles, magazines, etc.)
- Future business plans
(Publicly published company press releases, etc.)
- Supportive documents which can ensure that there is no actual confusion
(Market surveys targeting traders and consumers, etc.)

C) Examination at the JPO

a. An Examiner will determine whether or not there is a likelihood of confusion based on a comprehensive consideration of the actual circumstances of the filed trademark and the cited trademark. For example, degree of similarity of both trademarks, how well-known the trademarks are, possibility of diversification of business, similarity of the goods, services or goods and services of the conflicting trademarks, commonality of consumers of the goods/services, **use conditions of the trademarks and other conditions relating to actual use in the market.** For example, if the cited trademark is not actually used, it is considered that there would be less likelihood of confusion. If a trademark identical to a cited trademark is used for identical goods/services, it would be considered that the likelihood of confusion would be high and therefore a Consent Letter would not be acceptable.

According to the Examination guidelines, the JPO will take any information obtained through ex-officio examination into consideration when judging the likelihood of confusion.

- b. The following points will be taken into account regarding the use conditions of the trademarks and other conditions relating to actual use in the market.
- i) Composition of the trademarks (ex. Always used in a specific color or font)
 - ii) Manner in which the trademarks are used (ex. Always used with another trademark, such as a corporate name/ house mark)
 - iii) Goods/services for which the trademarks are used (ex. One trademark is used for “computer software for games” and the other is used for “computer software for medical purpose”)
 - iv) Measures taken between the parties to prevent confusion
- c. The following situations will be considered to have a positive influence on the evaluation of any possible likelihood of confusion in the future.
- i) Submission of an agreement between the parties not to change the circumstances of both trademarks, e.g. to always use the corporate name and the trademark in combination, not to change any of the items mentioned in the above b. i) to iv), etc., or a summary of such agreement.
 - ii) It can be rationally considered based on the submitted evidence, etc. that the actual circumstances of both trademarks will not change in the future.
- d. If the Examiner determines that there is a likelihood of confusion, the trademark application will be rejected based on Article 4(1)11. However, even in such a case, the Examiner may encourage the applicant to submit additional materials before making a decision of refusal.



III. Relevant Measures

- The consent system is also applicable to cases where two or more trademark applications, which are identical or similar, were filed on the same or different dates (Art. 8).

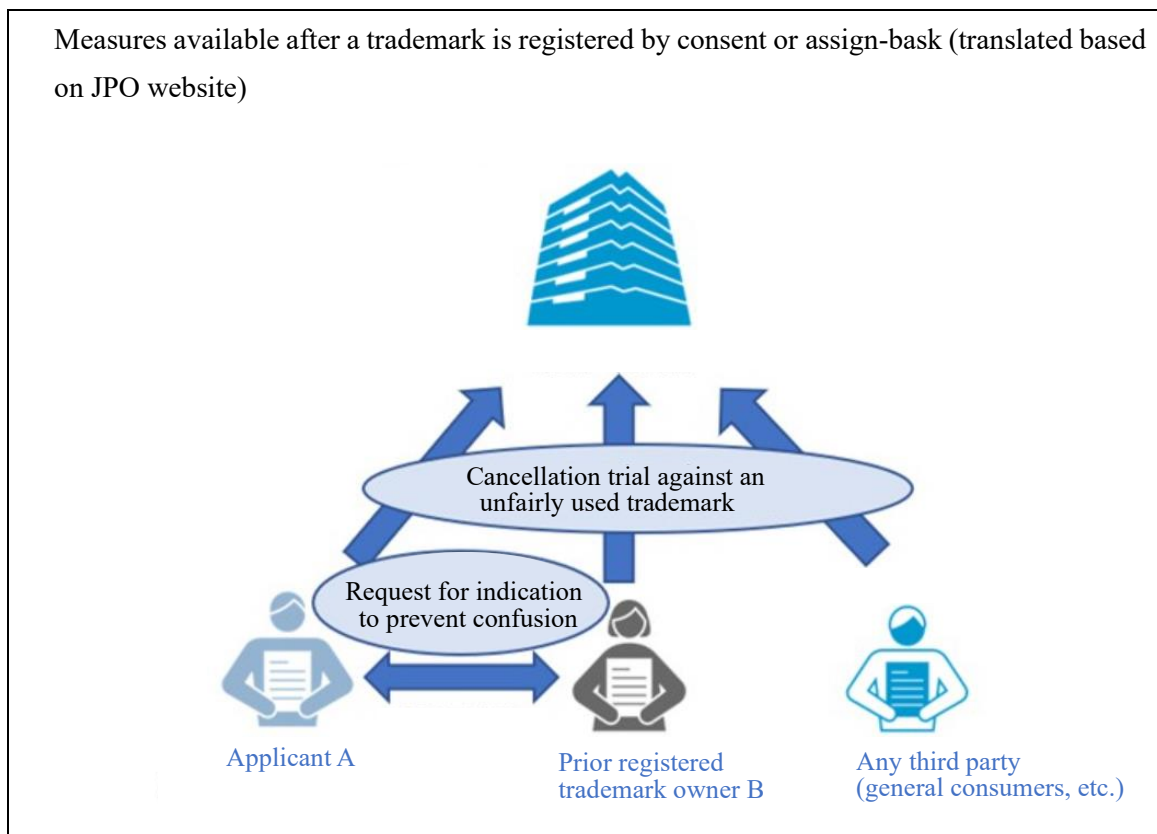
- In order to prevent confusion between concurrent trademarks registered by application of the consent system or by taking the assign-back procedure, the following measures has become available.

A) Request for Indication to Prevent Confusion (Art. 24-4 (i) to (iii))

If the business interests of a trademark owner are at a risk of damage due to the use of identical or similar trademarks for identical or similar goods/services, the trademark owner can make a request for indication to prevent confusion.

B) Cancellation Trial against a Trademark Used for the Purpose of Unfair Competition (Art. 52-2 (1))

When concurrent registered trademarks belong to different parties, if one of the trademark owners uses its own registered trademark for the purpose of unfair competition in a manner that can cause confusion with goods/services relating to the other person’s business, any person, including a third party, can demand a cancellation trial against the unfairly used trademark registration.



C) Example of Agreement as Evidence of No Likelihood of Confusion

The JPO has published a revised Examination Manual, which contains an example of an agreement that an applicant can submit to the JPO as evidence of there being no likelihood of confusion at present and in the future.

(Example of agreement)

The holder of the prior registered trademark (hereinafter “holder of the cited trademark”) and the applicant hereby agree as follows, when the applicant files a trademark application for the trademark as identified in Annex I (hereinafter “subject trademark”) with consent from the holder of the prior registered trademark, in order to prevent a “likelihood of confusion” as prescribed in Article 4(4) of Trademark Law between the goods/services for which the subject mark is used and goods/services relating to the business of the holder (including exclusive and non-exclusive licensees, the same shall apply hereinafter) of the trademark registration No. XXX (hereinafter “cited trademark”).

1) The holder of the cited trademark agrees that the applicant will obtain a trademark registration for the subject trademark.

2) *The holder of the cited trademark shall not use the cited trademark without its corporate name. The applicant shall not use the subject trademark without specific house mark.*

3) *The holder of the cited trademark may use the cited trademark only for the specific goods among the designated goods. The applicant may use the subject trademark only for the designated goods.* Thus, the holder of the cited trademark and the applicant shall not use the cited trademark and the subject trademark for identical goods.

4)...

Date, month, year

X (holder of the cited trademark)
XX Inc.,
President, xxx

Y(applicant)
Y Corp.,
President, yyy

Annex I

1. Subject trademark as filed

 2. Designated goods/services and the class of designated goods/services
- Class A
Class B

IV. SEIWA Comments

While the registration of conflicting trademarks is accepted based only on a Letter of Consent in some countries, the Japanese consent system requires not only a Letter of Consent but also a guarantee of no likelihood of confusion between goods/services of a filed trademark and goods/services relating to the business of a prior registered trademark owner, etc. Therefore, when a Letter of Consent is submitted, the JPO Examiner will reserve the right to make a final decision on whether to accept it, after taking the likelihood of confusion in the future into consideration.

Therefore, under the revised Trademark Law, when a trademark application is rejected based on similarity to a prior registered trademark or a trademark application filed on or before the filing date of the application in question (Art. 4(1)11, Art. 8), it would be advisable to negotiate for a Letter of Consent if the cited trademark is quite similar and an argument of non-similarity would be unlikely to overcome the rejection. However, at least initially after the introduction of the consent system, we assume that the Japan Patent Office will strictly examine the above mentioned requirements, and if an application fails to meet the requirements, the submission of additional evidence will be required. Therefore, if the preparation of sufficient evidence is anticipated to be difficult, application of the assign-back procedure would be advisable as an alternative.

On the other hand, taking assign-back procedures may be prohibitive in a case where, for example, two or more coexisting registered trademarks belong to different third parties, or cost and time required to take assign-back procedures would be significant. In such a case, pursuing consent could be the more viable approach.

It should be noted that by either pursuing consent or by the use of assign-back procedures the applicant's use or intention to use their trademark covering identical or similar goods/services

would be disclosed to the owner of the prior registered trademark. As a result, if negotiations for consent or assign-back were to end unsuccessfully, the risk of legal action against use of the trademark, such as warning for infringement, could arise.

It should be noted that when consent is applied for, the fact of the application will be indicated in the published Trademark Gazette where it will be open to the public.

Incidentally, before the revision of the Trademark Law, coexistence of similar trademarks owned by a parent company and its subsidiary have been accepted practically based on the examination guidelines. We hope that the introduction of the consent system will enhance the chance of registration of a trademark similar to another party's prior registered trademark.

B. Relaxation of Registration Requirements for Trademarks Containing the Name of Another Person

I. Background

Before revision, it was difficult to obtain registration for a trademark containing the name of another person in Japan, since in theory approval from all persons having that name was required (Art. 4(1)8, Trademark Law before the revision). Relaxation of this requirement had been long desired mainly from the fashion industry, where the name of a founder or designer is often used in a brand name. Therefore, in response to that demand, the registration requirements for such trademarks have been relaxed by the revision.

II. Overview of Revision

Under the revised Article 4(1)8, approval as mentioned above will be required only if another person is well-known for the name. If there does not exist any other person who is well-known for the name, it will not be necessary to obtain approval. However, to prevent applications from being filed by a person with no relation to the name, or with unfair purposes, the revised Trademark Law prescribes new requirements, as explained below.

Under the revised Trademark Law, a trademark application containing the name of another person, filed in Japan on or after April 1, 2024, will be rejected unless the requirements below are satisfied (revised Art. 4(1)8).

1. A trademark containing the name of another person “well-known” among the consumers of the field of goods/services to which the trademark is used, and having no approval from that person.

2. A trademark containing the name of another person and not meeting either of the following two requirements prescribed in the cabinet ordinance.

(i) The name contained in the trademark and the applicant have a “reasonable relationship”.

(ii) The applicant does not have an “unfair purpose” to obtain the trademark registration.

1. Well-Known

In determining whether another person having the same name as that in a filed trademark is well-known, the Examiner will take into consideration whether the use of the trademark on the goods/services may call to mind or evoke an image of that person, considering the goods/services of the trademark as well as goods/services relevant to that person, as well as the geographical and business area where the name of that person is acknowledged.

2. Reasonable Relationship and Unfair Purpose

The requirements indicated in item 2. (i) (ii) above will be examined regardless of whether the other person’s name is well-known. If either of these requirements is not met, the application will be rejected.

(i) The “reasonable relationship” requirement would be satisfied, for example, if the name contained in the trademark is the name of the applicant or founder, or the name of a shop continuously in use since before the filing.

(ii) The applicant is considered to have an “unfair purpose”, for example, if the purpose of obtaining the trademark registration, such as selling the trademark right later to someone who may need it, is recognized from published information.

III. SEIWA Comments

This revision should increase the chance of obtaining registration of trademarks containing the name of another person. However, since the criteria for determining who the “consumers” are in the above requirement 1 have not been clarified in the Examination Guidelines, the decision of the Examiners may initially be at their own discretion. Lastly, even if a trademark application is not rejected under Article 4(1)8, distinctiveness and other requirements must still be satisfied in order to obtain trademark registration.

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