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<tr><td>Decided on</td><td>June 26, 2008</td><td rowspan="2">Court</td><td rowspan="2">Intellectual Property High Court, Third Division</td></tr>
<tr><td>Case number</td><td>2007 (Gyo-Ke) 10391</td></tr>
<tr><td colspan="4">A case, with respect to a JPO trial decision to invalidate a subject trademark, which was cancelled on the grounds that said trademark falls under a “trademark that is likely to cause damage to public policy” prescribed in Article 4, paragraph 1, item (vii) of the Trademark Act, for the reason that circumstances, close to and indivisible from the presence or absence of the applicability of Article 4, paragraph 1, item (viii), item (x), item (xv) and item (xix) of the Trademark Act, should be decided exclusively on the basis of the applicability of said provisions</td></tr>
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(References) Article 4, paragraph 1, item (vii), item (x), item (xv) and item (xix) and Article 46, paragraph 1 of the Trademark Act

In this case, a judicial person registered in the United States (the defendant) owning a U.S. trademark widely known to consumers in the United States and Japan and consisting of the letters “CONMAR,” requested a JPO trial to invalidate a resembling trademark registered in Japan (for which the plaintiff holds trademark right, hereinafter referred to as “the Trademark”) on the grounds that the Trademark falls under Article 4, paragraph 1, item (vii), item (x), item (xv) and item (xix) of the Trademark Act (“the Act”). In its trial decision, the JPO ruled that registration of the Trademark was void since grounds for its invalidation, prescribed in Article 46, paragraph 1 of the Act, were present because the Trademark fell under Article 4, paragraph 1, item (vii) of the Act. The plaintiff filed a principal action to seek revocation of said JPO trial decision. The court ruled that the trial decision involved an error, at least on the point that the case fell under Article 4, paragraph 1, item (vii) of the Act under the facts found therein, and that the trial decision should be revoked. The court decision stated as follows with respect to the scope of application of Article 4, paragraph 1, item (vii) of the Act and the like:

“The Act prescribes that a ‘trademark that is likely to cause damage to public policy’ is unregistrable and that this condition constitutes grounds for invalidation thereof in Article 4, paragraph 1, item (vii) and Article 46, paragraph 1, item (i). Article 4, paragraph 1, item (vii) of the Act 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 Article 4, paragraph 1, item (vii) of the Act 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).
Certainly, the possibility to assess that a trademark and the like significantly lacks propriety in light of socially accepted ideas and is against the national and social interest, in other words, the public interest, may not be called entirely absent, depending on circumstances, including those involving application for said trademark, in cases such as those in which third parties completely unrelated to actors for merchandise bearing a trademark and the like, which is known and famous in foreign countries and the like, registered the trademark in Japan without permission, or those where a specific party registered a trademark and the like, whose monopoly by such party is undesirable, under a condition that may be called public ownership, in which anyone can use the trademark freely.
However, the Act individually and specifically prescribes requirements for denying the registration of a trademark to an applicant therefor, under the types of relationships the applicant has with owners of specified rights and interests, in each of the items prescribed in Article 4, paragraph 1 of the Act. In light of these provisions, whether the application in question was made by a party that should not be entitled to trademark registration or not should be decided on the basis of the presence or absence of the applicability of any of said items, unless special circumstances are present. That is to say, the Act prescribes that an unregistrable trademark is a ‘trademark that 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)’ in Article 4, paragraph 1, item (viii), a ‘trademark identical to, or similar to, another person’s trademark that is well known among consumers as that indicating goods or services in connection with the person’s business’ in Article 4, paragraph 1, item (x), a ‘trademark likely to cause confusion in connection with the goods or services pertaining to a business of another person’ in Article 4, paragraph 1, item (xv), and a ‘trademark identical to, or similar to, a trademark which is well known among consumers in Japan or in other countries as

that indicating goods or services pertaining to a business of another person, if such trademark is used for unfair purposes' in Article 4, paragraph 1, item (xix). On the assumption that the Act is structured in such a way, circumstances assumed to be close to and indivisible from the presence or absence of the applicability of said provisions (Article 4, paragraph 1, items (viii), (x), (xv) and (xix) cited above) may be called matters that should be decided exclusively on the basis of the presence or absence of the applicability of the provisions concerned.

In addition, in light of the institutional objective of the Japanese Trademark Act adopting the principle of first-to-file and the purpose of Article 4, paragraph 1, item (xix) of the Act, which was established with the objective of eliminating trademark applications based on international harmonization and unlawful purposes, elimination of an application for trademark registration by moving away from such purposes and extending the interpretation of the 'likelihood to cause damage to public policy' prescribed in Article 4, paragraph 1, item (vii) of the Act to the sphere of privacy should not be tolerated when deciding whether or not an applicant should be originally entitled to trademark registration, except in cases where special circumstances exist, because such action leads to significant impairment of predictability and legal stability in connection with the competence of trademark registration.

Furthermore, the interpretation that special circumstances that 'cause damage to public policy' exist is not proper in the determination of the presence or absence of such circumstances in cases where a party that claims it is originally entitled to register a trademark failed to file an application therefor, in spite of its capacity to take said measure promptly in person, and in cases where said party failed to take a proper measure, based on a contract and the like, in connection with an application for trademark registration made by another party, in spite of its capacity to take such measure (for example, cases where a licensee files no application for trademark registration in person in advance of a contract with a foreign judicial person, or cases where a licensee that applied for and succeeded in trademark registration failed to take measures, including a pledge of the transfer of a registered trademark, in spite of its capacity to take such measures), because problems, including the ownership of a trademark, between an applicant therefor and a party that claims it is originally entitled to registration thereof, should be resolved entirely as private matters involving the parties concerned, based on an examination of the relationships between the applicant and the party that claims it is originally entitled to trademark registration (such as a foreign judicial person

that has been using in a foreign country a trademark identical to the trademark for which an application for registration was filed."

After making the above statements, the court ruled that the JPO trial decision determining that the Trademark fell under Article 4, paragraph 1, item (vii) of the Act was an error given all the specific facts found in the case. The court cited the following reasons for this decision:

"(1) The dispute between the plaintiff and the defendant is, by right, a matter, whose resolution and coordination should be attempted through contracts, negotiations and the like between the parties concerned, and is unrelated to the public interest that affects the public at large. (2) Disputes between private persons, such as the one in this case, should be decided precisely on the basis of the presence or absence of the applicability of the requirement prescribed in Article 4, paragraph 1, item (xix) of the Act that a trademark in question 'is identical with, or similar to, a trademark that is well known among consumers in Japan or abroad as that indicating goods or services pertaining to the business of another person, if such trademark is used for unfair purposes.' (3) The trademark right that the defendant owns in the United States is only a private right, and the act of application in connection with a trademark similar to or identical with the concerned trademark, which the plaintiff performs in Japan, is not naturally interpreted as constituting circumstances contrary to the public interest that 'cause damage to public policy,' even if the defendant owns such right. (4) The defendant caused a trademark right in connection with a U.S. trademark (No. 324689), succeeded from Scovill Inc. and consisting of the letters 'CONMAR,' to expire without being renewed in March 1996, accepted the transfer of the trademark right in connection with a U.S. trademark for fasteners consisting of the letters 'CONMAR' from a party that registered said U.S. trademark in December 2001, and the details of these and other circumstances are not necessarily clear. (5) The trial decision found that the plaintiff successfully registered the Trademark, but found no specific fact that supports the view that the plaintiff is blocking the defendant's entry into the Japanese market beyond said fact. (6) Not only does the application for the Trademark filed by the plaintiff fall under Article 4, paragraph 1, item (xix) of the Act as found below, but also grounds that fall under Article 4, paragraph 1, item (x) and item (xv) of the Act may be considered to exist in connection with said application. The JPO trial decision on the case that the

Trademark, for which the plaintiff filed an application, ‘causes damage to public policy’ should be called an error, in comprehensive view of the points cited above.”