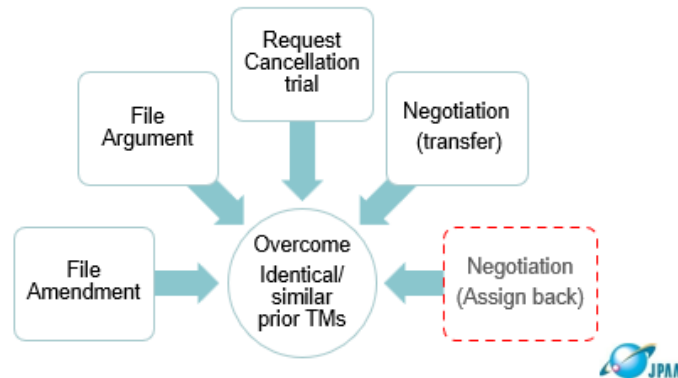


Letter of Consent System in Japan

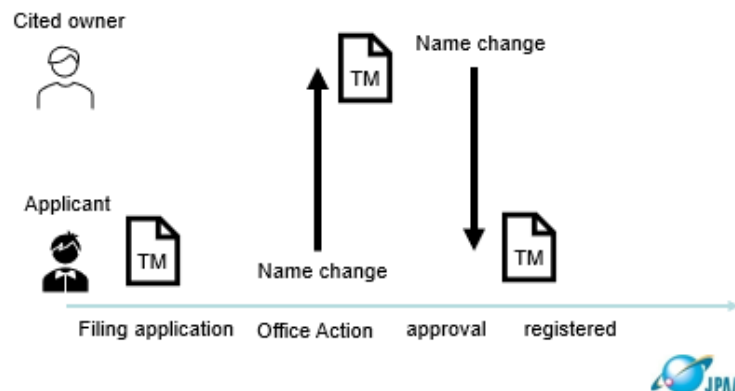
1. Background

Options to overcome identical/similar prior trademark(s)



If an application is rejected due to a prior trademark, possible options include deleting the conflicting goods or services by submitting an amendment, arguing the dissimilarity through a written argument, or requesting a cancellation trial for non-use of the prior trademark. While negotiated resolutions have been possible, the absence of a formal letter of consent system required alternative approaches, such as transferring ownership or using the method known as **"assign back."** This method is unique. Please see the next slide for more information.

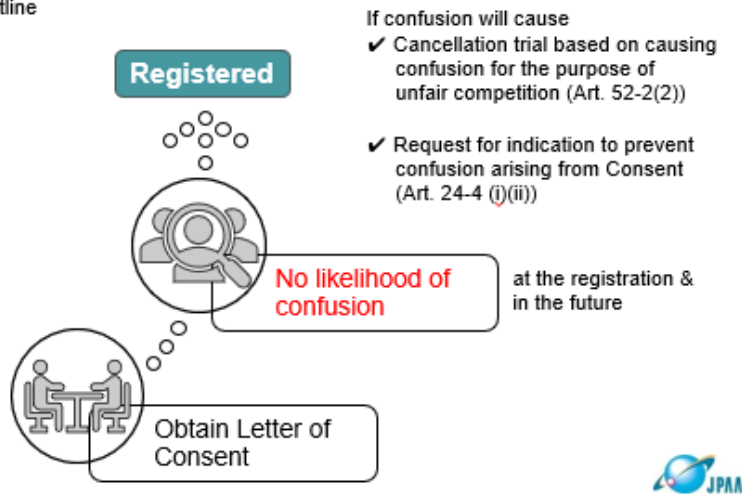
What is "Assign Back" A method for resolving conflicts through a temporary assignment



In Japan, the trademark rights can be freely assigned to a third party who is not a successor to the business. As shown in the image, the **"assign back"** method means temporarily assigning the subject application to the cited owner. Once the application is approved, it is reassigned back to the original applicant. Similarly, it is also acceptable to temporarily assign a prior trademark registration to the applicant and then reassign the trademark rights back to the original owner after the application is granted. However, this "assign back" method requires significant time and effort. If there are multiple citations, the assignment fees can become substantial. To address these challenges, the letter of consent system was eventually introduced.

2. Outline

(2) outline



This is the framework of the letter of consent system.

Under this framework, when a trademark is refused due to a prior trademark, the application may still be registered as an exception if the applicant submits a letter of consent from the prior rights holder and the examiner determines there is no likelihood of confusion. In other words, **a letter of consent is necessary but not automatically sufficient for registration.**



To address potential risks of source confusion after registration under the letter of consent system, Japan has introduced two key amendments to relevant provisions: **Indication to Prevent Confusion** and **Cancellation Trial for Unauthorized Use**. These measures ensure balance within the system, helping to prevent disputes and market disruption.


■ Indication to Prevent Confusion

if the use of one party's trademark is likely to harm the business interests of the other party, the affected rights holder can request the attachment of an **indication to prevent confusion**. This could involve adding clarifying labels or other markers to distinguish the trademarks in the marketplace.

■ Cancellation Trial for Unauthorized Use

In cases where one rights holder uses their trademark with the intent of

	<p>unfair competition, causing confusion with the goods or services associated with the other rights holder's business, the latter may initiate a cancellation trial. This procedure can revoke the registration of the offending trademark based on its improper use.</p>
<div data-bbox="174 432 501 858"> <div> <input type="checkbox"/> Consent from the owner </div> <div> <input type="checkbox"/> Usage of marks <div> i) Composition of TMs <div>ii) Way to use TMs</div> <div>iii) Goods/Service bearing TMs</div> <div>iv) Way to sell/provide G/S</div> <div>v) Season to sell/provide G/S</div> <div>vi) Area to sell/provide G/S</div> </div> </div> <div> <input type="checkbox"/> No likelihood in the future </div> <div> <div>Documents should be submitted</div>  </div> </div> <div data-bbox="286 868 385 890">Applicant</div> <div data-bbox="562 432 889 858"> <div> <input type="checkbox"/> Similarity of both marks </div> <div> <input type="checkbox"/> Well-known mark or not </div> <div> <input type="checkbox"/> Coined mark or not </div> <div> <input type="checkbox"/> House mark or not </div> <div> <input type="checkbox"/> Possibility of diversification </div> <div> <input type="checkbox"/> Similarity of goods/services </div> <div> <input type="checkbox"/> Commonality in the consumer </div> <div> <input type="checkbox"/> Usage of marks </div> <div> <div>Elements for determining the likelihood of confusion</div>  </div> </div> <div data-bbox="680 868 779 890">Examiner</div> <div data-bbox="860 874 958 922">JPAA</div>	<p>The determination of whether there is a likelihood of confusion is made based on a comprehensive assessment of various factors related to both the applied trademark and the cited trademark. Examples of such factors are listed in the right-hand box.</p> <p>Among these, particular attention is paid to the manner of use of the trademarks and other actual business circumstances, as noted at the bottom of the box. These are often circumstances known only to the applicant. Therefore, it is necessary to substantiate and prove these points by submitting an agreement with the cited trademark holder or a written opinion explaining these details. In other words, as indicated in the left-hand box, it is essential to argue and prove that there is no likelihood of confusion based on these specific circumstances. For example:</p> <ul style="list-style-type: none"> • Composition of the Trademark: If the applied trademark always uses a specific color or font, making it distinguishable from the cited trademark. • Method of Offering Goods/Services: If one party sells products to the general public in retail stores, while the other offers products exclusively through custom orders in individual transactions.

	<p>It is also crucial to demonstrate that the absence of confusion is not limited to the time of registration but will remain consistent in the future. This can be proven by submitting evidence such as:</p> <ul style="list-style-type: none"> • A mutual agreement between the parties involved. • Objective facts, such as longstanding use of the trademark for specific products only. <p>These elements are critical to satisfying the examiner's requirements and ensuring a successful registration under this system.</p>
<p>3. Summary</p> <div data-bbox="190 715 380 742">SUMMARY</div> <ul style="list-style-type: none"> ✓ Allowed only if there is no risk of confusion ✓ Usage of marks should be needed ✓ Submitted documents are subject to public <div data-bbox="190 946 380 973">TIPS</div> <ul style="list-style-type: none"> ✓ Identical in mark/goods >> Use "assign-back" ✓ Parent-Subsidiary company >> Use special rule (available now unless the identical in TM&G/S) 	<p>In summary, in Japan, the Consent System is only applicable when it is determined that there is no risk of confusion. To assess the likelihood of confusion, explanations regarding the circumstances of both marks' usage are required. Additionally, all documents submitted as part of the process are subject to public disclosure.</p> <p>Given these conditions, here are some tips to consider:</p> <ol style="list-style-type: none"> 1. If both marks and their designated goods/services are identical, it may be better to use the "assign back" system. Overcoming refusal through a letter of consent in such cases can be particularly challenging. 2. There is an exceptional rule for cases involving a control relationship, such as a parent-subsidiary relationship with a majority share. In such cases, the grounds for refusal can be

	<p>resolved by providing proof of the control relationship along with a letter of consent from the prior rights holder. Please see the next slide for more information.</p>
<p>Special rule for parent-subsidary companies</p> <p>Handling of Cases Where There Is a Control Relationship Between the Applicant and the Cited Trademark Owner:</p> <p><Eligibility Criteria></p> <p>(1) The cited trademark owner is under the control of the applicant OR (2) The applicant is under the control of the cited trademark owner</p> <p>AND</p> <p>Evidence that the cited trademark owner has acknowledged and consented to the registration of the trademark applied for.</p> <p>Exceptions: Sibling companies, Grandchild companies, Group companies, Franchisee, Franchisor.</p>	<p>In cases where there is a control relationship between the applicant and the owner of the cited trademark—such as a parent-subsidary relationship with a majority of shares—the grounds for refusal can be resolved by providing proof of the control relationship and a letter of consent from the prior rights holder. In such cases, there is no need to prove that there is no likelihood of confusion.</p> <p>Even without holding the majority of shares, control may still be recognized if, for example, the applicant dispatches executives to the cited trademark owner or provides ongoing management guidance. If such a de facto control relationship can be proven, the special provisions may apply, resolving the grounds for refusal.</p> <p>It is important to note, however, that these special provisions cannot be applied to cases involving group companies or franchises without a de facto control relationship. Additionally, this provision cannot be used for identical trademarks with identical designated goods or services.</p>