

## Opinion

To: The Supreme Court of Japan

From: International Trademark Association

Date: May 2014

Re: Opinion relating to the final appeal of IP High Court decision (Case No. 2013 (Gyo-Ke) 10158) affirming a decision of the Japan Patent Office for the rejection of the trademark “LADY GAGA” (Appeal No. 2011-27961), on appeal to the Supreme Court of Japan

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We are the International Trademark Association (INTA), a global association of more than 6,600 trademark owners and professionals from more than 190 countries around the world, including 150 members in Japan. The organization is dedicated over the last 135 years to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. An important objective of INTA is to protect the interest of the public and brand owners through the proper use of trademarks. In this regard, INTA strives to advance the development of trademark and unfair competition laws and treaties throughout the world.

INTA has acted in the capacity of *amicus curiae* before the Court of Justice of the European Union (CJEU) as well as in the United States and several other jurisdictions. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979 and actively participates in all trademark related WIPO proposals. INTA has consequently contributed to WIPO trademark initiatives such as the Trademark Law Treaty and is active in other international arenas including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asia Nations (ASEAN), the European Union (EU) and the World Trade Organization (WTO). In 2013, INTA submitted comments to the Industrial Structure Council Trademark System Subcommittee Report on the Current State of the Trademark System in Japan regarding amendments to the Japanese Trademark Act.

INTA’s membership is varied and extensive and represents a broad cross-section of industry. It is a balanced and reliable representative body.

We are writing as we are concerned with one of the recent decisions of the IP High Court, and we wish to express our opinion as set-out below. We are hoping that the Supreme Court will factor the views of our organization as expressed in this opinion during the appeal of this case.

### Summary

INTA's concerns for which this opinion is based, arise from a decision by the IP High Court of Japan (the “Court”) on 17 December 2013 affirming a decision of the Japanese Patent Office Appeal Board (the “Appeal Board”) rejecting an application to register the trademark “LADY GAGA”.

The history and background of the case, as well as the reasons for participating in the appeal, are provided below.

## **Background**

The Appellant, Ate My Heart Inc. (“Ate My Heart”), is a company owned and controlled by Lady Gaga, the world famous singer. On 28 March 2011, Ate My Heart filed an application (Application No. 2011-21592) with the Japan Patent Office (“JPO”) for the mark “LADY GAGA” (the “Mark”) in Class 9 with respect to “phonographic records; downloadable music files; exposed cinematographic films; pre-recorded video discs and video tapes” (the “Goods”). This was a divisional application filed in accordance with Article 10(1) of the Trademark Act (the “Act”), based on a trademark application filed on 12 April 2010 (Application No. 2010-28913) with respect to designated goods and services in Classes 3, 9, 14, 16, 18, 25, and 41.

Application No. 2011-21592 was rejected by the JPO on grounds that the Mark lacked distinctiveness in relation to the Goods under Article 3(1)(iii) and would be misleading as to the quality (content) of goods if the Mark were used for goods unrelated to Lady Gaga, under Article 4(1)(xvi) of the Act. The Appeal Board affirmed the decision. Ate My Heart subsequently sought review by the Court, which affirmed the Appeal Board’s decision. The case is now on final appeal to the Supreme Court of Japan.

## **The Relevant Legislation**

The provisions of the Japanese Trademark Act,<sup>1</sup> Article 3(1)(iii) pertaining to the requirements for trademark registration and Article 4(1)(xvi) pertaining to unregistrable trademarks, read as follows:

### **Article 3(1)(iii)**

Any trademark to be used in connection with goods or services pertaining to the business of an applicant may be registered, unless the trademark:

(iii) consists solely of a mark indicating, in a common manner, in the case of goods, the place of origin, place of sale, quality, raw materials, efficacy, intended purpose, quantity, shape (including shape of packages), price, the method or time of production or use, or, in the case of services, the location of provision, quality, articles to be used in such provision, efficacy, intended purpose, quantity, modes, price or method or time of provision.

### **Article 4(1)(xvi)**

Notwithstanding the preceding Article, no trademark shall be registered if the trademark:

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<sup>1</sup> Act No. 127 of April 13, 1959, as amended up to the revisions of Act No. 63 of 2011.

(xvi) is likely to mislead as to the quality of the goods or services.

### **The Decision**

The Court denied all of Ate My Heart's submitted grounds for cancellation of the Appeal Board's decision, and held that the Appeal Board did not err in rejecting registration of the Mark under Articles 3(1)(iii) and 4(1)(xvi) of the Act because:

1. The Mark merely describes the quality (content) of the Goods; that is, they are recorded Lady Gaga songs and cannot be distinctive, so therefore the Mark cannot be registered; and
2. The Mark is likely to mislead consumers as to the quality (content) of the Goods if the Mark is used in relation to Goods that are unrelated to Lady Gaga or her songs, so therefore the Mark cannot be registered.

### **The Issues**

There are three issues for consideration:

1. Whether Lady Gaga indicates 'source/origin' of Goods or "quality" (content) of Goods;
2. Whether the Mark should be rejected due to its lack of distinctiveness because it merely indicates the quality (content) of the Goods; and
3. Whether the Mark be misleading if the Mark is used for goods unrelated to Lady Gaga and her songs.

INTA believes that:

1. The Court misjudged the distinctiveness of the Mark because "LADY GAGA" does function as a badge of origin for Class 9 products and is not descriptive in that the Mark does not demonstrate any particular quality (content) or other characteristics of the Goods.

The general consumers would not consider, when they see a name of a singer or performance artist, that such a name represents the quality (content) of the subject goods. The designated goods of the Mark in Class 9 are "phonographic records; downloadable music files; exposed cinematographic films; pre-recorded video discs and video tapes". The "quality" of such goods should be, for example, whether the record has a high quality, or whether the music files do not have errors, or whether the video discs and video tapes are resistant to deterioration. The name of a singer or performance artist would not represent the quality of the product in such context.

The Court's decision states that consumers would recognize the Mark to represent the person who sings the songs contained in the subject product, or who sings the song appearing in the image, namely as a representation of the quality or contents of the subject product, and therefore cannot function as an identifier of the source of the goods. However, the name of an artist conveys the source and origin of recorded songs and not their quality. The musical quality would depend upon whether the song is appealing to the listener irrespective of who the singer is. Not all of Lady Gaga's songs are popular, nor are all of her songs mediocre. Hence, quality of a product does not necessarily correspond with the singer or performing artist. This would be obvious because a consumer's appreciation of a work (namely whether a consumer considers a work as good or bad) differs depending on the work itself.

Further, even if consumers recognize the Mark to represent the person who sings the songs contained in the subject product, if consumers select which goods to purchase depending on the singer or performer, it means that the Mark does function as an identifier of the source of the goods, which apparently does not fall under Articles 3(1)(iii).

The rationale behind Articles 3(1)(iii) is that a mark which is generally used for a transaction usually lacks the function as an identifier of the source of the goods or services, and even if it has a function as an identifier of the source of the goods or services, if everyone needs to use the mark for the transaction, it is not appropriate for the public interest to allow a specific person to use such a mark.<sup>2</sup> Namely, the mark that fall under Articles 3(1)(iii) should be a mark that can be used by anyone in general.

However, it is obvious that the name of a singer or performing artist is not a mark which can be used by anyone in general except for products or services originating or endorsed by them. No one can use 'Lady Gaga' as the name of an album or performance that belongs to some other artist. The mark is not used by a company that does not have a contractual relationship with the specific singer or performing artist, and it is not necessary to allow such a company to use the mark. In that sense, the name of a singer or performing artist is completely different from a mark that describes the quality of the goods or services, such as "GREATEST OCTAVE RANGE FEMALE VOCALIST".

Further, it would not harm third parties' interest to allow the singer or performing artist or an entity that has a contractual relationship with the singer or performing artist (like the Appellant of the present case) to exclusively use the mark. Such an irrelevant third party may not indicate the name on the product in any event.

Accordingly, there is no appropriate reason to reject such a mark so long as the application is filed by the singer or performing artist or other entity authorized by the singer or performing artist.

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<sup>2</sup> "Trademark" (6th edition) pp 223-, written by Makoto Amino, published by Yuhikaku.

The Court avoided fully examining what constituted the “quality/content” of the Goods by simply concluding that the identity of a singer or performing artist is descriptive because it falls into the category of the quality (contents) of the goods.

This conclusion is contrary to international practice.

For example, in the U.S., a trademark that consists of a name of a singer is not immediately rejected for lack of distinctiveness. If the name is used as the identifier of the source of the goods, the trademark is allowed registration. Practically, if the name is used only for one work, it would not be registered. However, if the name is used for multiple works and used as the identifier of the source of the goods, the name is registered.

In the U.K., a trademark that consists of a name of a singer is deemed distinctive, and allowed registration for printing materials, recordings, films and videos.

In Korea, a trademark that consists of a name of a singer is deemed distinctive, and so long as the application is filed by the party that has the legitimate right, such an application would not be rejected for the reason that it is a name of a singer.

In Australia, so long as a trademark application is filed by the singer, a trademark consists of a name of a singer is registered (unless such a name is a generic name).

The Court’s decision is vague and unclear as to how an artist’s name relates to the quality (content) of the Goods. Regardless, the Mark clearly does not designate any type or property of goods.

It is notable to take into account the interpretation of whether a title of a book can be registered as a trademark. The Guidelines of the JPO<sup>3</sup> state that a title of a book is deemed to merely represent the (content) of the goods if the title is immediately recognized to mean the specific ‘generic’ contents of the book. However, the Guidelines also state that a title of newspapers and periodical publications functions as an identifier of the source of the goods.

As well, given that the Mark is used for several types of goods such as different albums and songs, consumers and traders would not recognize any particular quality (content) of Goods from the Mark. Even if consumers do associate the Mark not only with the singer, but also with artistic performance and success due to the fame of the artist, this still does not justify refusing registration.

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<sup>3</sup> "The Trademark Examination Guidelines" (10th Edition), the Japan Patent Office.

Further, while the Mark is currently used as the name of a specific singer, it is possible that the applicant may wish to use the Mark as a brand name for the Goods. If this trademark application is rejected, it will deny the applicant the possibility of using the Mark in such a way.

2. The Court misjudged whether use of the Mark on the Goods would mislead consumers about their quality (content) if the Mark is used in relation to Goods that are unrelated to Lady Gaga and her songs. In fact, such use would lead to confusion and deception amounting to passing off.

As stated in above, the Mark “LADY GAGA” acts as a source indicator, not as a description of the quality (content) of the Goods. Thus, consumers or traders would not recognize any particular quality (content) of the Goods from the Mark, so there is no likelihood of confusion as to their quality (content).

In fact, the issue of confusion does not arise to refuse registration, in view of same being the name of the artist.

Further, the Decision would also pose a question on the consistency with existing trademark registrations. For example, it is a known fact that the famous trademarks in the fashion industry come from the name of the founder and the designer of the brand. However, these marks have not been rejected for the reason that the mark would mislead consumers about the quality (content) of the goods.

There is no legitimate reason to treat the name of a singer and the name of a designer of a brand differently, and consider that these names represent the quality (content) of the goods.

### **Significance for INTA**

The Court’s decision suggests that the more famous an artist – or indeed any person well known in their industry such as a designer, chef or architect – the more likely an application to register that artist’s name as a trademark will be rejected if the application covers goods which are associated with the artist and, indeed, if the application covers goods which are *not* associated with the artist.

INTA is particularly concerned that the ruling in Japan is unique and differs from those adopted by other jurisdictions regarding the inherent registrability of an artist’s name. By way of comparison, “LADY GAGA” is registered in Class 9 in the U.S. and Australia with respect to the same goods, and in Canada for similar goods.<sup>4</sup> An adverse decision in the Supreme Court would be a significant obstacle to musical artists who wish to enter Japan’s music market and could potentially harm the development of the global music industry. There is also the danger that the Japanese position could be adopted by other countries in Asia or

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<sup>4</sup> US Reg. No. 3960468, Australia Reg. No. 1355282, Canadian Reg. No. TMA 852242.

elsewhere. Japan has the second-largest music industry in the world, so vital issues like the protection of world-renowned artists' goodwill will require insights into other jurisdictions' practices.

### **Conclusion**

It is INTA's opinion that the Mark should be allowed to proceed to registration.