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Importance of Ability of Verbalization

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Article:

Trends in Main Countries and Regions about International Standard

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Article:

**Extended Protection Strategy for the Trademarks registered under
Article 3 (2) of Japan Trademark Act**

~Utilization Example of Color-Only Trademarks and Defensive Mark Registration
System by Mitsubishi Pencil~

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Importance of Ability of Verbalization

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Introduction

Nowadays, I feel that I have more chances to see language-related books at book review columns in newspapers and at bookstores. These books cover various themes such as the structure, grammar, expressions, wording, and text writing style of the Japanese language.

One of the reasons that language attracts interest more than ever may be the emergence of text generative artificial intelligence (AI). Conventionally, handling language has been considered as an innate human ability. However, text generative AI outputs text that reads as if it were written by a human, based on provided information and data. I think that, as the text generative AI attracts attention, there has been a growing interest in the significance that humans use language, or the mechanism by which humans understand language.

Difficulty of Japanese Expressions

From the viewpoint of communication means or means for expressing thought, the Japanese language is considered as high-context. High-context refers to a state where, in communication, the background or context of the communication is shared at a high rate. In

a high-context culture, it is possible to get one's idea across to a counterpart without clearly verbalizing the idea, based on common recognition behind the communication.

In contrast, low-context refers to a state where culture is shared at a low rate in communication. In a low-context culture, it is not required to grasp context or understand culture during communication, and precise, simple, and clear communication is preferred. Low-context is a communication method opposite to high-context, and is a main communication style in Europe and the United States.

For example, in Japanese text, the subject or object is often omitted. Therefore, when there is no subject in a sentence, a reader has to determine whether the subject of the sentence is the same as the subject of a previous sentence, or is another subject. Further, the communication method of expressing one's idea using an indirect expression to have a counterpart guess the idea is also common in Japan. Due to such characteristics, the Japanese language is considered a highly difficult language, for not only people from low-context cultures, but also the Japanese people.

Ability to Verbalize an Invention

A patent attorney in a patent office grasps an invention through a document and an interview with an inventor, and prepares a patent specification. By verbally expressing the invention in grasping the invention, the patent attorney can not only understand the invention, but also deepen the contents of the invention. Grasping the invention can be said as verbally converting the invention in the inventor's mind into explicit knowledge. Further, the strength and scope of a patent right vary depending on how an invention is described in a claim(s). Therefore, I believe that the ability of verbalization is the most basic and important ability for patent attorneys.

Preparation of a Low-context Patent Specification

The description in a claim and a specification should satisfy the description requirements prescribed in the Patent Act. Attention should be paid to the fact that the Japanese language

is high-context. Even if a Japanese sentence is imperfect in terms of grammar or logic, the meaning of the sentence can be understood by making up for the lack of information. On the other hand, a claim is required to satisfy the description requirements such as clarity, and a specification is required to describe an invention clearly and sufficiently to allow a person skilled in the art to implement the invention. I think that these requirements are synonymous with the notion that a claim and a specification should be low-context.

Low-context description in a patent specification is also advantageous for translation when preparing a foreign application. The importance of Japanese specifications that are suitable for translation into foreign languages, in particular English, has been pointed out so far. In both human translation and machine translation, it is impossible to make an appropriate translation unless the Japanese original text is clear. For that purpose, it is necessary to write clear and sufficient text from the stage of preparing a Japanese specification. Although the determination of to what degree of detail an invention should be described varies according to the specific contents of the invention, I believe that, for every application case, a patent specification should be described to be low-context.

Conclusion

The possibility of preparing specifications utilizing text generative AI is under discussion. However, the AI at present merely generates text that "seems to be appropriate", and it cannot be considered that the AI completely understands the meaning of the text. The act of verbalizing thought can still only be performed by humans.

While I think that how AI will be involved in the preparation of specifications depends on the future evolution of AI, I expect that the importance of the ability of verbalization for patent attorneys will be further increased in the future. I believe that it is further necessary for patent attorneys to be aware of the importance of verbalization and improve their skill of verbalization.

Trends in Main Countries and Regions about International Standard

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1. Introduction

It is often pointed out that Western companies voluntarily utilize international standards since it is natural for them to adopt the international standards as management strategies in running their business.

For enhancing their international competitiveness, major countries have also promoted the utilization of international standards for the purposes of strongly supporting strategic utilization of the international standards by their domestic corporations and competitively adapting strategic policies for enhancing their performance infrastructures as national strategies.

For example, in the U.S., the Institute of Electrical and Electronics Engineers (IEEE) revised their policy related to Standard Essential Patents (SEPs), and the Patent Pool AVANCI released a new program.

The EU announced that it would strengthen standardized systems, international standardization, standard education, and the like in the European region.

China announced that it had set a goal of matching Chinese standards with 85% or more of the international standards by 2025 and would strengthen various efforts for achieving that

goal. In this way, the activities and efforts concerning SEPs by Chinese corporations represented, for example, by Huawei, are accelerated in China.

Japan released Intellectual Property Strategic Programs 2023 and 2024 for promoting the strategic utilization of international standards.

2. Specific Trends in Various Countries and Regions

(1) The U.S.

On September 30, 2022, the IEEE announced that the IEEE Standards Association Board of Governors unanimously approved the revision of the SEP-related policy established in 2015, and the revised version included the "reasonable royalty rate".*¹ Specifically, in the past, the reasonable royalty rate was determined based on the value at which claims of an SEP contribute to the smallest salable standard-applicable unit of products/services that implement the claims, but the revised policy states that other suitable levels of value are applicable. Thus, the reasonable royalty rate is more likely to be set higher than the previous rate.

Also, on August 16, 2023, AVANCI with global headquarters in Dallas, Texas in the U.S., launched "Avanci 5G Vehicle" as a new program, which is an SEP license program for the next-generation 5G connected vehicle.*² AVANCI had licensed 160 million or more vehicles in the previous 4G program.*³

(2) Europe

The European Commission (EC) announced the SEP regulations on April 27, 2023.*⁴ With respect to the SEP licenses that have been considered as problematic because of disputes and lawsuits prolonged by lack of transparency and predictability, the above-mentioned SEP regulations define a framework for the Competence Center (CC) established in the European Union Intellectual Property Office (EUIPO) as a core to deal with the registration and publication of SEPs, calculation of cumulative royalties, assessment of the indispensability of SEPs, and decisions about license conditions.

According to the SEP regulations (draft), the target SEP shall be applied to owners of SEPs valid in one or more EU member nations, and shall not be applied to allegations of invalidation and infringement unrelated to the implementation of the standards (the regulations (draft): Paragraphs 5 and 6 of Article 1).

The regulations (draft) list "creation/maintenance of a directory/database for SEPs", "examination about indispensability of SEPs", and the like as important items to be executed by CC.

1) Creation/Maintenance of Directory/Database for SEPs

The SEP owner is obligated to notify CC of the information about the standards within 30 days after publication of the technical specification related to the standards (Paragraph 2 of Article 14).

Within sixty days from the publication of the standards related to the SEPs and the information related thereto, CC produces a directory related to the standards and notifies the interested parties about the produced directory through the EUIPO website (Article 19). Within six months from the notification, the SEP owner requests CC for registration of the patent (Article 20). If the SEP is not registered, it is not permitted to exercise the patent right in the courts in countries within the EU (including the Unified Patent Court), to receive royalties, and to claim against damage (Article 24).

2) Examination about Indispensability of SEPs

The regulations (draft) also obligate CC to manage and conduct the examination about the indispensability of SEPs (Paragraph 1 of Article 28). The regulations (draft) also obligate the annual examination about the indispensability of SEPs extracted from different patent families registered in the directory (Paragraph 1 of Article 29). The examination procedure for indispensability should be fair and accurate, and the European Commission determines the rules for the detailed examination procedure (Paragraph 1 of Article 29).

CC informs the SEP owner about SEPs selected for the indispensability examination, and the SEP owner can submit a claim chart listing up to five correspondence relations between the SEPs and the related standards (Paragraph 2 of Article 29). CC releases a list of SEPs selected for the indispensability examination (Paragraph 3 of Article 29). Both the SEP owner and the user of the standards can voluntarily propose up to 100 registered SEPs from different patent families every year for the indispensability examination (Paragraphs 5 and 6 of Article 29). For the indispensability examination, CC appoints an evaluator from the directory (Paragraph 7 of Article 29).

The purpose of establishing the SEP regulations by the European Commission is to increase the transparency of negotiations by allowing the administrative organization to get involved in patent license negotiations between private companies. On the other hand, the regulations (draft) raised a series of objections and controversies since it has a significant influence on license negotiations for the recent high-speed wireless communication standards, and therefore, may increase the burden mainly on patent owners.

For example, in August 2023, an opposing opinion was submitted from IP Europe constituted of Ericsson, Nokia, Interdigital, Philips, Qualcomm, Sisvel, and the like.

It seems however, that the European Commission has already expected such reactions but still needs to urgently establish the regulations for precautions against an upsurge of new SEP holders of corporations/companies in other countries than Europe, for example, Huawei in China.

(3) China

1) National Standardization Development Outline (released on October 10, 2021)^{*5}

The National Standardization Development Outline (hereinafter referred to as the "Outline") emphasizes that a model of driving the standardization domestically in China should be changed to a model of promoting the standardization through domestic and international mutual interactions. Further, the "Outline" aims, for example, to promote international cooperation for the standardization such that the information about the standards is mutually utilized in a wider range, and to raise the rate of adoption of the international standards in the national standards in China to 85% or more. Further, the "Outline" also supports foreign investment companies to participate in establishment of the standards through the use of laws or regulations.

2) Non-Governmental Activities: Huawei^{*6}

Huawei announced that it concluded or renewed several patent cross-license agreements with global major manufacturers such as OPPO and Xiaomi as major smart phone manufacturers in China, Samsung Electronics in Korea, Nokia in Finland, Ericsson in Sweden, and Sharp Corporation in Japan. Huawei also announced that the number of 5G

smartphones under its patent licenses exceeded about 450 million throughout the world in 2023.

Shen Hongfei, the vice president of Huawei's legal department and the main project department manager, stated that Huawei has already acquired more than 120 thousand valid patents at the end of 2022, and owns 20% of 5G and wifi6 patents, 10% of 4G patents, and 15% of NB-IoT and LTE-M patents in the entire world market. He also stated that Huawei earned patent license revenue of about 560 million dollars in 2022, mainly from SEPs. Further, according to his statement, Huawei has collected the license fees for its patent technology from about 30 corporations and companies in Japan as of June 2023, and, other than Japan, has started to more aggressively collect the license fees also in South-East Asia.

(4) Japan

In consideration of the current situation in which SEP license negotiations have become more important in various fields, for the purpose of facilitating SEP license negotiations, the Ministry of Economy, Trade and Industry released a "Guidelines for Faithful Negotiation Regarding SEP Licenses" in 2022, and the Japan Patent Office (JPO) revised "GUIDE TO LICENSING NEGOTIATIONS INVOLVING STANDARD ESSENTIAL PATENTS" in 2022 and promotes widespread use of this guide.*7

Also in 2018, the Patent Attorneys Act was revised to additionally include a standard related service as a patent attorney's service.

Further, in order to develop and secure personnel for standardization, the Japanese government has made efforts to:

(i) construct a database allowing a one-stop search for personnel for standardization in Japan for promoting utilization of personnel from outside companies; and

(ii) provide support by offering training services and the like in order to increase not only personnel for standards development but also personnel for standardization strategy planning and younger personnel related to standards.*7

The above-described Japan government's effort is made for changing the situation that, among the Japanese participating in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) as committee members, most of them are over the age of 50, with only 30% or less under the age of 50.*8

3. Conclusion

Under the circumstances, in which governments and companies/corporations in major countries and regions are making efforts to deal with SEPs, it is desired also in Japan that not only corporate standard personnel but also patent attorneys should be more actively involved in their standard related services. In this regard, there seems to be a tendency to support such activities.

It is considered important, from now on, to grasp the above-described domestic and international trends in planning how we actively provide our services as patent attorneys in the field of standards.

Notes:

*1 20221006.pdf (jetro.go.jp)

*2 Avanci Launches 5G Connected Vehicle Licensing Program - Avanci

*3 Avanci 4G Vehicle - Avanci

*4 REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

*5 ip_20211013.pdf (jetro.go.jp)

*6 Huawei concluded patent agreements with VIVO and Amazon.com, Inc. (in China):
business news (foreign news from Jetro) (jetro.go.jp)

*7 Intellectual Property Strategic Program 2023: chizaikeikaku_kouteihyo2023.pdf
(kantei.go.jp)

*8 Develop "Personnel for Standardization"!: Academia starts to establish international rules
originated from Japan: the Ministry of Economy, Trade and Industry; METI Journal ON-
LINE

Article

Extended Protection Strategy for the Trademarks registered under Article 3 (2) of Japan Trademark Act

~Utilization Example of Color-Only Trademarks and Defensive Mark Registration System by Mitsubishi Pencil~

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1. Introduction

When a trademark, which is inherently less-distinctive and falls under the Trademark Act, Article 3, Paragraph 1, Items (iii) to (v), becomes well-known nationwide and acquires special distinctiveness through extensive use over many years, registration is allowed in accordance with the Trademark Act, Article 3, Paragraph 2.

However, when relying on the Trademark Act, Article 3, Paragraph 2, registration is allowed only for goods/services recognized as being well-known nationwide. Therefore, the scope of goods/services that can be trademarked is limited to actually sold products, and thus, the scope of the exclusive right to use tends to be narrow.

As you might know, the effects of a trademark right extend not only to the identical scope (exclusive right to use) but also to the similar scope (prohibitive right). A trademark registered based on the Trademark Act, Article 3, Paragraph 2 can eliminate subsequent applications by third persons within the similar scope and prohibit the use. Therefore, the scope of protection of the registered trademark is extended to the similar scope.

However, even a trademark right holder is not allowed to exclusively use its registered trademark in the similar scope, and it is generally known that a well-known and famous brand tends to cause source confusion even in the dissimilar scope beyond the scope of the prohibitive right. A brand owner may often think that it is not enough just to extend protection to the similar scope of its registered trademark in order to protect its well-known and famous trademark under the trademark registration system.

This article takes the case of Mitsubishi Pencil Co., Ltd. (hereinafter, "Mitsubishi Pencil") as a suitable case that provides practical suggestions, and discusses how protection by registration of a trademark based on the Trademark Act, Article 3, Paragraph 2 can be extended to include a dissimilar scope beyond the similar scope.

2. "Uni Series" Brands of Mitsubishi Pencil

The photograph below may remind many people of their school days. These pencils are long-selling products of Mitsubishi Pencil.



Mitsubishi Pencil is a major company of writing instruments founded in 1887. Mitsubishi Pencil started to manufacture and sell pencils of the "uni" brand in 1958, and thereafter, launched pencils of the "Hi-uni" brand in 1966, and now, is also manufacturing and selling pencils of the "uni star" brand.

Each of the pencils of these three brands (uni series) has the exterior colors on the entire six side surfaces thereof. Most of the exterior colors are a chic dark red color like bordeaux or burgundy, which is also called "uni color". The uni and uni star pencils have a black color at their handle ends, and the Hi-uni pencils have black and gold colors at their handle ends. In addition, gold-colored letters such as "MITSU-BISHI", "uni", "Hi-uni" or "uni☆star" and the Mitsubishi mark are engraved on one of the six side surfaces of each pencil.

Although the details will be described below, according to the evidence for proving the well-knownness submitted by Mitsubishi Pencil in its trademark application examinations, the uni series pencils have been featured in many articles in newspapers and magazines, as well as television, the Internet and the like since the 1950s, and events and advertising campaigns have been performed on a large scale. From 2001 to 2015, 12 to 15 million uni pencils and 2 to 3 million Hi-uni pencils were sold per year. Based on the actual figures for 2015, Mitsubishi Pencil's market share in the pencil

market amounted to 53.7%, which was significantly higher than the second-ranked Tombow Pencil's market share of 27.4%.

3. Step 1: Trademark Registration of Color-Only Trademarks (Combinations of Colors)

3.1 Overview of Applications

First, Mitsubishi Pencil filed two applications of color-only trademarks consisting of combinations of colors for the entire exterior colors that had been consistently used in its pencils for many years. This was intended to protect, by trademark registration, the two types of color combination patterns applied to the entire bodies of the three types of uni series pencils.

◆ Trademark Registration No. 6078470: combination of dark red color and black color for uni and uni star



◆ Trademark Registration No. 6078471: combination of dark red color and black and gold colors for Hi-uni



Designated goods (in both applications): Class 16 "pencils"

【History of Procedure】 (common to the two applications)

April 1, 2015: Filed the application
January 5, 2016: Office Action (rejection under Article 3, Paragraph 1, Item (iii))
February 9, 2016: Written Opinion
May 26, 2016: Written Opinion and Written Amendment (amendment to narrow the designated goods)
April 17, 2017: Written Opinion
May 8, 2017: Written Opinion
February 16, 2018: Petition
June 18, 2018: Petition
September 7, 2018: Registered

3.2 Examination

Trademarks consisting solely of colors include a single-color-only trademark consisting of only one color and a trademark consisting of a combination of a plurality of colors. In the examination practice of the Japan Patent Office, they are rejected in principle based on the Trademark Act, Article 3, Paragraph 1, Items (ii), (iii) or (vi) because they are inherently not distinctive (the Examination Manual for Trademarks, 54.06). Therefore, it is necessary to rely on the Trademark Act, Article 3, Paragraph 2 when requesting registration of a trademark consisting solely of a color/colors, and an applicant must typically expend enormous effort and cost to prove the nationwide well-knownness, which is a requirement for registration.

The above-mentioned two applications filed by Mitsubishi Pencil were also rejected based on the Trademark Act, Article 3, Paragraph 1, Item (iii). However, as a result of submitting a lot of evidence of use, they were recognized as being well-known nationwide and registered based on the Trademark Act, Article 3, Paragraph 2 after more than three years from the filing of the application.

The designated goods were originally set as Class 16 "stationery". However, with the shift toward the policy of relying on the Trademark Act, Article 3, Paragraph 2, the amendment was made to narrow them to only "pencils", which are the actual products whose well-knownness is provable.

4. Step 2: First Protection Extension Scheme from a Trademark Perspective (Contour-less Single-Color Trademark)

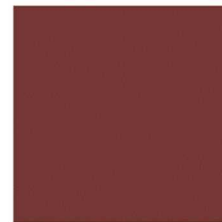
4.1 Overview of Application

In Step 1, Mitsubishi Pencil succeeded in registration of the trademarks consisting of the two types of color combination patterns applied to the entire bodies of "pencils" (actual products). In reality, however, on the same date as these two applications, Mitsubishi Pencil also filed an application for a single-color-only trademark consisting of only one color as described below.

◆ Trademark Application No. 2015-29864 (rejected)
Color No.: DIC Color Guide PART2 (4-th edition) 2251
Designated goods: Class 16 "pencils, other than colored pencils"

【History of Procedure】

April 1, 2015: Filed the application
November 28, 2018: Written Amendment (amendment to narrow the designated goods)
July 12, 2019: Decision of refusal
October 17, 2019: Request for appeal against the decision of refusal (Appeal No. 2019-13864)
April 13, 2022: Appeal decision of refusal
June 22, 2022: Filed the lawsuit (IP High Court, 2022 (Gyo-Ke) 10062*1)
May. 26, 2023: Judgment of dismissal



The trademark of the present application is the chic dark red color (Color No.: DIC PART2 2251) like bordeaux or burgundy that occupies an overwhelmingly large part of the plurality of colors applied to each of the pencils (actual products), and is a base color also called "uni color" that has been consistently used in the three uni-series brands. A method of identifying the trademark by affixing the single color to the trademark affixation section of the application form, not delineating the outer shape of the pencil as a contour, was used, i.e., the trademark was applied for as a contour-less color-only trademark consisting of a single color.

The two applications in Step 1 and the application in Step 2 were both filed on April 1, 2015. This is the first day on which the Japan Patent Office started to accept applications for the new types of trademarks. Until then, the Japan Patent Office had not allowed protection by registration of trademarks consisting solely of colors. However, the registration system was established and

applications of such trademarks started to be accepted as one of the new types of trademarks on this day. From the fact that Mitsubishi Pencil filed the applications on the very first day, it is imagined that Mitsubishi Pencil had great interest and expectation in obtaining legal protection of the exterior colors of its long-selling pencils within the framework of the trademark registration system.

The two trademarks in Step 1 are understood as consisting of the combination of two or three colors. Therefore, if a third person uses a pencil that is mostly colored in dark red and has, only at its end, a white or green color completely different in color tone from black and gold, for example, it is a concern that it can be recognized as a dissimilar trademark and trademark infringement cannot possibly be claimed. It is expected that successful registration of the single-color trademark for the base color can expand the possibility of exercising the right against a counterfeiter who uses a pencil that is entirely or mostly colored in the color identical or similar to the base color.

It is conceivable that the application above was intended to extend the protection of the trademarks consisting of the combinations of colors in Step 1 from the trademark perspective, in the sense of expanding the possibility of claiming trademark infringement against a third person who imitates the uni color that is most recognized by general consumers, without being bound by the limiting conditions of combined colors and a ratio thereof.

4.2 General Determination Criterion Regarding Applicability of the Trademark Act, Article 3, Paragraph 2 to Color-Only Trademarks Consisting of a Single Color

Regarding a color-only trademark consisting of a single color, the IP High Court's decision about the Hitachi Construction Machinery's contour-less color-only trademark consisting solely of orange color, as excerpted below, indicates a general determination criterion. It shows that in the determination as to the applicability of the Trademark Act, Article 3, Paragraph 2, an applicant him/herself should thoroughly consider the positive or negative impact of registration from the perspective of public interest for the entire society (exclusive adaptability), in addition to the well-knownness acquired through extensive use.

【IP High Court, 2019 (Gyo-Ke) 10147, "Hitachi Construction Machinery" Case】 (excerpts)^{*2}
"Whether the distinctiveness has been acquired through use should be determined comprehensively based on the circumstances of use such as a duration and a region in which the trademark has been used, a product sales quantity and a business scale, and a duration and a scale of advertising; the presence of products from other business operators adopting the trademark or a trademark similar thereto; how much role the trademark plays in identification and selection of a product; and the like. In addition, in determination as to whether the contour-less single color itself has acquired the distinctiveness through use, the public interest should be taken into consideration to avoid unjustifiable restrictions on the free use of the color by the business operator providing the designated goods." (underlined by the author)

After this decision, the trademark practice of conducting not only a conventional examination about the acquisition of well-knownness through use but also an examination about the positive or negative

impact of granting an exclusive right to a private individual from the perspective of public interest, when determining the applicability of the Trademark Act, Article 3, Paragraph 2 to a color-only trademark consisting of a single color has been established. This means that the examination hurdle as to the applicability of the Trademark Act, Article 3, Paragraph 2 is higher in the case of a color-only trademark consisting of a single color than in the case of the other types of trademarks. Although the examination hurdle as to the applicability of the Trademark Act, Article 3, Paragraph 2 to the trademarks consisting of the combinations of colors in Step 1 that require proof of nationwide well-knownness is also considerably high, the hurdle is even higher in the case of a trademark consisting of only one color.

In fact, the subsequent appeal and IP High Court decisions indicate that it is extremely difficult to overcome this very high two-level hurdle, i.e., "nationwide well-knownness + positive or negative impact from the perspective of public interest", and the Japan Patent Office has not yet registered any single-color-only trademarks. For example, even Christian Louboutin's trademark "red color on the red sole"³, which has already been registered in some foreign countries and also seems to be fairly well-known from the general public's feelings in Japan, was rejected, although it proceeded to the stage of action for revocation of the appeal decision.

4.3 IP High Court's Decision

Mitsubishi Pencil disputed the applicability of the Trademark Act, Article 3, Paragraph 2 up to the stage of action for revocation of the appeal decision, and conducted a consumer survey as one item of evidence for proving the nationwide well-knownness. Specifically, Mitsubishi Pencil conducted a pure recollection-type survey, which requested the survey respondents who were shown the dark red color of the subject trademark to answer the company name or the brand name that came to their minds, and 43.4% answered the company name of Mitsubishi Pencil or its brand names (such as uni). Based on this result, Mitsubishi Pencil argued that many general consumers and traders can recognize the pencils of Mitsubishi Pencil based only on the single color called "uni color" and thus the subject trademark should be recognized as being well-known nationwide.

Furthermore, in addition to this consumer survey, Mitsubishi Pencil submitted a lot of evidence indicating its market share in the pencil field and sales and advertising facts.

Regardless, the IP High Court presented the following, and supported the appeal decision of refusal.

(1) The Trademark Act, Article 3, Paragraph 1, Item (iii)

First, in accordance with the principle, the IP High Court recognized that the subject trademark is inherently not distinctive and falls under the Trademark Act, Article 3, Paragraph 1, Item (iii).

- The use in the designated goods "pencils" merely causes consumers and traders who look at the subject trademark to recognize that the color of the subject trademark is used only for enhancing the product (pencil)'s image, aesthetic appeal and the like.
- The subject trademark is a trademark consisting only of a mark indicating, in a common manner, the characteristics (colors such as the exterior colors of pencils) of the designated goods "pencils".

(2) The Trademark Act, Article 3, Paragraph 2

Moreover, while providing the determination criterion of "nationwide well-knownness + positive or negative impact from the perspective of public interest" by citing the IP High Court's decision about the "Hitachi Construction Machinery" case in 4.2, the IP High Court asserted that the single color of the present application has not yet been recognized as a source identification mark of Mitsubishi Pencil for the following reasons, and denied the applicability of the Trademark Act, Article 3, Paragraph 2. More specifically, the IP High Court denied the applicability because the subject trademark did not satisfy the requirement of nationwide well-knownness due to insufficient proof, without the need for considering the positive or negative impact of registration from the perspective of public interest.

- It is recognized that Mitsubishi Pencil's pencils of the uni, Hi-uni or uni star brand have been featured in newspaper articles and the like for quite a long time and advertised through various media, and as a result, they have a considerable degree of recognition among consumers.
- However, the actual products consist of not only the one color of the subject trademark but also other colors and letters. In addition, there is an actual situation in which the colors similar to the subject trademark including bordeaux and burgundy are widely used in writing instruments including the designated goods "pencils". In view of these, it is conceivable that consumers do not recognize the pencils pertaining to Mitsubishi Pencil's business based only on the single color of the subject trademark but identify the source in consideration of the other colors and letters combined with the subject trademark.
- Regarding the result of the consumer survey, the total of the market shares of Mitsubishi Pencil and second-ranked Tombow Pencil in the pencil market exceeds 80%. Although the range of choices of answers when consumers are asked the questions of the survey is assumed to be relatively narrow because they are relatively familiar with the pencils, the degree of recognition is less than half of the total, and thus, I have to say that there are not so many consumers who associate the subject trademark with the plaintiff and the uni series.

4.4 Case Evaluation

When the applicability of the Trademark Act, Article 3, Paragraph 2 to a trademark consisting solely of a color/colors is disputed, a consumer survey serving as evidence directly indicating the degree of

recognition of an applied trademark itself and the market share information in the designated goods/services field are two important elements for proving the well-knownness.

At first glance, the figure "43.4%" in the consumer survey seems to be relatively high. In addition, the market share of Mitsubishi Pencil in the pencil market is "53.7%", which is more than 1/2, and this figure seems to be very high.

However, the IP High Court correlates and evaluates these two elements. Specifically, the IP High Court focuses on the fact that the top two companies have an overwhelming market share of 80% or more in the pencil market, and recognizes that the figure in the survey should have been higher in such a situation. The fact that the very high market share led to the evaluation that the figure "43.4%" in the result of the survey was too low seems to be somewhat disappointing.

The strategy of Mitsubishi Pencil to extend trademark protection by registering the color-only trademark consisting of the single color ended in failure.

However, in light of the determination criteria indicated by the past IP High Court's decisions, it is, in the present circumstances, difficult and even virtually impossible for a color-only trademark consisting of a single color to overcome the examination hurdle as to the applicability of the Trademark Act, Article 3, Paragraph 2. In the case of Mitsubishi Pencil, the well-knownness of the applied trademark was denied. However, even if the applied trademark had been evaluated as being well-known nationwide, it would have been probably difficult to overcome the additional examination hurdle as to the positive or negative impact of registration from the perspective of public interest.

5. Step 3: Second Scheme to Extend Protection in Terms of Goods/Services (Defensive Mark Registration)

5.1 Overview of Applications

Mitsubishi Pencil then conceived of a strategy of expanding protection of registered trademarks in terms of goods/services, i.e., making use of the defensive mark registration system.

The defensive mark registration system is intended to be used for broadening the scope of a trademark right for an ordinary trademark already registered, by allowing the registered trademark to be registered as a defensive mark for goods/services dissimilar to the goods/services designated for the registered trademark, so that protection of the trademark is broadened to dissimilar goods/services (Article 64 of the Trademark Act). Thus, the scope of the trademark right can be expanded in terms of goods/services.

Mitsubishi Pencil filed the following two applications for defensive mark registration, based on two trademarks registered successfully in Step 1 for combinations of colors for Class 16 "pencils."

◆ Defensive Mark Registration No. 6078470-01



◆ Defensive Mark Registration No. 6078471-01



Designated Goods (in both applications) : Class 9 "pen-type data input tools for operating touch panels of smartphones and tablet computers" (11B01, 11C01) (hereinafter "touch pens")

【History of Procedure】 (common to the two applications)

July 12, 2017:	Applications were filed.
November 24, 2020:	Notice of Grounds of Rejection
February 9, 2021:	Written Opinion and Written Amendment
December 28, 2021:	Decision of Rejection
April 4, 2022:	Appeal against Decision of Rejection (Appeal Nos. 2022-4913, 4)
May 16, 2023:	Questioning
June 29 to October 10, 2023	Answers were filed.
February 22, 2024	Decision of Registration

5. 2 Defensive Mark Registration System and Requirements for Registration

In the case of a well-known famous brand, if the brand is used by a third-party for dissimilar goods/services, confusion as to the source of goods/service may arise, namely, the original actual goods/services and the dissimilar goods/services may be identified as originating from the same source, which may damage and accordingly lessen the trust embodied in the form of the well-known famous brand.

The defensive mark registration system is a type of registration system for expanding protection of a well-known famous brand registered as a trademark for their actual products, so as to prevent unfair competition, by allowing registration of the trademark of the brand as a defensive mark for dissimilar goods/services, if there is a possibility of confusion as to the source of goods/services, between the actual products and the dissimilar goods/services for which the same brand is used by a third-party.

In contrast to the ordinary trademark registration system, the trademark registered as a defensive mark for dissimilar goods/services cannot be granted an exclusive right to use the trademark for the dissimilar goods/services to those for the original registered trademark, and therefore, the examinations of applications for defensive mark registration do not apply the conditions prescribed in Articles 3 and 4 of the Trademark Act. Instead, the examination is conducted for the following registration requirements (1) to (4) (Article 64 of the Trademark Act).

[Requirements for Registration of Defensive Mark]

- (1) The mark for which a defensive mark registration application is filed is identical to the original registered trademark.
- (2) Goods/services designated in a defensive mark registration application are dissimilar to the goods/services designated for the original registered trademark.
- (3) The original registered trademark is widely recognized by customers (well-known across the country).
- (4) Confusion may arise as to the source of goods/services.

5.3 Examination

The above two applications of Mitsubishi Pencil satisfy the requirement (1), i.e., identical to the registered trademark, and also satisfy the requirement (2), i.e., designated goods for the defensive mark are dissimilar to those of the original registered trademark, i.e., the codes for classification based on similarity are different from each other. For the requirement (3), Mitsubishi Pencil filed an enormous volume of evidence from Exhibit Nos. 1 to 111, in an attempt to prove that the original registered trademark is well-known across the country in the field of the designated goods "pencils" for the original registered trademark.

However, the examination raised an objection for failure to satisfy the requirements (3) and (4). According to the examination report, there is no close relation between the designated goods "pencils" for the original registered trademark and the goods "touch pens" designated for the defensive mark registration application, and therefore, if the mark of the defensive mark registration application is used by a third-party for the designated goods "touch pens," no confusion would arise as to the source of the goods (that the source of the goods would be erroneously identified as the applicant of the defensive mark registration application, or some entity having a certain relation with the applicant), because the distinctiveness of the trademark is not so strong as to cause confusion. Accordingly, a decision of rejection was issued.

As to the requirement (3), the evidence for proving that the trademark for "pencils" is well-known was regarded as insufficient, and the original registered trademark was regarded as lacking strong distinctiveness. It should have been considered that even if the trademark for "pencils" is well-known, the same trademark for the dissimilar goods "touch pen" is not similarly well-known. As a result, as to the requirement (4), it should have been determined that there is no confusion as to the source of goods, between "pencils" and "touch pens."

5.4 Decision of Registration

Mitsubishi Pencil filed an appeal against the decision of rejection, with the following arguments to establish that the requirements (3) and (4) were satisfied.

- In view of the current widespread use of tablet terminals and smart phones in schools and offices for example, the pencils and the touch pens are both used for the common purpose of "writing characters and the like."
- As seen from the fact that ballpoint pencils with stylus tips (touch pens) and pencil-type touch pens are on the market, the two types of goods "pencils" and "touch pens" have common customers.
- Because of the fact that "touch pens" are manufactured by Mitsubishi Pencil and other stationary manufacturers, the two types of goods "pencils" and "touch pens" may be manufactured by the same manufacturer.
- "Pencils" and "touch pens" may be sold in adjacent sections in a store, or sold on the Internet as goods belonging to the same category, and therefore, they may be sold in the same section in a store.

In response to the arguments, the original registered trademark was identified as being well-known across the country, and "pencils" and "touch pens" were regarded as having a close relation to each other, which may cause confusion as to the source of goods, and accordingly, the decision of registration was issued.

5.5 Case Evaluation

From a few years ago, notebooks as a learning tool for school education are being replaced with tablet terminals, and accordingly, analog writing tools such as pencils and ballpoint pens are also being replaced with electronic pens, i.e., analog tools are being replaced with digital tools. Further, the COVID-19 pandemic that started around 2020 caused changes including widespread use of tablet PCs even for classes of elementary schools, which promoted use of digital writing tools. Such a change in market conditions appears to be a factor that contributed to the favorable decision for the applicant in the examination.

5.6 Defensive Mark Registration System and its Advantages and Disadvantages

The following are representative characteristics of defensive mark registration. The requirements for defensive mark registration and legal effects derived from defensive mark registration are significantly different from those of ordinary trademark registration.

Advantages	Disadvantages
1. An action can be taken against a third party using the same mark for the same goods/services	1. The owner of a registered defensive mark is not granted an exclusive right to use the registered

as those of a registered defensive mark, as for infringement of the original registered trademark (Article 67 of the Trademark Act).	mark for goods/services designated for the defensive mark.
2. A third-party's later-filed application of the same trademark for the same goods/services as those of a registered defensive mark will be rejected (Article 4 (1) (xii) of the Trademark Act).	2. A registered defensive mark is protected only against unauthorized use of the same trademark for the same goods/services as those of the registered defensive mark, not against that for similar goods/services.
3. In order for a registered trademark to be registered as a defensive mark, the trademark must be well-known, and therefore, the defensive mark, if registered, should also be well-known.	3. Once the original registered trademark is expired or divided/transferred, the registered defensive mark is also expired or divided/transferred (Article 66 (2), (3) of the Trademark Act).
4. A registered defensive mark is not revoked for not being used for its designated goods/services (Article 50 of the Trademark Act).	4. For a registered defensive mark to be renewed, it is examined again as to whether it satisfies the requirements for registration (Article 65-4 of the Trademark Act).

The defensive mark registration system is effective to a certain extent in that the trademark holder can take action against a third party or prevent later-filed applications, as seen from the advantages 1 and 2. However, as seen from the disadvantage 2, expansion of protection of the defensive mark is limited to the same trademark for the same goods/services as those of the defensive mark. In other words, while a defensive mark holder can take action against a third party for using the same trademark for the same goods/services as the defensive mark, the defensive mark holder cannot take action against a third party for using the same trademark for similar goods/services. It seems that for a well-known famous brand's owner seeking extensive protection of the brand, the defensive mark registration system is not advantageous because protection, particularly of the trademark, is limited to protection of the trademark for the same goods/services.

These years, many of those who copy trademarks are parodists and the like, making sophisticated subtle changes to original well-known famous brands' trademarks while keeping the original trademarks' essence, rather than the "dead copy (complete copy)" type imitators exactly reproducing well-known famous brands' trademarks. Registration of a registered trademark as a defensive mark may hardly be expected to act as effective defense against bad faith parodies of the trademark for dissimilar goods/services to those designated for the defensive mark, if the defensive mark is only protected against exact imitation of the trademark. According to my research, there has been only

one defensive mark registration case for which infringement against the original registered trademark for dissimilar goods/services was confirmed^{*4}.

Further, for each renewal every 10 years, a registered defensive mark is examined again as to whether it meets the registration requirements. Therefore, for each renewal, the owner of the defensive mark suffers the burden of proving that the trademark is well-known across the country. As such, for owners of well-known famous brands, the burden of maintaining the trademark right for their defensive mark may surpass the legal effects derived from defensive mark registration.

The defensive mark registration system was newly prescribed in the existing laws, in response to a report by the Council for Revision of the Industrial Property Systems published in 1957. The report suggested the need to establish a defensive mark registration system, as well as to reinforce the non-use trademark revocation system, in view of the fact that a significant number of ordinary trademarks had been registered under the old laws for the sake of defense and protection, without the trademark owners' intention to use their trademarks by themselves. The report states in Section 8 (1), "The owner of a well-known trademark can register the trademark as a defensive mark for the same or similar goods to the designated goods for the original trademark, if the same or a similar trademark is used by a third party for goods dissimilar to the goods designated for the well-known trademark and such use may cause confusion to customers as to the source of the goods, even if the trademark owner has no intension to use its trademark for the dissimilar goods (the underline is added for emphasis)." Under the later established defensive mark registration system, however, the defensive mark can only be protected against the same trademark used by others^{*5}.



Regarding this, some legal experts place high value on the existing laws that only allow registration of a defensive mark identical to its original trademark, because whether the defensive mark should be registered and whether use of the trademark by others should be prohibited can clearly be determined, and total prohibition of use of a registered trademark by others, by registering the trademark as a defensive mark without intension of use of the trademark, should be restricted, under the registration principle which requires at least the owner's intention to use the trademark, for the owner to be granted a trademark right^{*6}. Meanwhile, some are of the opinion that the defensive mark registration system may not sufficiently meet the need to expand protection of a well-known famous brand expected by its owner, because of restriction of protection to the same trademark^{*7}.

5. 7 How the defensive mark registration system is exploited and evaluation on the existing system

Currently, the total number of defensive marks that have been registered and those that are pending is approximately 3200. The following are the number of applications for registration of defensive marks, the number of registered defensive marks, and the number of applications for renewal of defensive marks, for each of recent years^{*8}.

year	2016	2017	2018	2019	2020	2021	2022
applications for registration of defensive marks	32	32	40	44	29	20	24
registered defensive marks	32	30	25	26	23	32	24
applications for renewal of defensive marks	396	577	513	294	219	183	240

The following are examples of new types of trademarks registered as defensive marks.

Defensive Mark Registration No. 5384525-01	Defensive Mark Registration No. 6034112/01	Defensive Mark Registration No. 5384525-01
		
(three-dimensional trademark)	(position trademark)	(sound trademark)
Yakult Honsha Co., Ltd. registered: November 18, 2020 Class: 1-21, 24-30, 32-35, 41-44	Nissin Foods Holdings Co., Ltd. registered: March 28, 2024 Class: 9, 14, 16, 18, 21, 24, 25, 28-30, 32, 35, 41, 43	Kobayashi Pharmaceutical Co., Ltd. registered: October 26, 2021 Class: 44
		The trademark is a human narration "Ah, Kobayashi Seiyaku" for 1.5 seconds in response to the sound "pin."

The defensive mark registration system is intended to provide broader protection of the brand power of a well-known famous trademark to the extent that goes beyond similar goods/services, by registration of the trademark as a defensive mark, and is therefore more enforceable than the Unfair Competition Prevention Act that does not rely on registration. Actually, however, the defensive mark registration system has not been so frequently used.

The defensive mark registration system is nevertheless the only registration system under the Trademark Act that enables protection of a registered trademark to be expanded to goods/services dissimilar to goods/services designated for the registered trademark, and therefore of a certain importance in this respect.

Trademarks registered as defensive marks are available from the site "Japanese Well-known Trademark Search" of the Japan Patent Office's database J-PlatPat. This is a visually recognizable advantage for owners of well-known famous brands with their trademarks registered as defensive marks.

Without defensive mark registration, the owner of a registered trademark can present information against, file an opposition against, or file an appeal for invalidation of a third-party's application designating goods/services dissimilar to those of the registered trademark, relying on Article 4 (1) (xv) of the Trademark Act, so as to prevent the trademark of the later-filed application from being registered. It is, however, generally difficult to take an action against use of a trademark by a third party. While an action can be taken against third-party's use, under Article 2 (1) (i) and (ii) of the Unfair Competition Prevention Act, protection under this Act is granted by the court, which means that each time a trademark owner takes an action against another person's trademark, the owner has to prove that its trademark is effective, well-known and famous, its trademark and the other person's trademark are similar to each other, or confusion may arise as to the source of goods, which is a considerable burden on the owner of the well-known famous brand.

Some precedents determine whether a trademark is well known and famous, under the Unfair Competition Prevention Act, in consideration of the fact that the trademark has been registered as a defensive mark. In other words, the fact that a trademark has been registered as a defensive mark is advantageous for the trademark owner when proving the trademark is well known (Article 2 (1) (i) of the Unfair Competition Prevention Act) and famous (Article 2 (1) (ii) thereof), because the trademark registered as a defensive mark has already been identified as being well-known across the country.

In order for a brand's owner to ensure protection of its well-known famous brand, it is an important preventive measure to make use of the existing trademark registration system to the maximum extent possible, so as to have broad protection of the brand through trademark registration, and it is also important to prepare an environment where an action can be taken easily against a third party and the Unfair Competition Prevention Act can be relied on, which requires the plaintiff to prove the effectiveness of the trademark each time an action is taken.

6. Conclusion

For trademarks of essentially low distinctiveness that have become well-known across the country through use of the trademarks and accordingly been registered under Article 3(2) of the Trademark Act, the foregoing presents some measures to broaden protection of the trademarks to dissimilar goods/services to those designated for the registered trademarks, under the existing trademark registration system, in order to broaden protection of the trust embodied in the form of the trademarks.

In the example of Mitsubishi Pencil, the trademark composed of a combination of colors of the outer surface of Mitsubishi Pencil's pencils having long been used by customers was first registered (Step 1), then an application was filed for registration of a trademark composed of only a single color (Step 2) as an expansive strategy in terms of the trademark, and then the trademark was registered as a defensive mark (Step 3) as an expansive strategy in terms of designated goods/services. Thus, Mitsubishi Pencil took active measures to expand protection of the registered trademark as much as

possible, so as to compensate for the narrow exclusive right to use the trademark registered under Article 3(2) of the Trademark Act.

Mitsubishi Pencil, however, failed registration of the trademark of the single color in Step 2, due to the considerably big hurdle to clear in examination under Article 3(2) of the Trademark Act.

For character trademarks and graphic trademarks that are essentially distinctive, a defensive measure can be taken, i.e., filing a ordinary trademark application for dissimilar goods/fields. In contrast, for a trademark consisting of a color(s) only for certain goods/services, the trademark is essentially not identified during examination as distinctive, regardless of the goods/services and, if an application is filed in an attempt to register the trademark for dissimilar goods/services under Article 3(2) of the Trademark Act, it would be difficult to prove that the trademark for the dissimilar goods/services is well-known across the country, because such goods/services with the trademark are not actually sold. In such a case where the ordinary trademark registration for the dissimilar goods/services is difficult, it would particularly be effective to file an application for defensive mark registration of Step 3 as a defensive measure to expand protection to the dissimilar goods/services.

The defensive mark registration system may be regarded as being insufficient to serve as a measure to expand protection of a well-known famous trademark, in that the trademark registered as a defensive mark is effective to the same extent as the original trademark and thus its protection is considerably limited. The defensive mark registration system, however, is still advantageous to a certain extent in that examination does not apply Articles 3 and 4 of the Trademark Act, and the trademark is not revoked for non-use. Moreover, publication of a trademark registered as a defensive mark reveals that the original registered trademark that is well-known and famous is also effective for dissimilar goods/services to those of the original trademark, which facilitates proof of goods/services for which confusion may arise as to the source of goods/services. Further, requirements for registration of a trademark include the requirement that the trademark is well known, and therefore, the registered defensive mark is also useful to lessen the burden of proving that the trademark is well known and famous, on a trial held under the Unfair Competition Prevention Act.

The defensive mark registration system is expected to serve as an effective measure to be used together with or to support the Unfair Competition Prevention Act relying on no registration system.

As to the defensive mark registration system in the future, I expect the possibility that the system will be revised so that it is also effective for protection against a third party intending to free ride on the trust embodied in the form of a well-known famous brand so as to damage that trust. For example, If the scope of trademarks to which the defensive mark rights extend is relaxed to include not only identical trademarks but also similar trademarks, or at least to the extent that is within the substantially-identical distinctiveness, I expect that the range of trademarks for which the defensive trademark rights can be exercised would be expanded and that users will consider to utilize the defensive mark registration system more generally.

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1. May 26, 2023 IP High Court Case No. 2022 (Gyo-ke) 10062 (Mitsubishi Pencil Case)
 2. June 23, 2020 IP High Court Case No. 2019 (Gyo-ke) 10147 (Hitachi Kenki Case)
 3. January 31, 2023 IP High Court Case No. 2022 (Gyo-ke) 10089 (Red Sole Case)
 4. February 28, 2018 Tokyo District Court Case No. 2017 (Wa) 39594 (Shoei Infringement Case)
 5. "New Commentaries on the Trademark Act, 2nd Volume," Shoen ONO and Shunji MIYAMA (Seirin Shoin 2016) p. 1642
 6. "Trademark, 3rd Edition," Makoto AMINO (Yuhikaku, 1995), pp. 599-613
 7. "Patent 2019, Vol. 72, No. 4 (Supplementary Volume No. 21)" Mariko NAKAYAMA "Problems in Defensive Mark System"
 8. JPO Annual Report 2023, Part II Detailed Statistical Information, Chapter 2 Key Statistics, 6. Number of applications and registrations per type of application