

Japan Patent & Trademark Update



Contents

1. Red Bull “Wings” its Way from Taiwan to Japan
2. Battling Trademark Squatting in Japan
3. Jurisdiction Selection Clause Declared Invalid (Tokyo District Court Decision)
4. Changes to the Procedures for the Extension of the Time Limit for Responding to an Office Action in Patent and Trademark Applications
5. About TMI

1. Red Bull “Wings” its Way from Taiwan to Japan

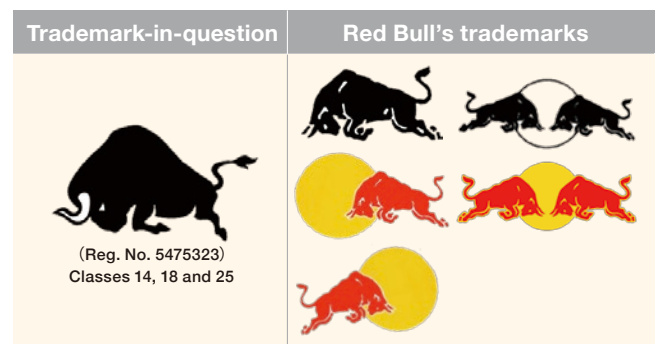


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Introduction

TMI's trademark team, representing Red Bull AG, successfully invalidated a trademark registration for a single bull device mark owned by a Japanese company and obtained a favorable decision from the Japan Patent Office (“JPO”) Trial Board.

1. Trademark-in-question and Red Bull's trademarks



The trademark-in-question was filed in 2011 and registered in 2012. Red Bull AG filed an Opposition against the trademark-in-question however, the Opposition was dismissed. Then, Red Bull AG filed an Invalidation Action against the trademark-in-question in 2015, based mainly on the grounds of similarity between the marks and the likelihood of confusion.

2. Opposition Decision in Taiwan

The Japanese company also filed and obtained the same trademark as the trademark-in-question in Taiwan in 2013. Red Bull AG also filed an Opposition against the trademark-in-question in Taiwan and the Taiwan Intellectual Property Office (“TIPO”) issued a decision in favor of Red Bull AG in 2015, recognizing the fame of Red Bull's trademarks and the similarity between the marks.

3. JPO Trial Board Decision in Japan

In the decision, the JPO Trial Board also recognized the fame of Red Bull's trademarks before the date of application for the trademark-in-question in 2011, based on a large amount of evidence filed to prove the fame of Red Bull's

trademarks in Japan and in other countries, such as the fact of there being a considerable number of spectators at popular world-wide events generally broadcasted and introduced through television, magazines, and the Internet.

Next, the JPO Trial Board compared the trademark-in-question and Red Bull's trademarks and found both marks to share a common basic structure. Although the trademark-in-question has larger horns which are colored in white, a larger head, and one forefoot, while Red Bull's trademarks have two forefeet and comprise white lines to show the details of the body parts, the JPO Trial Board decided that (i) these differences did not surpass the basic structure that they have in common, and (ii) such differences do not have the impact of changing the visual impression we receive from the overall structure of the two trademarks. Thus, the two trademarks were found to be similar in appearance and have a risk of being confused with each other.

Taking the above situation into account and performing a comprehensive judgment with the level of attention normally paid by the traders and consumers of the designated goods, etc. of the trademark concerned as a standard, the JPO Trial Board decided that, when the owner of the trademark-in-question uses it on its designated goods, it is likely to cause such traders and consumers to be reminded of Red Bull and the trademark-in-question is likely to produce confusion regarding the origin of products as if the products are related to Red Bull or to the business of a person who has some connection therewith, either economically or systematically. Based on these findings, the JPO Trial Board decided to invalidate the trademark-in-question.

4. Comments

In general, the scope of similarity of animal-based figurative marks seems to be interpreted narrowly, as can be seen in the large number of animal-based figurative marks co-existing in the registry. However, if an animal-based figurative mark becomes famous (which is usually only the case if such animal-based figurative mark is in silhouette), the scope of similarity thereof tends to be interpreted more broadly. For example, the IP High Court or Tokyo High Court has found the existence of similarity in the following trademarks:

[Similar]

H12 Gyo-Ke, 139, Tokyo High Court, decided on October 5, 2006



H13 Gyo-Ke, 174, Tokyo High Court, decided on October 24, 2001



H18 Gyo-Ke, 10011, IP High Court, decided on May 31, 2006



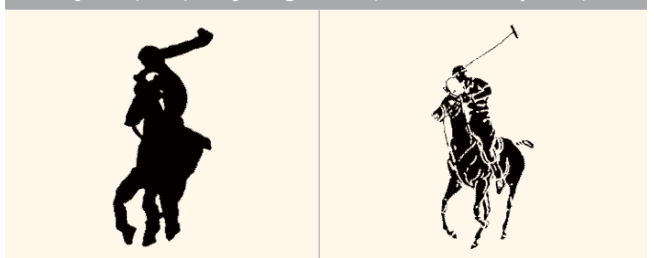
Furthermore, the IP High Court or Tokyo High Court has found the existence of a likelihood of confusion between the following trademarks, recognizing the fame of famous brands such as LONGCHAMP, Polo Ralph Lauren and PUMA.

[Likelihood of Confusion]

H12 Gyo-Ke, 93, Tokyo High Court, decided on November 15, 2000



H13 Gyo-Ke, 468, Tokyo High Court, decided on April 25, 2001



H24 Gyo-Ke, 10454, IP High Court, decided on June 27, 2013



The JPO Trial Board considered the fame of Red Bull's trademarks in Japan in making its decision, and such Invalidation decision is in line with past High Court decisions in relation to the similarity or likelihood of confusion of animal silhouette trademarks, as shown above.

2. Battling Trademark Squatting in Japan



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Introduction

On May 17, 2016, the Japan Patent Office issued an unusual announcement titled, "Caution: to those whose own trademarks have been filed by others". The Japan Patent Office advised that "certain entities" have been filing large numbers of trademark applications for trademarks owned by others and encouraged brand owners not to give up or refrain from filing their own rightful trademark applications. How can owners of trademarks seek to fight and deal with trademark squatting?

10,000 Applications in a Year

Recently, in Japan, two persons have been filing a "tremendous" number of trademark applications. One is a company called "Best License Kabushiki Kaisha" and a Japanese individual who represents Best License. Best License filed 416 trademark applications and its representative filed 374 applications in his own name in the single month of June 2016. During the first six months of 2016, the two persons filed 12,600 trademark applications in total, which is by far the greatest number of filings made on behalf of what in essence is one trademark filer, representing as much as 10 percent of all trademark applications filed in Japan in that period. These applications include the names of newly launched products and services, the trade names of newly established corporations, "buzzwords", expressions of trendy concepts or things in "vogue", even the name of a newly formed political party...it is apparent that these trademark applications have not been filed for just cause. But it costs at least JPY12,000 to file one trademark application in one class, and so filing 12,600 applications would theoretically mean the payment of at least JPY151,200,000. Actually, many of the applications cover a handful of classes, so the total filing costs should be enormous.

[Examples of Recent Filings by Best License]

Appln. No.	Mark	Applicant
2016-7218	TESLA EV	I.Ueda
2016-18328	Apple Phone	Best License
2016-19595	POKEMON TRAINER	Best License
2016-21435	TOYZARAS	Best License

The trick here is, most of these applications are being filed without payment of the official filing fees. As a result, the applications are eventually dismissed. The dismissals, however,

take about seven to eight months to be issued, as the JPO sends several reminders to the relevant applicant to pay the official fees, just as it would in its review and due diligence process with respect to all applications. The consequence for legitimate trademark owners is that their later applications become stalled for at least several months. What makes the situation more complex is that these applicants routinely file divisional applications just before the original application is dismissed. If the divisional application is correctly filed, it can claim the original filing date of the parent application. Therefore, if one of these filers makes an application which covers your trademark prior to your own filing, as long as the applicant repeatedly and timely files divisional applications, it seems that your trademark application will never mature into registration, being blocked by this malicious scheme.

Do Not Give Up Your Trademark !

However, if you find your own trademark has been pre-emptively filed and squatted by either of these persons, as advised by the Japan Patent Office, do not give up. First, these filers do not pay the filing fees so their applications eventually will be dismissed. The absolute "no-no" is to contact the relevant applicant – it will excite them and encourage them to pay the filing fees to make your life even more difficult. Even if they do pay the filing fees, it is unlikely that the JPO will grant their registration. The JPO examines all the trademark applications on both absolute and relative grounds of refusal. If your trademark had been publicly and widely recognized in Japan before being filed for by a third party, the unauthorized application will be refused. If your trademark is not known in Japan but well-known in other countries, an application for such a foreign well-known trademark will also be refused if it is established that the applicant filed the trademark with unfair intention, such seeking to gain unfair profit or to cause damage to another person. Finally, in the announcement made on May 17th, the JPO stated that, if a single applicant files a large number of trademark applications beyond the scope of its own possible usage, the JPO would consider that such applicant does not have the bona fide intent to use the trademark. As a result, such trademark application will be refused.

The Rule of Thumb

To avoid complications, however, the rule of the thumb is to file your trademark application before announcing the adoption of any new trademark. The Japanese trademark system adopts the "first-to-file" rule, and actual use of the trademark is not required to file and obtain a trademark registration and the resulting trademark right. Consequently, if any third party happens to file a trademark which is identical or similar to yours before your application is filed, then your trademark application will be refused. Although you should not fear applications filed clearly on bad faith grounds it nevertheless remains true that filing a trademark application to protect your trademark as early as possible – and thus ideally before any other person is aware of the trademark – is fundamentally important in a "first-to-file" country like Japan.

3. Jurisdiction Selection Clause Declared Invalid (Tokyo District Court Decision)

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Introduction

A Japanese manufacturing corporation, Shimano Manufacturing Co., Ltd. (“Shimano”), and a California corporation, Apple Inc. (“Apple”), entered into a Master Development and Supply Agreement (“MDSA”) in 2009. The MDSA contained a provision in which both parties agreed to submit to the exclusive jurisdiction of the California state or U.S. federal courts sitting in Santa Clara County, California. Notwithstanding this provision, Shimano commenced a lawsuit against Apple in Tokyo District Court in 2014. The court determined that the exclusive jurisdiction clause in the MDSA was invalid and that it had jurisdiction over Apple in the claim. Since it is unprecedented for a court to find a clause of this type to be invalid, I discuss the ruling.

Factual Background

Shimano filed its lawsuit in Tokyo District Court against Apple seeking damages based on Apple’s refusing to transact with Shimano and Apple’s abuse of its dominant bargaining position in demanding price reductions and rebates which, Shimano alleged, constituted a breach of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade of Japan (Act No. 54 of Apr. 14, 1947, as amended). In response to Shimano’s complaint, Apple argued that the Tokyo District Court did not have jurisdiction over the dispute pursuant to the exclusive jurisdiction selection clause in the MDSA. Specifically, the MDSA has a multi-tiered clause covering disputes, which provides that if there is a dispute between the parties, either party may commence litigation in the state or federal courts in Santa Clara County, California, when the parties are unable to resolve their dispute through negotiation or mediation. Notably, the provision recites that “the terms of this provision apply whether or not the dispute arises out of or relates to the Agreement. (emphasis added)”

Summary of the Court’s Decision

On February 15, 2016, the Tokyo District Court handed down its interlocutory judgment that this provision, irrespective of whether or not the dispute arose out of or related to the MDSA, was invalid because this provision was not limited to an action based on certain legal relationships. The District Court’s analysis is as follows.

(1) Article 3-7 (2) of the Code of Civil of Procedure of Japan (Act No. 109 of June 26, 1996, as amended) (the “CCP”) as in effect today states that an agreement on the selection of international jurisdiction “shall not become effective unless it is made with respect to an action based on certain legal relationships” and made in writing.

(2) Since the MDSA was entered into in 2009, prior to the amendments in 2011 to the CCP which introduced Article 3-7 (2) (which became effective as of April 1, 2012) (the “2011 Amendments”), it is not directly subject to the current Article 3-7 (2) in the CCP.

(3) Thus, the validity of the relevant provision is to be examined under general principle (jori) by reference to the provisions of the CCP before the 2011 Amendments.

(4) The policy principles under current Article 3-7 (2) of the CCP in limiting agreements on jurisdiction selection to only those actions based on certain legal relationships are to ensure the parties’ expectations and to prevent unforeseen damages to the parties. Additionally, the relevant provision in the CCP before the 2011 Amendments, Article 11 (2) as in effect today, limits domestic jurisdiction selection agreements also to actions based on certain legal relationships, and has the same rationale behind it. The District Court concluded consequently that at the time the MDSA was entered into, such policy principles also were applicable to the selection of an international jurisdiction.

(5) Therefore, the District Court found that general principle (jori) requires that an agreement on the selection of an international jurisdiction must be limited to an action based on certain legal relationships.

(6) Applying this analysis to the language of the MDSA, the District Court concluded that a provision which selects jurisdiction and applies “whether or not the dispute arises out of or relates to the Agreement” is not limited to an action that is based on a certain legal relationship between the parties and, accordingly, is invalid.

Since the actual dispute between Shimano and Apple in fact related to the MDSA, Apple argued that Shimano’s expectations were not diminished or affected, and thus not harmed. Apple’s position was that if Shimano suffered no damage, the jurisdiction selection clause may be interpreted as valid since it was in relation to an actual dispute relating to the MDSA. However, the District Court concluded that the selection clause was invalid because it is not limited to an action that is based on a certain legal relationship between the parties and the court found that it was irrelevant that there was no actual diminishment of or effect on Shimano’s expectations.

Impact on Jurisdiction Selection Clauses

It could be argued, as Apple did, that the jurisdiction selection clause should be interpreted as valid because the dispute was indeed actually arising out or relating to the MDSA. However, I think that Tokyo District Court attached importance to the expansiveness of the agreed-upon contractual language, the effect of which possibly could diminish or affect the parties' expectations regarding the law, procedure, jury system, discovery system and similar concepts applicable to the resolution of litigation, and did not take into account whether or not there was any actual diminution or effect on the parties' expectations in this particular dispute.

This judgment would apply to selections of international jurisdiction in agreements, irrespective of when the contract was entered into (that is to say, regardless of which version of the CCP was in effect at the time of contractual execution), given the District Court's reliance on the general principle (jori) and the policy rationales limiting the selection of jurisdiction.

Although many jurisdiction and forum selection clauses are limited to disputes connected to the agreement in which the clauses appear, the validity of a selected jurisdiction can have a significant impact on litigation and how a lawsuit is handled and ultimately resolved. Therefore, it is worth checking agreements and, if necessary, making an appropriate amendment to a jurisdiction selection clause to ensure that it will be found valid if brought before a court in Japan in light of this decision.

Lastly, please note that this decision is an interlocutory judgment and this particular ruling may be appealed with the overall Tokyo District Court judgment.

Topics

Seminar for small-mid-sized companies engaging in business in Japan

Toyotaka Abe (Partner, Patent Attorney) made a presentation at the “**Building a Business in Japan: Key Legal & Business Perspectives**” seminar held in Seattle, USA on November 4, 2016. This seminar highlighted key legal and business concerns faced by foreign companies when expanding business presence into Japan. Four speakers presented discussions based on concerns in the fields of intellectual property, corporate, labor, and tax law, respectively, and Mr. Abe took part in the intellectual property law discussion. The attendees were primarily executives from



small-mid-sized companies from the Pacific Northwest region.

Mr. Abe discussed the advantages of filing and obtaining patents in Japan, and his topics covered (i) **the fast examination and high grant rate** at the Japan Patent Office, (ii) patents as an **effective tool for IP transactions**, (iii) in the patent litigation space, **automatic injunctions** and the introduction of the highest damages case, etc.



4. Changes to the Procedures for the Extension of the Time Limit for Responding to an Office Action in Patent and Trademark Applications



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Introduction

In Japan, "The Act for Partial Revision of the Patent Act and Other Acts" (hereinafter "Revised Law") has come into force, effective April 1, 2016, in accordance with the accession to "the Patent Law Treaty (PLT)" and "the Singapore Treaty on the Law of Trademarks (STLT)". One of the important changes in practice in the Revised Law is the change of the rules regarding the extension to the time limit for responding to an office action in Patent and Trademark Registration Applications.

Patent Applications

(1) Request for an extension within the time limit for responding to an office action

Regarding Patent Applications, when responding to an office action, it was the conventional rule that a time limit extension of up to one month for a domestic resident applicant (hereinafter "Domestic Applicant") and up to three months for an overseas resident applicant (hereinafter "Overseas Applicant") was permitted if requested within the original time limit for response (three months from the mailing date of the office action). In contrast, after the enforcement of the Revised Law, a two-month extension is permitted by making a one-time request for Domestic Applicants, regardless of whether there is a reasonable reason. For Overseas Applicants, the extension period is still up to a maximum of three months, more specifically a two-month extension is permitted upon a first request with an additional one-month extension granted upon filing a second request. This should facilitate deadline management and may lead to cost reductions.

(2) Request for an extension after the expiration of the time limit for responding to an office action

The most important point in the operational change is that the time limit extension for responding to an office action is permitted even if a request is filed after the lapse of the original time limit for response (three months from the mailing date of the office action). Specifically, a two-month extension is permitted by making a one-time request if the request is filed within a two month time period starting from the day after the last day of the original time limit for response (no further extension more than two-months is permitted). This applies to both Domestic Applicants and Overseas Applicants. In this case, a reasonable reason for the request is unnecessary, but the fees are relatively expensive, as an Official Fee of 51,000 yen is required. Further, it should be noted that a request for extension after the lapse of the extended time period for response will not be accepted when a request (1) for extension has already been made before the original deadline and it has been accepted.

[Table 1] (Patent Application by Overseas Resident)

Original Time Limit	(1) Request for Extension before the Time Limit	(2) Request for Extension after the Time Limit*
Within 3 months	+2 months (maximum +3 months)	+2 months
	2,100 JPY/Request	51,000 JPY

*Applicant **CANNOT** request (2) if it has already requested (1)

Trademark Registration Applications

(1) Request for an extension within the time limit for responding to an office action

In the case of Trademark Registration Applications, when responding to an office action, the previous rule for time limit extension was to allow an extension of up to one month for an Overseas Applicant if the request was filed within the original time limit for response (three months from the mailing date of the office action). After the enforcement of the Revised Law, a one-month extension is permitted by making a one-time request for both Domestic Applicants and Overseas Applicants, regardless of whether there is a reasonable reason.

(2) Request for an extension after the expiration of the time limit for responding to an office action

In the operational change this time, the time limit extension for response is also permitted in Trademark Registration Applications, even if a request is filed after the lapse of the original time limit for response (three months) in a similar manner to that for Patent Applications. Specifically, a two-month extension is permitted by making a one-time

request if the request is filed within a time period of two months starting from the day after the last day of the original time limit for response for both Domestic Applicants and Overseas Applicants. There is a difference between Trademark Registration Applications and Patent Applications in that a request for a two-month extension after the lapse of the time limit for response is possible in the former (up to a three-month extension in total) even when the above request (1) for extension has been accepted.

[Table 2]

(Trademark Registration Application by Overseas Resident)

Original Time Limit	(1) Request for Extension before the Time Limit	(2) Request for Extension after the Time Limit*
Within 3 months	+1 months	+2 months
	2,100 JPY	4,200 JPY

※Applicant **CAN** request (2) even if it has already requested (1)

Conclusion

The aforementioned operational changes with respect to the request for time limit extensions for responding to office actions may bring about benefits to Domestic Applicants and Overseas Applicants mainly from the aspects of improved deadline management, reduced costs and the like. Particularly, when a request for extension is not filed within the original time limit for response, it has now become possible to keep an application pending if the request is filed within two months from the lapse of the original time limit for response. This is an important procedural change to the practice surrounding Patent and Trademark Registration Applications.

Topics

Seminar at the APAA 66th Council Meeting 2016

Toshifumi Onuki (Partner, Patent Attorney) spoke about one of the hot topics in the smartphone technology field in a workshop at the APAA meeting. The title of his presentation was **“The Use and Misuse of Patents in the Smartphone Wars: the Asian Experience.”** The lecture included issues on whether to allow injunctive relief and how much compensation should be given when a proper FRAND declaration is made in the jurisdictions of Japan, Korea, and Australia.



Seminar at the AIPLA 2016 Annual Pre-Meeting

Toshifumi Onuki also gave lectures at the AIPLA 2016 Annual Meeting regarding the new post grant opposition procedure that came into force in April 2015. He spoke about the same theme in both the IP Practice in Japan Pre-Meeting and a session held in the main Annual Meeting.



In the lecture, he introduced the following statistics from the JPO:

- (1) The number of petitions filed for opposition surpassed 1,000 as of August 1, 2016;
- (2) Approximately 80% of petitions were filed in false names; and
- (3) Among the petitions, approximately 70 % of the challenged patents received notifications of reasons for revocation from the trial examiners as a first Office Action; however, many of the patents were subsequently maintained due to the fact that, in the new opposition procedure, a patentee is entitled to correct the scope of the claims to overcome the prior art raised by the petitioner.

5. About TMI

Since our establishment on October 1, 1990, TMI Associates has grown rapidly to become a full-service law firm that offers valuable and comprehensive legal services of the highest quality at all times. Among TMI's practice areas, intellectual property (IP) – including patents, designs and trademarks – has been a vital part of the firm from the beginning, and our firm boasts an unrivalled level of experience and achievement in this area.

Organizational Structure

TMI, one of the "Big Five" law firms in Japan, has a total of more than 750 employees worldwide, including around 450 IP/Legal professionals, comprised of approximately 350 attorneys-at-law (Bengoshi), 70 patent/trademark attorneys (Benrishi), and 30 foreign law professionals.

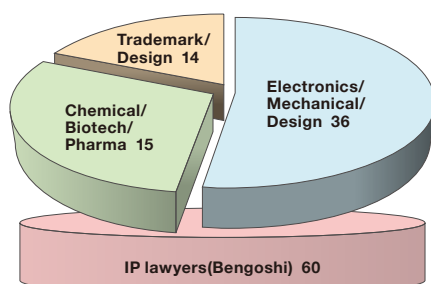
Attorneys (Bengoshi)	348
Patent/Trademark Attorneys(Benrishi)	67
Foreign Law Counsels	5
Foreign Attorneys	19
Foreign Patent Attorney	1
Advisors	3
Management Officers	2
Patent Engineers, Staff	306

Total **751**

(As of Sep 5,2016)

Attorneys/Patent Attorneys' Areas of Expertise

TMI's practice covers all aspects of IP, including patent/trademark prosecution, transactions (e.g., patent sales, acquisitions and licensing), litigation, invalidation trials, oppositions, due diligence activities and import suspension at the customs. TMI handles over 3,000 patent/trademark/design applications and over 20 IP lawsuits per year and TMI's patent team covers all technical fields, including electronics, computer software, telecommunications, semiconductors, chemicals, biotechnology, pharmaceuticals, and mechanical fields.



Awards

The firm and our attorneys/patent attorneys have been the proud recipients of awards every year in recent times. Here is a selected list of just some of the awards TMI has recently received.

- ✓ International Legal Alliance Summit & Law Awards (2014, 2015 and 2016): "Best Japanese IP Firm 2014, 2015 and 2016"
- ✓ ALB Japan Law Awards (2010, 2011 and 2014): "IP Law Firm of the Year"
- ✓ Ranked TIER1 for IP local firms by The Legal 500 Asia Pacific in 2015 and 2016
- ✓ Selected as a Recommended firm for patent prosecutions by IAM Patent 1000 (2015)
- ✓ Ranked Gold for Trademark Practice by World Trademark Review (WTR) 2013, 2014, 2015 and 2016

Contact and Global offices

If you have any questions or requests regarding our services, please contact our attorneys and patent attorneys who you regularly communicate with or use our representative address.

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Feedback

If you have any comments, questions or requests regarding our newsletter, please contact Toyotaka Abe (tabe@tmi.gr.jp), editor-in-chief.