

Japan Patent & Trademark Update



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1. Recent Relaxation of Formality Requirements and Remedy Procedures at the JPO



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Introduction

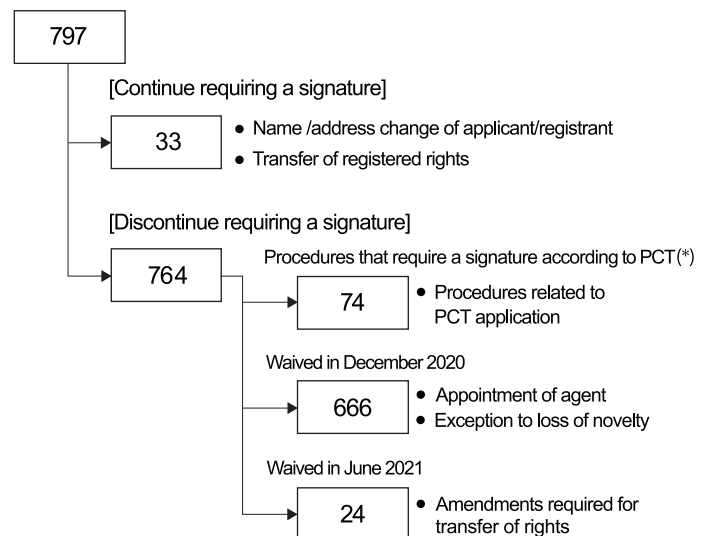
The "Regulatory Reform Implementation Plan" to promote the digitization of administrative procedures was decided by the Cabinet in July 2020. Followed by the decision, the Japan Patent Office ("JPO") eased the formalities

requirements for various documents and no longer require the signature or the company official seal ("HANKO") of the applicant's representative as of December 2020. Further, the JPO also decided to relax the requirements for remedies when procedures are not handled within the prescribed period. In this article, we introduce in details the recent operational changes and revisions related to the relaxation of these formality requirement.

Relaxation of the formalities requirements for signatures on various documents

According to the JPO, approximately 800 procedures required signature of the applicant. Followed by the recent Cabinet decision to promote the digitization of administrative procedures, the JPO has decided to waive the requirements of signature for approximately 770 procedures. 666 out of the 764 procedures were waived in December 2020, and 24 out of the 764 procedures were waived in June 2021.

[Procedures that require a signature at the JPO]



(*) a scanned copy is acceptable.
(Source: The Japan Patent Office)

As shown in the above chart, 74 out of the 764 procedures are related to PCT applications, and now a scanned copy of the documents related to these procedures may be acceptable.

On the other hand, approximately 30 procedures continue to require signatures.

The procedures which still require handwritten signatures or *Hanko* on the relevant documents are those involved in the transfer of rights (e.g. transfer of registered rights, name / address change of applicant / registrant) since the damage to the applicant / registrant would be severe if a third party falsifies documents.

More specifically, the procedures that still require a handwritten signature or *HANKO* on the relevant documents are as follows:

- 1) Request for Transferring Rights of Applicant
- 2) Request for Name Change of Applicant
- 3) Request for Address Change of Applicant
- 4) Request for Transferring Rights of Registrant
- 5) Request for Name Change of Registrant
- 6) Request for Recordation of Pledge
- 7) Request for Recordation of Exclusive License
- 8) Request for Recordation of Provisionally Exclusive License
- 9) Request for Recordation of Non-Exclusive License for Trademark Rights
- 10) Request for Division of Trademark Rights
- 11) Request for Transferring Divisional Trademark Rights

With this operational change, for the majority of the procedures before the JPO, it is no longer necessary for applicants to sign various documents including a power of attorney.

However, it should be noted that the JPO still requires to submit an unsigned document with the name of the signatory. In other words, if the document is signed or sealed, the original hard copy of the signed/sealed document must be submitted to the JPO.

Relatedly, it is also worth mentioning that it remains possible to submit an original hard copy of the signed document, if the applicant so wishes.

It is expected that the practice at the JPO may change at any time to further promote the digitalization and to meet the user's requests, it is important to interact with the JPO to ensure smooth dealing under the new requirements.

Relaxation of remedies when procedures are not taken within the prescribed period

In order to avoid the loss of rights due to defects in formal or procedural requirements or non-compliance with the procedural period, under the Patent Law Treaty (PLT), it is stipulated that lost rights will be restored under certain conditions and that member states may adopt one of the following criteria:

- (A) Failure to comply with the relevant period despite "substantial caution," as required by the situation (substantial standard of care)
- (B) Delay was not "intentional" (intentional standard)

Under the revision of the law enacted in 2015, the JPO adopted (A). Accordingly, in Japan, in order for applicants who are unable to deal with specified procedures to be entitled to relief measures, they required "reasons beyond one's control" or "legitimate reasons."

However, the criteria for restoring rights adapted by the JPO was quite strict compared to the criteria of other major countries. In general, only limited situations involving "legitimate reasons," such as an unexpected system failure, illness, blackout, earthquake, etc., satisfied the requirement, and simple clerical errors were not considered to meet the standard of "substantial caution."

In addition, when applying relief measures to applicants or their representatives who were unable to implement prescribed procedures within the time limits due to reasons beyond their control or legitimate reasons, the JPO asks them to submit substantial documentary evidence supporting the fact written in their documents to prove "substantial caution" has properly been paid.

More specifically, in order to apply for relief measures, the applicant had to perform the requisite actions and file a petition within one (1) year after the expiration of the statutory period or two (2) months after the lapse of the legitimate reasons, whichever was earlier. The preparation of the petition and evidence to prove "substantial caution" was a huge burden on applicants.

In fact, the acceptance rate for rights restoration applications in other major PLT parties is more than 60% even in countries that adopted (A), while the acceptance rate in Japan stands out at about 10-20%.

[Remedies for restoration of rights in major countries]

Country	Recovery period	Criteria	Submission of proof	Rate of acceptance	Fee
Japan	1 year	Substantial caution	Mandatory	10-20%	Free
Europe	1 year	Substantial caution	If necessary	60-70%	EUR 665
France	1 year	Substantial caution	If necessary	approx.80%	EUR 156
U.S.	Unlimited	Intentional	Unnecessary	90-95%	USD 2,100

(Source: The Japan Patent Office)

Under the circumstances, the JPO has decided to adapt the criteria (B) not only increase the acceptance rate but also to eliminate the procedural and administrative burden on the applicant.

The procedures for receiving restoration of rights are as follows:

- 1) Submission Period for Translation
- 2) Priority Claim Period
- 3) Request Period for Substantive Examination
- 4) Restoration of Patent Rights
- 5) Restoration of Trademark Rights
- 6) Restoration of Design Rights

In line with this change, the JPO has also decided to collect a fee in order to prevent abuse of the system and to provide an incentive to comply with the procedure period, in the same manner as the US and other countries.

As the details of the new remedy system after relaxation including the fees will be decided approximately within a year, we will provide the updates as soon as available.

Conclusion

The relaxation of formal clerical requirements is welcome from a user perspective. In particular, the relaxation of the remedy requirements for the restoration of rights is preferable, because it is in harmony with other major countries. However, the JPO still has some unreasonable requirements, such as requesting the submission of an unsigned power of attorney. In this respect, more user-friendly improvements can be expected in the future.

2. Best Practice against Importation of Counterfeit Goods under the New Trademark Act

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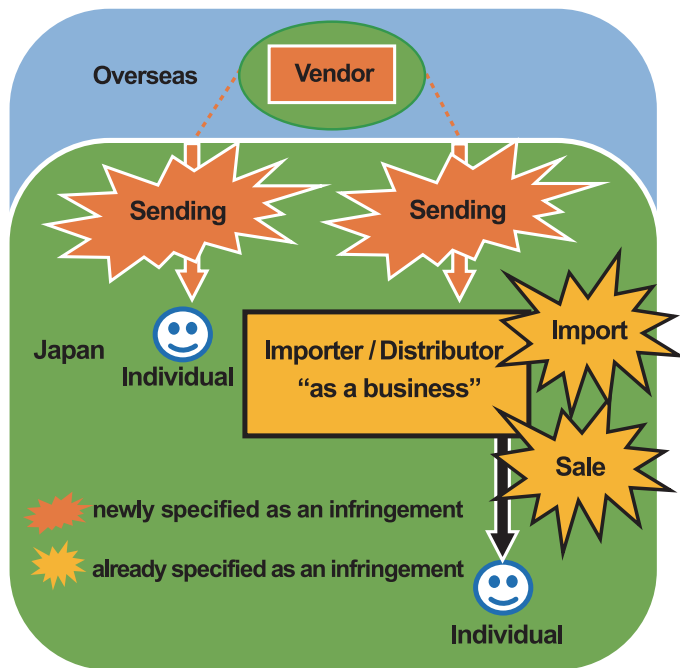
Introduction

May 21 saw the promulgation of the amended Trademark Act, which newly specifies an overseas vendor's act of sending goods to Japan as an act of "importation." Therefore, upon the amended Trademark Act coming into force, which is supposed to be within one and a half years from the promulgation, if foreign suppliers directly send counterfeit goods to individuals in Japan, such act will constitute trademark infringement. This additional definition of importation will have a strong impact on border control by Japan Customs and lead to the prevention of counterfeit goods from entering the Japanese market.

Background of Regulating Cross-Border Transactions of Counterfeit Goods

The Japanese market has been suffering from large numbers of trademark infringing products (especially counterfeit goods) such as bags, clothing, shoes, cell phones and cell phone accessories being imported to Japan. The best practice against imported counterfeit goods involves Japan Customs' border control, which enforces measures against goods that are infringing upon intellectual property rights ("IPRs"). The imported infringing goods may be confiscated and destroyed by Customs under the Customs Law following certain "Identification Procedures," wherein Customs renders a decision on whether or not the suspected goods are infringing upon IPRs. The Identification Procedures generally proceed more smoothly and in a timely manner than court procedures; however, in recent years, the effectiveness of this best practice has decreased with a rapid increase in the number of cases involving overseas vendors selling and sending a small number of counterfeit goods directly to individuals in Japan due to the development of e-commerce and the lowering of international shipping rates. In the Identification Procedures for such cases, some importers submit an opinion that they imported goods not for commercial use but for private use and are

therefore not infringing upon other's trademark rights. In this regard, the Trademark Act requires that the use of a trademark be done "as a business" in order to constitute trademark infringement (Article 2(1) of the Trademark Act). Accordingly, the importing of counterfeit goods for private use is not considered as an act of trademark infringement. Due to such legal background, it has become difficult for Customs to rebut the importer's claim of private use in its limited procedures and to enforce measures against such imported infringing goods at the border. As such, importation by traders disguised as private imports or vicarious services thereof have also been prevailing. These circumstances have seen a greatly increasing number of companies that sell genuine products suffering damages in the Japanese market, including loss of sales opportunities and damage to their brand and corporate image.



Amendment of Trademark Act

In response to the recent increase in cross-border trade and the influx of counterfeit goods in Japan, the amended Trademark Act was promulgated on May 21, 2021, to recognize that sending counterfeit goods to Japan by postal mail or otherwise is an infringement of trademark rights when those goods enter Japanese territory. Consequently, counterfeit goods will be successfully subject to enforcement at Customs since trademark infringement will be established regardless of whether the domestic importer imported "as a business" or for private use. An equivalent amendment to the Design Act was also enacted on the same date.

Conclusion

In light of the recent amendment, we highly recommend the owners of trademarks in Japan who have been suffering from the existence of counterfeit goods to file an Application for Suspension with Japan Customs, which is the procedure whereby IPR holders request Customs to initiate Identification Procedures in cases where Customs detects goods suspected of infringing upon their IPRs in imports or exports. Upon acceptance of the Application for Suspension, the rights and the method of identifying the infringing goods will become clearer for Customs, which will enable more effective border control. TMI Associates is pleased to offer our assistance in filing the Application and handling the subsequent proceedings based on our extensive knowledge and experience in the field.

Topics01

Shunji Sato Spoke at Geneva IP Network's Webinar

On June 22nd, 2021, **Shunji Sato** (Partner / Trademark Attorney) spoke at a webinar on "*Asia - Brand Enforcement and Brand Protection – highlights, best practices, recent relevant case law & upcoming changes from Japan, Taiwan, India,*" hosted by Geneva IP Network, together with Shwetaree Majumder (Fidus Law Chambers, India) and Peter Dernbach (Winkler Partners, Taipei).

Topics02

Shunji Sato Spoke at Various Webinars about Consent System

Shunji also spoke at a webinar "*Consent system in the Reiwa Era*" at the 18th Open Forum hosted by the Central Research Institute of Intellectual Property of the Japan Patent Attorneys Association (JPAA) on March 2nd, 2021 and at the Study Session hosted by the Trademark Practice Study Group of the Japan Trademark Association (JTA) on April 7th, 2021. Shunji further spoke on a panel about "The promise and the challenges toward the introduction of the consent system in Japan" at the Joint Session by the Japan Patent Office (JPO) and the Japan Trademark Association (JTA) on June 16th, 2021.

3. Should I Choose "Opposition" or "Invalidation Action"?



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Introduction

In Japan, there are two ways to challenge the validity of trademark registrations based on absolute or relative grounds after the trademark is registered – “Oppositions” or “Invalidation Actions.” Both procedures have several elements in common, but also feature some important differences. Which one is it best to choose?

Opposition or Invalidation Action?

Japan has adopted a “post-grant opposition” system since 1997 to comply with the Madrid Protocol which requires member states to issue First Office Actions within 18 months. At that time, it took 3 to 5 years for trademark registrations to issue and the desire to speed up such delayed examination

	Opposition	Invalidation Action
Purpose	Re-examination (Ex-parte proceeding)	Dispute resolution (inter-partes proceeding)
Who can file?	Any person	Interested persons
When to file?	Within two months of the publication	Within five years after the registration date, in principle
Grounds	Most of the grounds are in common between the actions	
Proceedings	Documentary proceedings (in principle)	Oral proceedings (in principle)
Time to Decision	8-10 months	13-15 months
Where to bring the action?	Trial and Appeal Department (TAD) at the JPO	
Appeal	Only possible against decision of cancellation	Possible to appeal the IP High Court
Cost (Official Fees)	JPY 11,000+JPY 8,000per additional class	JPY 55,000+JPY 40,000per additional class

process was an important issue behind the decision to join the Madrid Protocol. As a result, two similar procedures, Oppositions and Invalidation Actions, are co-existing. The above chart shows the comparison of these two similar procedures.

Although both procedures are similar, in an Invalidation Action, the TAB tends to examine the case more thoroughly as opposed to in Oppositions. Moreover, even if the opponent is dissatisfied with a dismissal in an Opposition procedure, it is still possible for it to file an Invalidation Action based on the same grounds.

Oppositions rarely succeed

Based on the statistical information published by the JPO¹, the average success rate of Oppositions in the past 10 years is only 13.9%, whereas that of Invalidation Actions is 36.2%.

Success Rate in the Past 10 Years	
Oppositions	Invalidation Actions
13.9%	36.2%

This clearly shows that the Japanese Opposition system does not appear to be working effectively as a re-examination system for registered trademarks. It is said that the JPO’s TAD is reluctant to overturn decisions made by examiners in the same administrative agency by way of an ex-parte proceeding. This may be true because the JPO receives Oppositions after the registration is granted under a “post-grant opposition” system.

Conclusion

It is clear that challenging the validity of a trademark registration by filing an Invalidation Action will have a better chance of success in Japan, considering the low success rate in Opposition proceedings. Thus, we recommend filing an Invalidation Action, especially when you are able to collect more evidence to challenge the validity. Alternatively, in order to avoid spending unnecessary time and money by choosing an Opposition or Invalidation Action, it is also advisable to use the “information provision system” under which anyone can submit reasons and evidence for the rejection of a pending trademark application during the examination stage.

¹ JPO Status Report

<https://www.jpo.go.jp/e/resources/report/statusreport/index.html>

4. Serving Foreign Judicial Documents in Japan



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Introduction

Many Japanese companies are now involved in patent infringement litigation or other proceedings around the globe. If a lawsuit is filed in a foreign court against a Japanese company that has no subsidiaries or business offices in the foreign state, the foreign court has to serve the relevant judicial documents (such as a complaint) on the defendant in Japan. Such service of foreign judicial documents, however, falls within the exercise of jurisdiction, which cannot be carried out by a foreign court in Japan without Japan’s judicial assistance. This article briefly introduces the methods for serving foreign judicial documents in Japan.

Framework of the methods to obtain judicial assistance in Japan for foreign proceedings

The methods to obtain judicial assistance in Japan for foreign proceedings vary depending on the existence and contents of the bilateral or multilateral conventions between Japan and the foreign states at issue.

Service under the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters (the “**Hague Service Convention**”) is one of the most commonly used methods in practice.¹ Japan is a signatory to the Hague Service Convention and has agreed to respond to other signatories to the Hague Service Convention should they request Japan to serve documents concerning civil or commercial cases under the rules thereof.²

Japan is also a signatory to the Convention Relating to Civil Procedure (the “**Hague Civil Procedure Convention**”). A state that is not a signatory to the Hague Service Convention but is a contracting state to the Hague Civil Procedure Convention is able to request Japan’s judicial assistance thereunder.^{3,4}

In the event of a state that is not a party to these Conventions requesting Japan’s judicial assistance, Japan responds to such request in accordance with relevant domestic law; namely, the

Act Relating to the Reciprocal Judicial Assistance to be Given at the Request of Foreign Courts.⁵ Such Act stipulates that, at the request of foreign courts, Japanese courts shall provide assistance in serving documents, etc., provided that the request shall, *inter alia*, come through diplomatic channels.⁶

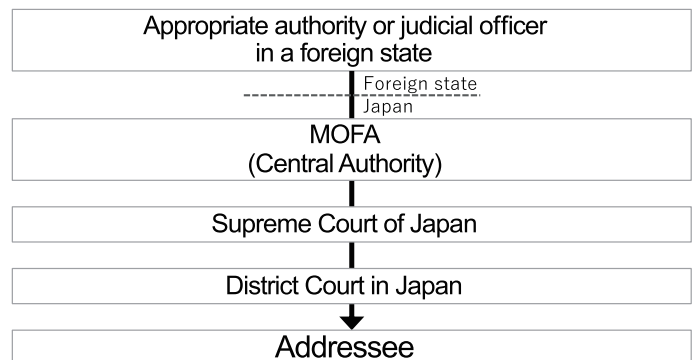
Service of process in Japan for proceedings in a foreign state under the Hague Service Convention

■ Formal service (Art. 5(1))

Art. 5(1) of the Hague Service Convention provides two methods – (a) a method prescribed by the laws of Japan for the service of documents, and (b) a particular method requested by the applicant. The latter method can be carried out unless it is incompatible with the laws of Japan.

An appropriate authority or judicial officer in a contracting state to the Hague Service Convention can make a request to Japan’s central authority to serve its judicial document in Japan in accordance with Art. 5(1). Japan has designated the Minister of Foreign Affairs in Japan (“**MOFA**”) as its central authority which accepts incoming requests for service. The request must be written in English, French or Japanese.

As shown in the chart below, upon receipt of a request, MOFA refers the document to the Supreme Court of Japan and the document is then forwarded to a district court in Japan that has jurisdiction over the addressee. Where the document to be served is a complaint, it will be served via the district court using a process called *tokubetsu-sotatsu* which is a special type of court mediated service by mail.



Once service is effected, a certificate of service then passes to the requesting authority through the same channels in reverse. In a case where the document cannot be served, a certificate setting out the reasons preventing service is prepared.⁷

With respect to the timing involved, it generally takes around four months for foreign proceedings to be effectively served in Japan under the Hague Service Convention, from the time when MOFA receives the request from the requesting

state, to the time when MOFA transmits the service result to the requesting state.⁸

It must be emphasized that the MOFA requires full Japanese translations to be attached for any document to be served in Japan. However, even if some parts of the documents are not translated, the documents can still be served as an informal/voluntary service pursuant to Art. 5(2) of the Hague Service Convention unless such service has not been intentionally deleted in the request form.

■ Informal/voluntary service (Art. 5(2))

Furthermore, under Art. 5(2) of the Hague Service Convention, a judicial document may be served by delivery, with or without its full translation, to an addressee who accepts it voluntarily.

In such case, a court clerk at the district court uses regular mail to notify the addressee of the document to be served, and the addressee can accept it by appearing by itself or through its proxy or request the court to forward the document. In a case where the addressee fails to respond to the court within three weeks from the date of notification, the informal/voluntary service is deemed to be refused. When the informal/voluntary service is refused, the request is returned unexecuted.

■ Direct service through diplomatic/consular channels or by mail

Direct service through diplomatic/consular channels or by mail is not available in Japan.

Art. 8 of the Hague Service Convention permits the service of judicial documents directly through its diplomatic or consular agents unless the signatory country has objected to such service. Art. 10(a) of the Hague Service Convention permits the “sending” of judicial documents by mail unless the signatory country has objected to such service, and some foreign courts have interpreted this as including service of process.¹⁰ However, Japan has declared its opposition to Art. 8 and Art. 10(a) of the Hague Service Convention.¹¹ As such, service of process in Japan under the Hague Service Convention must be via MOFA as the central authority.¹²

Enforcement

As stated above, service of process in Japan can certainly be said to be feasible (with some patience). It should be noted, however, that a served process does not necessarily result in it being easier to enforce foreign judgments in Japan, and Japan is not a party to any bilateral or multilateral treaties regarding reciprocal recognition and enforcement of foreign judgments, such as the Hague Convention on Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters.

A judgment rendered by a foreign court can be recognized in Japan (without the need for a separate procedure) if it satisfies the requirements of the Code of Civil Procedure (the “CCP”).¹³ In order to enforce a foreign judgment, the proponent must obtain an enforcement judgment before a Japanese court and then file a petition for compulsory enforcement based on such judgment. A final and binding judgment rendered by a foreign court is valid in Japan if it meets all of the requirements prescribed in the CCP. One of the requirements is that the defendant has been served (excluding service by publication or similar means) a summons or an order necessary for the commencement of the suit or has appeared without receiving such service.¹⁴

Conclusion

As summarized herein, formal service under Art. 5(1) of the Hague Service Convention requires full Japanese translations of a complaint and summons and direct service by mail is no longer available in Japan. Accordingly, it could be significant for a plaintiff who has brought a lawsuit before a foreign court against a Japanese entity to have negotiations wherein the defendant appears before the foreign court without receiving such service or voluntarily accepts the judicial document under Art. 5(2) of the Hague Service Convention, in exchange for giving certain advantages in favor of the defendant, such as an extended time period to respond to the complaint.

⁶ For more detailed protocols regarding requests under the Reciprocal Judicial Assistance Act, please see <https://www.mofa.go.jp/files/000409876.pdf>

⁷ Reasons preventing service include “moved,” “return unknown,” and “unclaimed.”

⁸ The impact brought about by COVID-19 may cause more delays in the service of proceedings.

⁹ See Art. 5(3) of the Hague Service Convention.

¹⁰ In the U.S. for example, please see *Water Splash, Inc. v. Menon*, 137 S. Ct. 1504 (2017).

¹¹ https://repository.overheid.nl/frbr/vd/004235/1/pdf/004235_Notificaties_70.pdf

¹² Apart from service of process under the Hague Service Convention, service of judicial documents under a bilateral convention, if applicable, is also available. In this regard, Japan has entered into bilateral Consular Conventions between the U.S. and the U.K., respectively.

¹³ Act No. 109 of June 26, 1996, as amended.

¹⁴ Art. 118(2) of the CCP.

¹ A current list of the signatory states and information as to any observations, declarations, or other matters is available on the website of the Hague Conference on Private International Law.

² For more detailed protocols regarding requests under the Hague Service Convention, please see <https://www.mofa.go.jp/files/000409873.pdf>

³ A contracting state to both Conventions must request Japan’s judicial assistance pursuant to the Hague Service Convention. See Art. 22 of the Hague Service Convention.

⁴ For more detailed protocols regarding requests under the Hague Civil Procedure Convention, please see <https://www.mofa.go.jp/files/000409874.pdf>

⁵ Law No. 63 of March 13, 1905, as amended

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 our firm from the beginning, and we boast an unrivaled level of experience and achievement in this area.

Organizational Structure

TMI, has a total of more than 1,000 employees worldwide, including over 570 IP/Legal professionals, comprised of 489 attorneys (Bengoshi), 84 patent/trademark attorneys (Benrishi), and 42 foreign law professionals.

Attorneys (Bengoshi)	489
Patent / Trademark Attorneys (Benrishi)	84
Foreign Law Counsels	7
Foreign Attorneys	35
Advisors	7
Management Officers	2
Patent Engineers, Staff	423
Total	1,047

(As of July 9, 2021)

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 Customs. TMI handles over 8,200 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.

Electronics	28	Chemical	13
Mechanical	16	Bio, Pharma	6
Design <small>overlap included</small>	6	Trademark	21
IP Lawyers	80		

Awards

TMI and its attorneys-at-law/patent and trademark attorneys have been the proud recipients of prestigious awards every year. Here is a selected list of just some of the many awards and recognitions. In 2021, it is a great honor that TMI was ranked in *IAM Patent 1000* in the highest tier in all categories - patent prosecution, litigation and transactions!



TMI Associates



TMI Associates



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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