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# Trade Marks 2023

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## **Japan: Trends & Developments**

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## Trends and Developments

### Contributed by:

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### Development of Provisions on Enhancement of Border Enforcement on Trade Mark Rights in Japan

Until quite recently, Japan Customs could not confiscate counterfeit goods shipped to individuals in Japan from foreign businesses by mail or courier for their personal use because non-business activities did not constitute trade mark infringement under the Trade Mark Act of Japan before it was amended in 2021. The amendment of the Trade Mark Act in 2021 and the amendment of the Customs Act in 2022, both of which came into effect on 1 October 2022, enabled Customs to confiscate such counterfeit goods. Even if the addressees assert that they purchased the goods for their personal use, Customs may now confiscate the goods once it finds that they are counterfeit goods purchased from foreign businesses and that the addressees may not ultimately receive them. This section explains the amendments to the Trade Mark Act and the Customs Act and their effects.

#### *Outline of the amendments*

In Japan, goods that infringe intellectual property rights are subject to confiscation at borders. If Japan Customs suspects that imported goods are infringing intellectual property rights, it will institute procedures (known as “identification procedures”) to determine whether such goods infringe intellectual property rights pursuant to the Customs Act of Japan. Please see an outline of the procedures [here](#).

The amendment to the Trade Mark Act in 2021 made it clear that acts by a person in a foreign country that cause another person to bring trade

mark infringing goods into Japan from a foreign country on a regular basis constitute an infringement of trade mark rights.

In accordance with the amendment to the Trade Mark Act in 2021, the Customs Act, which provides the procedures for the enforcement of intellectual property rights at the borders of Japan, was amended in 2022. If an importer/addressee argues that the suspected goods do not fall under prohibited goods, the amended Customs Act grants to the Director General of Customs the right to request that such importer/addressee submit documents that support such argument during the identification procedures. The amended Customs Act and the amended Trade Mark Act came into force on 1 October 2022.

The five categories of documents that the Director General of Customs can request to be submitted and specific examples of each category are as follows.

- Documents concerning the background and purpose of the attempt to import the suspected goods:
  - (a) emails, letters, etc, exchanged between the importer/addressee and the consignor concerning the suspected goods; and
  - (b) emails, etc, pertaining to the order confirmations on the website where the importer/addressee obtained the suspected goods.
- Documents certifying the name, domicile and occupation or business of the importer/addressee and the consignor:

- (a) identification cards (driver's licences, employee identification cards, etc), company certificates of registered matters, etc, of the importer/addressee and the consignor.
- Documents stating the nature, shape, function, quality, purpose and other characteristics of the suspected goods:
  - (a) product explanations and design drawings, etc, in respect of the suspected goods.
- Documents regarding whether or not the intellectual property right-holder granted a licence to import the suspected goods:
  - (a) documents stating that the intellectual property right-holder granted a licence to import the suspected goods.
- Other relevant documents:
  - (a) identification cards (driver's licences, employee identification cards, etc), company certificates of registered matters, etc, of the entity to whom the importer/addressee intends to transfer the suspected goods, if any;
  - (b) the website where Customs can find the information of the consignor; and
  - (c) documents stating a compelling reason for not being able to submit the documents listed in the main points above, if applicable.

Customs will determine whether the suspected goods infringe intellectual property rights by comprehensively taking into account various circumstances, such as:

- whether the importer/addressee filed an objection;
- whether the importer/addressee submitted documents in response to a request by the Director General of Customs;
- the contents of the submitted documents;

- the opinions and evidence submitted by the intellectual property right-holder; and
- the facts found through the examination by Customs (the import purpose, the occupation or business of the importer/addressee and the consignor, the details of the import transactions, the quantities and circumstances of the imported goods and the past records in respect of importations and the commencement of the identification procedures, etc).

If the importer/addressee did not file an objection or submit any documents in response to the request by the Director General of Customs, the importer/addressee shall be regarded as not having argued that the suspected goods do not fall under goods infringing intellectual property rights and, in general, Customs should determine that the suspected goods fall under infringing goods.

Due to the amendments of the Trade Mark Act and the Customs Act, counterfeit goods shipped from foreign businesses are now regarded as goods infringing trade mark rights even if they are purchased for personal use, and such goods are subject to confiscation at the borders of Japan by Customs. In addition, if the importer/addressee argues that the suspected goods do not fall under infringing goods, Customs now has the right to require that the importer/addressee submit certain documents.

## *Analysis*

As a result of the development of cross-border e-commerce, the importation of counterfeit goods through direct transactions between foreign businesses and individual purchasers has been rapidly increasing. The above amendment strengthens Customs' authority, enables Customs to collect information about transactions of counterfeit goods more easily and will

contribute to the proper protection of Japanese trade mark rights. For example, if the document submitted by the importer/addressee shows that they ordered the counterfeit goods on a global e-commerce website, Customs can easily determine that the goods are infringing. On the other hand, if the shipment of counterfeit goods is from an actual friend, the importer/addressee can easily submit documents such as emails and photographs to prove the personal relationship with the friend to Customs. By doing so, the importer/addressee can avoid confiscation of the goods. Therefore, the amendment enables Customs to more properly make a determination on whether the suspected goods are infringing based on its strengthened authority, and the legal interests of both intellectual property right-holders and importers/addressees will be properly secured.

In fact, some counterfeit goods have already been abandoned by individual importers/addressees after they submitted the documents stating that they had purchased the goods on a global e-commerce website after the amendment came into force. The opinions and evidence submitted by the right-holders are one of the key resources in determining whether the suspected goods are infringing. It would be advisable for trade mark right-holders to carefully check the documents submitted by the importer/addressee and submit opinions to Customs stating that the transaction of the suspected goods is a business transaction based on the documents submitted by the importer/addressee. It is expected that foreign businesses dealing in counterfeit goods will attempt to circumvent the enhanced enforcement measures, the number of documents submitted by importers/addressees will increase and some of the documents may be less credible. Therefore, the right-holder's role will be more important than before.

## **Registration of Trade Marks Containing Another Person's Name May Become Easier**

The current Trade Mark Act provides that trade marks that contain the name of another person or a well-known abbreviation thereof (except those the registration of which has been approved by the person concerned) cannot be registered. This provision has been strictly applied so far. For example, when someone wishes to obtain a trade mark registration of their own name, it is necessary to obtain consent from all people who have the same name. It has been pointed out that this provision and its strict application do not promote the proper protection of brand names consisting of names as trade marks.

### *Matsumotokiyoshi*

Under such circumstances, a distinctive Intellectual Property High Court decision was rendered on 30 August 2021 in a lawsuit concerning the trade mark registration of Matsumotokiyoshi Co Ltd, a well-known drugstore chain in Japan. The company name "Matsumotokiyoshi" comes from the name of its founder, Kiyoshi Matsumoto; both his family name "Matsumoto" and his given name "Kiyoshi" are very common in Japan. In Japanese, in terms of order, usually one's family name comes first, followed by one's given name. The company applied for registration of a sound trade mark consisting of musical elements described in the form of staff notation and a linguistic element, the lyrics "Ma-tsumo-to-ki-yo-shi"; however, the examiner of the Japan Patent Office (JPO) rejected the application due to the violation of the above provision. The company filed an appeal with the JPO's appeal board and the JPO dismissed the appeal. The company subsequently filed an appeal with the Intellectual Property High Court (IPHC) and the IPHC rescinded the decision of the JPO.

The IPHC ruled that the indication “Matsumotokiyoshi” was famous throughout Japan as indicating the name of the stores of the drugstore “Matsumotokiyoshi,” the company itself, or its group companies and that a sound identical to or similar to the applied for trade mark containing the linguistic element (lyrics) of “Ma-tsu-mo-to-ki-yo-shi” was widely known as an advertisement (a phrase in a commercial song) of the drugstore “Matsumotokiyoshi” as a result of being used in TV commercials and in each retail store of the drugstore “Matsumotokiyoshi”. Moreover, the Court ruled that, at the time of the application for trade mark registration, it was usually the name of the drugstore “Matsumotokiyoshi” and the company name, the company itself, or its group companies that a person who came across the applied for trade mark associated it with or recalled from the sound containing the linguistic element (lyrics) of “Ma-tsu-mo-to-ki-yo-shi” in the composition of the applied for trade mark. Ordinarily, it could not be found that the sound was associated with or reminded one of another person’s name that could be read as “Matsumoto Kiyoshi”. Therefore, it could not be said that the sound was recognised as one generally indicating the name of a person. Consequently, the applied for trade mark was not found to constitute a trade mark containing “the name of another person”.

### *Regulatory developments*

In light of the above development, at the JPO’s Patent Office Policy Promotion Conference in April 2022, discussions commenced on easing the requirements for registering trade marks containing another person’s name and the Conference released a report on 30 June 2022, which expressed the opinion that it was appropriate to discuss amending the provision in order to relax the requirement. Subsequently, on 22 November and 23 December 2022, the Trade Mark Sys-

tem Subcommittee of the Intellectual Property Committee of the Industrial Structure Council of the Ministry of Economy, Trade and Industry presented a proposal for easing the requirements for registering trade marks containing another person’s name. The Subcommittee proposed that a requirement regarding the recognition of another person’s name in the applied for trade mark should be added to the required conditions of the provision and that the circumstances of the applicant should also be taken into account in applying the provision. Regarding the latter issue, the Subcommittee proposed a revision whereby no trade mark containing another person’s name can be registered if the applicant does not have reasonable grounds to apply for the registration of the trade mark containing another person’s name. For example, a trade mark registration should be approved if the applicant has a relation to the name contained in the trade mark. On the contrary, an application for trade mark registration should be rejected if the applicant’s motive for registration is harassment or resale. This proposal aims to balance the applicant’s interests with the moral interest of another person in their name by preventing abusive applications. The Subcommittee was calling for opinions from the public about the proposal until 24 January 2023.

As mentioned in the introduction to this section, the current provision imposes a strict requirement for registering trade marks containing another person’s name, providing that such a trade mark application cannot be approved unless the consent of the person is obtained, regardless of whether or not the name is well-known to the public as another person’s name. On 10 March 2023, the Cabinet of Japan proposed a bill to amend the Trade Mark Act, which stipulates that a trade mark that contains another



er person's name which cannot be registered shall be limited to:

- a trade mark that contains another person's name well known among consumers in the field of goods or services in connection with which the trade mark is to be used; and
- a trade mark that contains another person's name and does not meet the requirements to be set forth in a Cabinet Order.

In light of the aforementioned proposal presented by the Subcommittee, it is expected that the Cabinet Order will require a situation where the applicant has reasonable grounds to apply for the registration of such a trade mark.

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