

# 3 Study on a Proper Scope of Protection under Intellectual Property Systems

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*Intellectual property laws establish multiple systems for protection of proprietary information depending on the type and the form, and have enhanced the scope of protection in line with economic development and social changes. This study analyzes and examines how the systems under existing intellectual property laws deal with new types of intellectual property that are being created due to such economic development and social changes and the interrelations among these systems. More specifically, it considers the limitation facing companies on the scope of protection under intellectual property laws, the coordination of conflicts between trademarks registered under the Trademark Law and well-known and famous trademarks protected under the Unfair Competition Prevention Law, amendments of the Design Law, and the relationships of systems for GUI (Graphical User Interface), three-dimensional trademarks and copyrights with other intellectual property systems.*

## I Posed Problems

Intellectual property laws establish systems for protection of specific information. In response to economic development and social changes, the scope of protection has been enhanced by protecting new types of information under existing systems and establishing new systems. This study intends to examine how existing laws can deal with the intellectual property-related problems that are being created due to economic development and social changes, and if they cannot, what measures should be taken, and how we should consider the interrelations among existing intellectual property laws that provide ad hoc protection. In regard to these issues, the following problems were posed by members.

## II Limit on the Scope of Protection under Intellectual Property Laws

### 1 Product Concepts and the Use of Marks in Cyberspace

#### (1) Introduction

Companies are facing new problems caused by such change in the environment as the improvement of the functions and performance of computer hardware, the advancement in software technology, and the spread of the Internet. Under such circumstances, an attempt was made to pose problems and consider resolutions with respect to the proper protection of designs to meet with the present situation and the proper use of others' signs in cyberspace.

#### (2) Proper Way of Protecting Designs

(i) A specific example

① Development history

Sony Corporation released the "AIBO" entertainment robot in June 1996, and has brought

out various types of "AIBO" in a series to this day. This robot has the following features:

- (a) a proposal for a new product area;
- (b) metallic and machine-like design in the motif of an animal;
- (c) an original operating system and advanced autonomous functions.

To protect rights in original ideas involving its product concept, the software and hardware technology that supports the concept, and its design, Sony filed trademark applications for the name "AIBO" or the like and design applications for its shape, mainly designating classifications of robots and toys, in addition to patent applications.

② Occurrence of problems

After "AIBO" was released, a number of products that merely imitated the concept of a metallic animal came on to the market, such as dog-shaped toys with metallic colors similar to that of "AIBO".

These products caused the following problems.

- (a) Confusion with "AIBO";
- (b) Change and damage to the product image that "AIBO" established;
- (c) Inhibition of the potentiality of the merchandizing business to be promoted on the basis of "AIBO".

Problem (a) was settled for the most part under the Design Law and the Unfair Competition Prevention Law. With respect to problems (b) and (c), however, clear legal grounds for resolution could not be found in the consideration at that time.

This is a problem of whether legal protection is being sufficiently given to the company for its efforts to invest a lot of time and resources in the development of "AIBO" and to create a new market.

(ii) Consideration—desirable legal protection for the creation of a new market (besides the approaches under the Patent Law)

① Protection of signs

(a) Trademark Law

Though the time period for examination has been shortened, it is impossible to take effective measures against counterfeits appearing immediately after the release of a new product, by taking steps of filing an application for a trademark registration, prosecution and enforcement for each goods or service. Furthermore, it is not always realistic to require a higher-level trademark examination than before.

Focusing attention only on the reduction of the time period until the grant of right, if the post-opposition examination system is introduced, it will be possible to examine whether and to what extent a monopoly right should be granted, when necessary, so that overall early grant of proper rights will be expected.

(b) Unfair Competition Prevention Law

In the "AIBO" case, it seems possible to argue and prove that "AIBO" falls under a goods or other indication well-known to the public under the provision of Article 2(1)(i) of the Unfair Competition Prevention Law. However, as to the requirement of confusion, since the above imitations do not share the same market with "AIBO", it is difficult to argue that these imitations would cause not only confusion with "AIBO" in the narrow sense but also a false recognition that any license agreement had been concluded for the production of them. For these reasons, it would not be easy to apply the broad theory of confusion to a greater extent.

It would not be easy either to argue that "AIBO" is a famous indication under the provision of Article 2(1)(ii), considering the past cases. It would also be difficult to take measures against change or damage to the product image under the existing law.

Consequently, it seems effective to provide legal protection from a new perspective, to define an act of imitating characteristics of another's product to which a goods or other indication is attached and causing change or damage to the image of the product, and an act of doing one's own business that takes advantage of another's business efforts, called "free riding", as an act of unfair competition.

② Protection of creation

(a) Design Law

It is also ineffective as a measure against counterfeits to carry out a series of procedures under the Design Law, from the filing of an application, through to examination, registration and enforcement. Even if "AIBO" is to be protected under the design registration, it would be protected only against products that are identical or similar to "AIBO" in the category of "toys", and there would be a problem of whether sufficient protection could be provided for products not falling under the extent of conventional goods within the

conventional framework of goods.

For these reasons, it is necessary to consider introducing the post-opposition examination system and relaxing the requirement for object of protection to be an article.

**(3) Use of Others' Signs in Cyberspace**

(i) Definition of the problem

Companies' logos often appear on websites of private individuals on the Internet. Conventionally, except under special circumstances, non-commercial transmission of information especially by private individuals has not been treated in connection with the Trademark Law or the Unfair Competition Prevention Law, and no countermeasures have been taken against such transmission. However, since the influence of the Internet has become considerable, it seems necessary to establish some rules for using others' sign on a website on the Internet.

(ii) Consideration — what coordination will be required?

In this respect, it was considered what cases will be acceptable as a reasonable and lawful use of others' sign.

① the use would not cause false recognition or confusion between the another's trademark and the owner of the website.

② the use would not harm the distinctiveness of the another's trademark.

To use a registered trademark as a generic name on websites including non-profit websites and websites for criticism would have an unfavorable influence on the original distinctiveness of the trademark. However, it is not easy for the right holder of the trademark to require correction of such use because there are no applicable provisions under the Trademark Law. For the purpose of protecting trademarks, it will be necessary to take some legislative measures on this issue. Under the European Community Trademark System, it is provided (Article 10 of the COUNCIL REGULATION (EC) No 40/94) that the proprietor of the trademark may request the publisher to correct the use of the trademark as a generic name in a dictionary, encyclopedia or similar reference work by an indication that it is a registered trademark.

③ the use of others' sign shall be the scope and contents necessary for citation.

Citation of others' trademark should be allowed under certain rules, but the scope and contents of the use shall be limited for the purpose of the citation.

This consideration is not aimed at restricting the contents of information that can be transmitted but focuses on proper protection of others' trademark to be used for such transmission of information. It is necessary to be careful not to restrict websites for criticism that are not always favorable to companies.

## 2 Store Designs

### (1) Purpose

Companies often develop their own products or stores after researching products, business methods and store designs of other popular competitors. Such acts would cause conflicts depending on the extent to which they make reference to the competitors. Considering such situation and from the perspective of protecting store designs, the possibility of expanding the scope of protection under the Unfair Competition Prevention Law and the limit thereof will be examined here.

### (2) Protection of Store Designs and the Laws Concerned

A store design is defined as an overall design of a commercial space that incorporates the exterior of a store including signboards and show windows and the interior including floors, ceilings, walls, lightings, furniture, fixtures and fittings as well as the layout thereof. In creating a store design, various factors are considered such as the products and services to be provided at the store, the targeted consumers, brand images, efficiency, and the environment in which the store is to be located. A store also serves as a place for the company to inform customers of the images and concept of its brands.

Here, what would be the grounds under the existing laws for protection of store designs against imitation by third parties will be considered.

#### (i) Design Law

Since a store is not deemed to be an “article” under the provision of Article 2 (1) of the Design Law, it is impossible to obtain a design registration for the design of the store. For this reason, the Design Law cannot provide any countermeasure against imitations of overall store designs.

#### (ii) Utility Model Law

Under the Utility Model Law, an article has a broader meaning, and a store may be treated as an article if it has any structural feature. Therefore, the layout within the store and technical devices applied to fixtures and fittings may be protected under the Utility Model Law. However, as substantive examination on utility model applications shall no longer be required in accordance with the amendment of the law that came into force in January 1994, and utility model registrations have a high risk of being invalidated later due to lack of novelty or inventive steps. Consequently, it is difficult to enforce rights under utility model registrations.

#### (iii) Patent Law

To be protected under the Patent Law, technical idea applied to fixtures and fittings or equipment must satisfy the requirements for patentability such as novelty and inventive steps. Accordingly, a store design may be deemed to be an

technical idea if its specific construction and the effect achieved by such construction are properly described and satisfy the requirements for patentability.

#### (iv) Trademark Law

It seems theoretically possible to protect a store design under the Trademark Law because the trademark system has been amended to enable three-dimensional trademarks to be registered and there is no requirement that a trademark must be an article. In reality, however, it would be difficult to obtain an effective trademark registration for a store design due to various problems concerning the designation of goods or services and the distinctiveness of a trademark.

#### (v) Copyright Law

##### ① Design drawings as works under the provision of Article 10(1)(vi) of the Copyright Law

A store design is expressed on a design drawing that can be protected under the Copyright Law. Such design drawings as those of a refrigerated warehouse, a building, an apartment building, and so forth have been recognized as works under the law. However, the right of reproduction for such design drawing shall extend to the drawing itself and only control the act of physically reproducing the drawing.

##### ② Architectural works under the provision of Article 10(1)(v)

There is no judicial precedent that recognized a store design as a “work”, and no specific standard for granting a copyright to a store design has been established. “Architectural works” are construed as architectural structures with artistic value, and an act of building an architectural structure according to a design drawing is deemed to be reproduction. Therefore, such architectural structures may not be protected as architectural works and no infringement of the right of reproduction shall occur unless they have artistic values (decision of Fukushima District Court in “Shinobu Design” case on April 9, 1991). Consequently, there seems to be only a few cases in which store designs may be recognized as works under the Copyright Law, as they are created putting greater emphasis on utility and functionality.

#### (vi) Unfair Competition Prevention Law

Where a store design is recognized to be well-known as a goods or other indication of a business, if a third party uses a store design similar to the well-known design and causes a false recognition or confusion between these two, such act of the third party shall fall under the scope of an act of unfair competition.

##### ① Expansion of the scope of protection under the Unfair Competition Prevention Law

A goods or other indication under the Unfair Competition Prevention Law should be broadly construed as “a designator of the origin”. In that case, a store design is highly likely to be recognized

as serving as a designator of the origin, because there is a possibility that a third party's store is falsely recognized as being associated or affiliated with stores with a consistent store design, if the third party applies a store design that is similar to the former design. In order for a store design to be recognized as a goods or other indication, there would be various important issues to be considered such as whether it has unique characteristics, whether it has been continuously and exclusively used for a long time, and whether any powerful promotion has been carried out for the design.

Even though there is no confusion concerning the business operator or the origin of goods, "a confusion in the broad sense" shall be recognized, if the use of an indication that is identical or similar to a well-known indication causes any false recognition that the right holder for the well-known indication and the appropriator have a certain business, economic or organizational relationship. Therefore, an imitation of a store design may also be recognized as causing a confusion of the origin.

② Problems in protecting store designs

There are various problems to be solved in order to provide protection under the Unfair Competition Law, such as (a) how to identify the indication of business, (b) how to distinguish the characteristics and the functions as the indication of business from a store design, (c) the difference in the specification among stores, (d) how to prove the occurrence of false recognition or confusion, (e) how to identify the subject of the injunction, and so forth.

(vii) Provision on unlawful acts as a supplementation of the Unfair Competition Prevention Law

① Unfair competition and the responsibility for an unlawful act

The Unfair Competition Prevention Law lists types of acts to be prohibited as acts of "unfair competition", and the provisions of the Unfair Competition Prevention Law shall not apply to other acts of unfair competition that do not fall under the list. However, there is a room for these acts to be recognized as unlawful acts under Article 90 of the Civil Code depending on cases.

② Problems in remedies on the ground of unlawful acts

Even if it is difficult to apply the Unfair Competition Prevention Law to imitations of store designs, it is necessary under special circumstances to recognize unlawful acts under the Civil Code and provide remedies for damage from imitations of store designs. Analysis of judicial precedents shows that unlawful acts are likely to be recognized when a third party unduly wins customers by using a store design that is almost identical to another's store design. However, it

should be noted that remedies for damage from unlawful acts shall in principle be provided in the form of monetary compensation and no injunction against the use of a store design may be granted.

In particular, there is a case that no remedy was provided due to the difficulty in proving the damage, despite the use of a store design being recognized as an unlawful act. It is extremely important to make it possible to grant an injunction against such type of unlawful act in some way.

The Paris Convention provides that "any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition" (Article 10bis (2)), and such general provision is found in unfair competition prevention laws of other countries.<sup>(\*)</sup> In Japan, there was a discussion about introduction of such general provision into the Unfair Competition Prevention Law, which was deferred at the time of amendment of the law in 1993.

### 3 Product Number - Case Related to the Problem on the Scope of Protection Which NGK Spark Plug Co., Ltd. Is Experiencing

#### (1) Overview

(i) Overview of the NGK Spark Plug Co., Ltd. and the plug market

NGK Spark Plug Co., Ltd. (hereinafter referred to "the Company"), the former automobile plugs department of NGK Insulators, Co., was separated and inaugurated in 1936, and has been consistently carrying out the business of spark plugs, one of the major product lines, from development through to production and marketing, since its inauguration to date.

The Company has a share of about 26% of the world plug market. As more types of plugs have been coming onto the market every year, the Company deals with more than 1,000 types of plugs.

(ii) Trademarks of NGK Spark Plug Co.

In the world plug market, the trademarks of the Company (trademarks including "NGK" are at present registered in 136 countries, for plugs as designated goods) are well-known and famous on a global scale.

#### (2) Cases of Disputes Concerning the Limit on Protection of Intellectual Property and Problems to be Considered

(i) Problems related to product names (product numbers)

① Outline of product numbers attached to plugs

The Company has established a product number system for attaching product numbers to plugs as the original product names, and has

(\*) Kazuko Matsuo, "Fusei Kyousou Boushi Hou Ni Okeru Ippan Joukou (General Provisions in Unfair Competition Prevention Laws), *Jurisuto*, No. 1005, p. 16 (July 15, 1992).

indicated the product numbers on packages as indications indispensable to identifying the products, in combination with the company trademarks and other marks.

② Specific cases involving the product numbers

(a) Dispute case 1

Some companies appropriate and indicate the product numbers of the Company, as it is, on their own packages with their trademarks and different impression. Such cases were frequently seen in markets of developing countries, mainly in South East Asia.

Such appropriation of product numbers without alteration seems to cause a lot of problems from the perspective of protecting intellectual property, securing fair competition and protecting consumers.

(b) Dispute case 2

Some companies indicate both of their own product numbers and the product numbers of the Company on their own product packages. Some of them further have an indication to the effect that their product numbers are “equivalent to” the product numbers of the Company, or explain to their trading partners that it is easy to see the correspondence between their own product numbers and the product numbers of the Company, and therefore, it is easy to find products.”

Since acts mentioned in the above cases would cause damage to or dilute the significance and trust of indications attached to products that has been acquired and cultivated over many years, it seems necessary to consider taking measures from the perspective of protecting intellectual property. However, it can be said that a certain consensus has already been established in the industry that it is allowable to indicate and provide correspondence with competitors’ product numbers in a specific form.

(ii) Present situation and problems concerning legal systems for protecting intellectual property and the operation thereof

① Handling under the Trademark Law

(a) Nature of product number

A product number is generally defined as a sign that indicates the specification of a product with respect to its shape, quality, size, weight, function, structure, etc., and basically it is not deemed to serve as a designator of the origin or have distinctiveness.

(b) Handling under the Trademark Law

Even though a product number is not simple or common but original in the form of indication, it shall fall under unregistrable trademarks in Article 3(1)(iii) of the Trademark Law and may not be registered as a trademark, as long as it is at least recognized as a product number among the same industry. However, if the product number has come to be recognized as serving a designator of the origin or having distinctiveness through being used,

it is possible to obtain trademark registration for the number.

② Handling under the Unfair Competition Prevention Law

(a) Does a product number fall under a “goods or other indication” provided in Article 2(1)(i) and (ii) of the Unfair Competition Prevention Law?

A typical example that falls under a “goods or other indication” is the “configuration of goods”. If a product number has characteristics different from those of competitors’ product numbers, is designed with ingenuity, and has been exclusively used over many years, it will be deemed to serve as a designator of the origin or have distinctiveness in indicating that the product attached with the number belongs to a particular person, in addition to performing the fundamental functions of product numbers, and therefore will fall under the scope of a goods or other indication.

(b) Judicial precedents

The following are the cases of either decisions or provisional injunction by lower courts and rulings were presented on whether a “product number” fell under a “goods or other indication”.

(A) Case concerning the request for injunction against the use of the product number of a float as a goods indication

(Osaka District Court, 1978 (Wa) No.1897 on March 27, 1981)

(B) Case concerning the request for provisional injunction of sales and distribution of ethical herbal medicine through the use of a package registered as design and of a product number

(Nagoya District Court, 1981 (Yo) No. 1404; on September 29, 1982)

(C) Case concerning the request for prohibition of the use of a trade name

(Osaka District Court, Case No. (Wa) 1326 of 1993; judgment on January 25, 1996)

(D) Case concerning the request for damages

(Osaka District Court, 1994 (Wa) No. 4263; on February 29, 1996)

In cases (A), (C) and (D), the courts held that the “product number” alleged by the plaintiff fell under a “goods or other indication” under the Unfair Competition Prevention Law, because it had distinctiveness and served as a designator of the origin, and ordered the defendant to discontinue the use of the similar goods or other indication and pay damages. In case (B), on the other hand, the request was dismissed on the ground that the plaintiff’s product number failed to have distinctiveness.

(c) Problems to be considered

It seems possible to protect product numbers under the existing Trademark Law and Unfair Competition Prevention Law to some degree. To achieve more proper protection, further consideration will be required on the following matters.

Where a product number itself, having the function of providing information on the specification, is designed with ingenuity and serves as a designator of the origin or has distinctiveness, it shall not be considered as deviating from the purpose of Article 3 (1)(iii) of the Trademark Law even if a trademark registration is granted for such product number. Furthermore, as trademarks (pet marks) attached to products themselves are often combinations of characters, signs and numerals, the difference between product numbers and such trademarks is very subtle. Consequently, if a trademark registration may not be granted for a product number until it acquires distinctiveness through being used, it would diminish the purpose of the Trademark Law, i.e., the smooth acquisition of trust with the use of trademarks.

In this respect, further consideration is expected from the interpretative and legislative perspectives concerning the term “a mark indicating in a common way” provided in Article 3(1)(iii) of the Trademark Law.

### III Problems under the Trademark Law and the Design Law

#### 1 Registered Trademarks and Well-Known or Famous Trademarks

##### (1) Introduction

The Trademark Law has provisions for coordination between registered trademarks and unregistered well-known or famous trademarks, however, no provision for coordination with the Unfair Competition Prevention Law. Therefore, problems are raised when a conflict occurs between a registered trademark and a well-known or famous trademark.

This section will consider how the relationship between registered trademarks and well-known or famous trademarks can be coordinated and point out the necessity for legal amendment if coordination is insufficient.

##### (2) Coordination under the Trademark Law

###### (i) Requirements for registration

###### ① Article 4(1)(x) of the Trademark Law

Trademark registration may not be obtained in the case of trademarks that are similar to well-known trademarks. This secures a broad scope of use for unregistered well-known trademarks to such extent that the mark, goods or service are identical or similar to those of a trademark for which registration is sought. There is a decision in which a trademark was recognized as well-known even through it was attached to a product that did not have high sales, because whether a trademark was famous or not was judged on the basis of how popular it was. (Tokyo High Court in “COMPUTERWORLD” case on February 26, 1992)

###### ② Article 4(1)(xii) of the Trademark Law

Trademark registration may not be obtained in the case of trademarks that are identical to defensive marks, which means that famous trademarks are protected even if the designated goods or service is not similar to that of the trademarks for which registration is sought.

###### ③ Article 4(1)(xv) of the Trademark Law

Trademark registration may not be obtained in the case of trademarks that are liable to cause confusion with goods or service connected with another’s business, which means that a broad scope of use is secured for famous trademarks. They are protected even in cases where the goods or service is not similar to that of the trademarks for which trademark registration is sought, provided that the requirement for “confusion” is satisfied.

###### ④ Article 4(1)(xix) of the Trademark Law

Trademark registration may not be obtained in the case of trademarks identical or similar to the trademarks that are well known or famous abroad though not well known or famous in Japan, if they are used for unfair intention. (Tokyo High Court in “iOffice2000” case on November 20, 2001)

###### ⑤ Article 4(1)(vii) of the Trademark Law

Trademark registration may not be obtained in the case of trademarks that are liable to contravene public order or morality. This provision shall apply when an application for trademark registration is filed in bad faith (unfair intention), even though the requirement under Article 4(1)(xix) of the law is not satisfied.

###### ⑥ Article 4(1)(viii) of the Trademark Law

Trademark registration may not be obtained in the case of trademarks that contain a famous abbreviation of another’s name, irrespective of whether the designated goods or service is identical/similar to that of trademarks for which trademark registration is sought.

###### ⑦ Article 4(1)(xi) of the Trademark Law (conflicts with registered trademarks)

A famous trademark for which a trademark application is filed has a tendency to be registered on the ground that it would not cause any confusion with a cited registered trademark. Where both a trademark for which a trademark application is filed and a cited registered trademark are well known or famous, two registrations are likely to coexist. Where a registered trademark is well known or famous, a wider range of trademarks is recognized to be similar to the registered trademark.

###### (ii) Cancellation of the registration of a trademark that is improperly used

###### ① Article 51 of the Trademark Law (improper use by the registrant)

Where the owner of a trademark right for a trademark which gives a similar impression to that of a well-known or famous trademark, makes some changes to the registered trademark to make it more similar to the well-known or famous one and

causes confusion of the origin, any person may demand a trial for the cancellation of the trademark registration. (Case concerning the demand for the cancellation of the registration of the trademark "WAGENGOLF", Trial No. 13433 of 1996; trial decision on January 29, 1999)

② Article 53 of the Trademark Law (improper use by licensee)

Where a licensee uses a registered trademark or trademark similar to it and causes a false recognition as to the quality or confusion of the origin, any person may demand a trial for the cancellation of the trademark registration. ("Polo Club" Case; Tokyo High Court on December 21, 1999) However, this shall not apply where the owner of the trademark right was both unaware of the fact and taking appropriate care.

(iii) Trial for the cancellation of a registered trademark not in use

Where a registered trademark has not been in use for three consecutive years, any person may demand a trial for the cancellation of the trademark registration on the ground of non-use.

(iv) Provisions and legal theory for securing the use of a well-known or famous trademark by its owner

① Right to use trademark by virtue of prior use (Article 32 of the Trademark Law)

In order for the owner of a well-known trademark to obtain the right to use the trademark by virtue of prior use, the trademark must be well known at the time when another person files an application for the trademark. However, it was judged that such trademark was not required to be as famous as the level provided in Article 4 (1)(x) of the Trademark Law. (Tokyo High Court in "ZELDA" case on July 22, 1993)

② Contracts (separate transfer after registration)

Where the owner of a well-known or famous trademark files an application for the trademark, the owner may conclude a contract under which he/she shall assign the application for the trademark to the owner of a cited trademark and then receive the right separately transferred by the latter owner. However, if some alteration is made to the trademark in the application, the trademark might not be registered on the ground that it is similar to both the original trademark and the cited trademark.

③ Determination on similarity in infringements

Where a trademark in use is well known or famous, it shall not be considered and judged to be similar to registered trademarks based on such fact. (Osaka District Court in "Camel" case on January 30, 1992; the Supreme Court in "Kozo-zushi" case on March 11, 1997)

④ Abuse of right

If there is a reason for invalidation of the defendant's trademark right registered and in use, enforcement of the trademark shall be deemed as

abuse of the trademark right. (Tokyo District Court in "Gift Season" case on January 30, 1998)

⑤ Principle of the expiration of right

In general terms, a right shall expire if it is not enforced by the right holder for a long time. However, there has been no specific case applying this principle to infringements of trademark rights.

**(3) Coordination under the Unfair Competition Prevention Law**

There is no provision for coordination with the Trademark Law.

**(4) Conflicts and Coordination Between Registered Trademarks and Well-known or Famous Trademarks**

Courts and theories consider this issue as follows.

(i) In the case where a person B files an application for a trademark (B) after an unregistered trademark (A) owned by another person A has come to be recognized as well known

The owner A may use his/her unregistered trademark (A) by virtue of prior use under Article 32 of the Trademark Law. Furthermore, if the applicant B obtains trademark registration (B) in contravention of Article 4(1)(x) of the Trademark Law, the owner A may request a trial for invalidation of the registration of the trademark (B) and obtain a registration for his/her trademark (A) after the prior registration has been invalidated.

(ii) In the case where a person B files an application for a trademark (B) before an unregistered trademark (A) owned by another person (A) has come to be recognized as being well known

The unregistered trademark (A) shall be subject to injunction because the applicant B has precedence over the owner A under the first-to-file principle. However, if the applicant B does not use the registered trademark (B) within the area in which the owner A uses his/her unregistered trademark (A), the applicant B may not be able to win compensation for damage, but at least obtain injunction to the unregistered trademark A.

If the applicant B has committed a breach of good faith in the process of obtaining the trademark right, exercising his/her right shall be deemed to be abuse of right, and the owner A may be able to obtain remedy from B on the ground of violation of Article 2(1)(i) of the Unfair Competition Prevention Law.

(iii) In the case where a trademark (A) owned by a person A becomes famous after another person B filed an application for another trademark (B)

There are three types of approaches.

① If the applicant B exercises his/her trademark against the owner A of the famous trademark (A), such exercise shall be deemed to be abuse of right and rejected. The applicant A may not defend

himself/herself on the ground of using a registered trademark against a lawsuit brought by the owner A under Article 2(1)(i) of the Unfair Competition Prevention Law. (Yoshiyuki Tamura, *Shouhyou Hou Gaisetsu* (Outline of the Trademark Law), p. 79-96, *Koubundou*, 2000)

② Registered trademark (B) and the famous trademark (A) may coexist. However, where the application for the trademark (B) was filed with respect to a goods which is not similar to the one concerning the famous trademark (A), if the owner A uses his/her famous trademark (A) with respect to the goods designated in the application (B), it would constitute an infringement of the trademark right (B). (Katsuya Tamai, *Chomei Hyoushou To Haitaken---Tokuni Shouhyou, Chosakuken Tono Teishoku Ni Tsuite* (Famous Trademark and Exclusive Right---Focusing on Conflicts with Trademark Right and Copyright), *Patent*, Vo. 53, No. 1, P. 32 (2000))

③ From the legislative perspective, where the applicant B fails to use or enforce his/her registered trademark (B), approach ① should apply. (Makoto Amino, *Ai Teishoku Suru Touroku Shouhyou To Shuuchi Shouhyou To Ga Heizon Suru Baai No Houteki Toriatsukai Ni Tsuite* (Legal Handling of the Case of Coexistence Between Conflicting Registered Trademark and Well-Known Trademark), *Tokkyo Kanri*, Vo. 25, No. 5 (1975))

## (5) Legislation

In most cases, conflicts between registered trademarks and well-known or famous trademarks are avoided and there is a tendency that the use of well-known or famous trademarks can be secured through the following measures: ① reinforced protection of well-known or famous trademarks by amending the Trademark Law (Article 4(1)(xix); ② practices by the JPO and courts to reject registration of a wide range of trademarks that conflict with well-known or famous trademarks; ③ practices by the JPO and courts to allow registrations of well-known or famous trademarks to coexist with prior registered trademarks, even if the formers are phonetically similar to the latter, taking the actual condition of business into account; ④ interpreting the provision on damages substantially (the above Kozou Zushi decision; and ⑤ recognizing abuse of right.

Nevertheless, where an applicant for trademark registration has never committed a breach of good faith in the process of obtaining a trademark right and uses the registered trademark within a certain region, it may not be possible to secure the use of a well-known or famous trademark, even though the fact is that the

well-known or famous trademark is recognized in the market there rather than the registered one.

To coordinate such case, further legal amendments seem to be required.

The following are possible measures to be taken to achieve this. Taking measures (i) to (iii) means that the Japanese Trademark Law will take a step closer to a law under the first-to-use principle.

(i) Expressly stipulate the principle of expiration of right, specifying the time period.

(ii) Establish a provision to limit exercise of right for a trademark not in use.

(iii) Amend Article 37 of the Trademark Law to add "likelihood of confusion"<sup>(\*)2</sup> to the requirements for acts deemed to be infringement.

(iv) Introduce the consent system.

## 2 Review of the Design Law Amended in 1998

The amended Design Law has introduced the system of related design and partial-design, both of which are the core of the measures for granting broad and strong rights.<sup>(\*)3</sup> These systems and the operation thereof will be reviewed in this section.

### (1) Related Design System

(i) Purpose of introduction

For the purpose of granting broad and strong rights, the system of related design has been introduced. Under this system, the effect of right for a related design shall extend to designs similar to a related design that is similar to a principal design.

(ii) Operational problem

In operation of the existing examination procedure, even if an applicant has filed applications for design registrations with the intention of obtaining rights comprehensively by specifying a relationship of multiple designs in similarity, the examiner may, contrary to the applicant's intention, find a different relationship in similarity. In such a case, the applicant would not be able to obtain the right that he/she desires. If the applicant files without specifying similar designs in order to avoid such situation, the scope of registered designs would be interpreted narrowly.

(iii) Request for improvement of the operation

The above operational problems and the limitation that design applications for related designs must be filed on the same date as the filing date of the application for the principal design are unfavorable to applicants, because variations similar to the principal design are often developed after the application for the principal design was filed. Therefore, the operation of the system is expected

(\*)2 Ryo Shimanami, *Touroku Shouhyouken No Bukken Teki Hogo Han-I* (1), (2) (Scope of Protection of Right for Registered Trademark as Real Right), *Hougaku Kyoukai Zasshi*, Vol. 114, No. 8, P. 959 and 965 (1997).

(\*)3 Amendment of Article 3, Section 2 of the Design Law to raise the level of creativity is one of the measures for granting a broad and strong right. However, this issue is not addressed in this research and study because it will take a little more time to determine the effect of the amendment.

to be improved.

Even when the examiner finds no reason for rejection, the examiner should not make an immediate decision of registration. In this case, if there is difference between related designs that the applicant specifies as being similar to the principal design and related designs that the examiner finds similar to the principal design, the examiner should notify the applicant to that effect and advise him/her to submit an amendment or correct the scope of related designs. In addition, the amendment of the Examination Manual is desired in the future.

## **(2) Partial Design System**

### **(i) Purpose of introduction**

In order to grant a broader and stronger right for an original design, the partial design system has been introduced to grant a design registration for the design of part of an article.

### **(ii) Review of the system and the operation thereof**

#### **① Subjects to be registered as partial designs**

Since designs have different levels of creative values, it is sufficient to provide protection depending on such levels. A right should be granted for a design with creative value beyond a certain level, irrespective of whether it constitutes an important part of an article by itself. However, granting a strong right for a partial design with only a little creative value would go contrary to the direction that was aimed at upon amending the Design Law. Therefore, proper consideration should be taken in a fair manner.

#### **② Definition of the scope of designs similar to partial design**

It is recommended to grant a broad right for a frontier type and high value-added design, while defining the scope of similar designs narrowly otherwise.

#### **③ Publication of publicly-known designs**

If the Japan Patent Office publishes materials on publicly-known designs which the JPO holds, applicants will be able to estimate how narrowly they should define the scope of right in order to obtain the right for a partial design, and use the partial design system more easily. It will also be useful for the scope of right for the whole design to be more clear.

#### **④ Claiming priority**

When an applicant who has filed an application for partial design registration in Japan intends to file a design application claiming the priority based on the Japanese application in another country which has no partial design system, a problem would occur on whether both designs were recognized to be the same and the applicant could claim a priority effectively. In countries which have no partial

design system, it will become a problem that only a partial design would be imitated in order to design around by not imitating the design of the whole article. It is therefore necessary to require such countries to introduce the partial design system.

## **IV Conflicts of Laws**

### **1 Legal Protection of Graphical User Interfaces (GUI) - from the Standpoint of the Boundary between the Patent Law and the Design Law**

#### **(1) State of Basic Problems**

Legal protection of GUI under intellectual property laws has not been made clear. Here, the possibility of conflict of the scope of protection between the Patent Law and the Design Law and the coordination of the scope of protection under these laws will be considered.

#### **(2) Characteristics of GUI as A Creation and Information Property**

GUI is a creation that is to be designed and developed through creative activities in both of technology and design as well as an information property that has a certain proprietary value.

#### **(3) Protection under the Patent Law**

Under the Patent Law, it is possible to formulate claims by recognizing the creation of GUI as a software-related invention aimed at achieving a specific GUI.<sup>(\*4)</sup> In the interpretation of the scope of right in the examination process or patent infringement lawsuits, GUI shall be treated in the same manner as existing software-related inventions, inventions of general devices, or inventions of process. However, a patent right shall not be granted for intangible GUI itself. There are also problems concerning the expression form of claims. For these reasons, it is difficult to protect creation of GUI itself as an “invention” under the Patent Law.

#### **(4) Protection under the Design Law**

GUI itself, which is an intangible design to be displayed on a screen, fails to satisfy the requirement of being an article, and therefore shall not fall under the scope of protection under the Design Law. However, a design shall be protected under the Design Law if it satisfies all three requirements provided in the “Examination Guidelines on Figures Indicated in an Indication Area of an Article” (1986) and the “Guidelines on Liquid Crystal Display, etc.” (1993, 2002 (partial design applicable version)). Nevertheless, the protection of GUI is extremely limited.

In this regard, if a wider range of image

(\*4) Japan Patent Office, *Examination Guidelines for Patent and Utility Model* (amended in December 2000).

(\*5) Institute of Intellectual Property, *Hyouji Gamen Jo Ni Hyouji Sareta Gazou Dezain Ni Kansuru Hogo Ni Tsuite No Chousa Kenkyuu Houkokusho* (Research and Study on Protection of Image Designs Displayed on the Screen), Chapter VI, “*Isho Hou Ni Yoru Hogo No Arikata* (Proper Protection under the Design Law)” by Researcher Makino (IIP, 2002).

designs is included in the scope of “designs” to be protected under the existing Design Law by relaxing the interpretation of the definition of an article,<sup>(\*5)</sup> there will be sufficient room for GUI to be protected under the existing law.

### **(5) Patent Law and Design Law - Possible Conflict of the Scope of Protection**

Since the scope of protection under the Patent Law is basically in functional or technical aspects, it is unreasonable to expect protection in design aspect under the Patent Law. In this respect, the Patent Law has its limits.

Under the Design Law, on the other hand, GUI can be protected only as “design” attached to an article, e.g. a screen of a limited types of dedicated devices.

Consequently, it is hard to consider that there is a conflict of the current scope of protection of GUI between the Patent Law and the Design Law.

It is possible for a creation such as a layout or a design of a tangible property to be separately protected under the Patent Law as well as being protected under the Design Law, provided that it satisfies the requirements for patentability under the Patent Law. Therefore, both laws have their own provisions for coordination between each other. For this reason, it is hardly possible under existing laws to imagine that the same creation is evaluated and given legal protection under multiple intellectual property laws, though there may be conflicts of the scope of effect of right under such laws.

## **2 Three-Dimensional Trademark System and the Design Law**

### **(1) Introduction of the Three-Dimensional Trademark System and Its Relationship with the Design Law**

The Trademark Law as amended in 1996 newly included “three-dimensional shapes” in the components of a trademark (Article 2 of the Trademark Law), in order to also protect three-dimensional trademarks. The following problems have been pointed out in this respect.<sup>(\*6)</sup>

(a) The design system might lose substance because forms of goods in the public domain that are not protected under the Design Law have come to be protected under the Trademark Law and the increasing number of trademark applications.

(b) Competition with the design system would occur because there is no provision for coordination between the Trademark Law and the Design Law.

### **(2) Present Situation in Japan**

As the JPO strictly examines the distinctiveness

of three-dimensional trademarks, the form of goods will be judged to lack distinctiveness unless “the goods has a unique form that is unpredictable from its use or function or an ornamental shape that gives special impression”. Generally, it is difficult to obtain trademark registration without the proof that the trademark has acquired distinctiveness through being used. Especially in the case of a trademark that is composed of nothing but a three-dimensional shape, it is not easy to prove that it has distinctiveness.

Accordingly, the three-dimensional trademark system has only slight influence on the Design Law and it will not harm the *raison d’être* (significance of existence) of the Design Law.

Furthermore, the Japanese Trademark Law has no such requirement that “a trademark has a shape that gives substantial value to the goods”, which is provided in Article 7(1)(e)(iii) of the European Community Trademark Regulations.

However, this will not be a defect of the Japanese Trademark Law, because this requirement can be considered to be included in the law, if the “function” of goods or their packaging provided under Article 4(1)(xviii) is broadly defined. Furthermore, this provision intends to eliminate risk of restrictions on free competition caused by registration of trademarks, and therefore, it will be allowable to broadly define the meaning of “function” in order to deal with this problem.

## **3 Conflicts Between Copyrights and Other Intellectual Property Rights**

### **(1) Introduction**

Creations in the field focusing on functionality and practicability need protection under the Copyright Law when industrial property right systems cannot provide them with sufficient protection with the technological progress. Though copyrights can be obtained under extremely easy conditions, their protection is not in any way weak. The problems arising from such circumstances will be considered below.

### **(2) Problems of protection under copyrights**

Since there is no registration system under the copyright system, it is often the case that whether a copyright actually exists or who is the copyright holder cannot easily be revealed. It is also hard to objectively define the scope of right.

Furthermore, if it were possible to obtain protection under copyrights, people would prefer protection under copyrights to protection under industrial property rights, which might have a great impact on industrial property right system.

(\*6) Tatsunori Shibuya, *Shouhin Keitai No Shouhyou Touroku* (Trademark Registration of Form of Goods), publication in celebration of 60th birthday of Nobuo Monya *Chiteki Zaisan Hou No Gendaiteki Kadai* (Current Problems of Intellectual Property Laws), P. 305 (Hatsumei Kyoukai Japan Institute of Invention and Innovation, 1998); Riichi Ushiki, *Rittai Shouhyou Touroku Seido He No Gimmon* (Questions on the Three-Dimensional Trademark System), Patent, Vol. 49, No. 5, P. 77 (1996), *Rittai Shouhyou Seido No Dounyuu Ni Tsuite---Ishou Hou He No Chousen To Genkai* (Introduction of the Three-Dimensional Trademark System---Challenge to the Design System and Limitation), Patent, Vol. 48, No. 12, P. 23 (1995).

### (3) Review of Specific Cases of Conflicts between Copyrights and Industrial Property Rights

#### (i) Copyrights and patent/utility model rights

Technical idea is substantially protected under the Patent Law and the Utility Model Law. Although technical idea is just idea and not protected under the Copyright Law, there would be an argument that the very shape that embodies the idea is a work that can be copyrighted.

- “Journalizing panel for bookkeeping” case (Kobe District Court on February 29, 1960)
- “Eternal calendar” case (Osaka District Court on January 26, 1984)
- “Polygonal cylinder-shaped toy for child education” case (Tokyo District Court on March 27, 1989)

However, these decisions show a judicial tendency not to grant copyrights to expressions that are created by embodying technical ideas. Though this does not exclude technical ideas from ideas that are to be protected under copyrights, it means that embodiment of such technical ideas are not to be protected under copyrights. With respect to architectural works, however, as architectural structures that are made according to architectural drawings are to be protected under copyrights (Article 2(1)(xv)(Ro) of the Copyright Law), the ideas expressed on the drawings are protected under copyrights as well.

Especially in new fields, careful consideration is required because the dividing line between ideas and expressions thereof is not clearly indicated.

#### (ii) Copyrights and registered design rights

Both the Design Law and the Copyright Law recognize the possibility of conflicts between their areas, and have relevant provisions: Article 26 of the Design Law and Article 2(2) of the Copyright Law, respectively. The provision in the Copyright Law is controversial.

In some cases, protection under the Copyright Law is demanded when protection under registered design rights cannot be obtained on the ground that no design application has been filed or the term of registered design right has been expired. Such demand is generally rejected based on a limited interpretation of Article 2(2) of the Copyright Law, but there were a few cases in which protection under copyright was granted.

“Hakata doll” case (Sasebo branch of Nagasaki District Court on February 7, 1973)

“Sculpture on Buddhist alter” case (Himeji branch of Kobe District Court on July 9, 1979)

“T-shirt” case (Tokyo District Court on April 20, 1981)

These judgments suggest that some mass-produced products can be considered as works, which is not a fixed judicial trend. However, such judgment is likely to be made in the future because it has actually appeared in multiple cases.

In drawing the line between registered design

rights and copyrights, according to the widely accepted theory, mass-produced products are excluded from the scope of works, and it is likely to be judged that they should be subject to the rules under industrial property laws for the purpose of contributing to industrial development.

Conflicts between protection under design rights and protection under copyrights have a significant impact on the registered design system. Clearly, these two protection systems have been established from different perspectives, i.e., industry and culture, and they cannot replace each other. The dividing areas of these systems should be very carefully considered.

#### (iii) Copyrights and trademark rights

The Trademark Law recognizes the possibility of conflicts with the Copyright Law and has Article 29 as a relevant provision while the Copyright Law has no such relevant provision. In other words, if a mark that is used as a trademark satisfies the requirements for obtaining a copyright, there is no legal ground for denying the grant of copyright.

If a trademark right is obtained, it is possible to use the trademark exclusively and to obtain protection for a longer term than under a copyright by continuously renewing the registration. Therefore, few people would intend to obtain protection of a trademark under a copyright. Currently, efforts are being made to extend the effect of a trademark right to the use on the Internet. While the use of works on the Internet is subject to the protection under the right of public transmission (Article 23 of the Copyright Law), it is impossible to completely rule out the possibility of conflicts between protection under copyrights and protection under trademark rights in the case of marks that are attached to the provision of services.

### (4) Conclusion

In the field of industrial property, if a binding right were granted for the results of intellectual creation activities, it would have a significant impact on the entire field concerned. For this reason, the industrial property system has been established in consideration of a proper way of protection such as the registration of right and the protection term of right. The copyright system, on the other hand, is designed with the aim of protecting creation in art and academic fields in which diversity is highly evaluated. If protection under copyright extends to the industrial property field, serious problems would be caused.

Consequently, the problems of protection under copyrights in the industrial property field should be fully recognized and careful consideration is required for legislation in the copyright field. At the same time, in order to reduce problems caused by conflicts between systems, it will be more important to provide proper protection under industrial property laws in new fields.

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