

AIPLA Pre-Meeting October 2004

Use of Survey Evidence in Japanese Trademark Litigation

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Introduction to Use of Survey Evidence in Japan

アンケート – Enquête –

- **Survey evidence is usually called “questionnaires” or “enquête” (French. Pronounced “*ankēto*” in Japanese) in Japan.**

Can We Use Survey Evidence?

- **Yes.**
- **Survey evidence is admissible in Japanese trademark litigation.**
 - **No hearsay rule in Japanese civil litigation.**
 - **Generally, courts are generous as to admissibility of evidence.**
 - **Judges are confident in their fact-finding capability.**
 - **Cf. Live witness/expert examination is rarely conducted in Japanese patent/trademark litigation.**

Do We Have to Use Survey Evidence?

- **No.**
- **Survey evidence is not necessary in every case.**
 - **E.g., Where similarity of the marks, likelihood of confusion, famousness are clear enough.**
- **However, some courts encourage parties to submit survey evidence.**
- **Are there any adverse inferences from non-submission of survey evidence?**
 - **No court decision clearly stating this point.**
 - **But, maybe, if you have a deep pocket.**

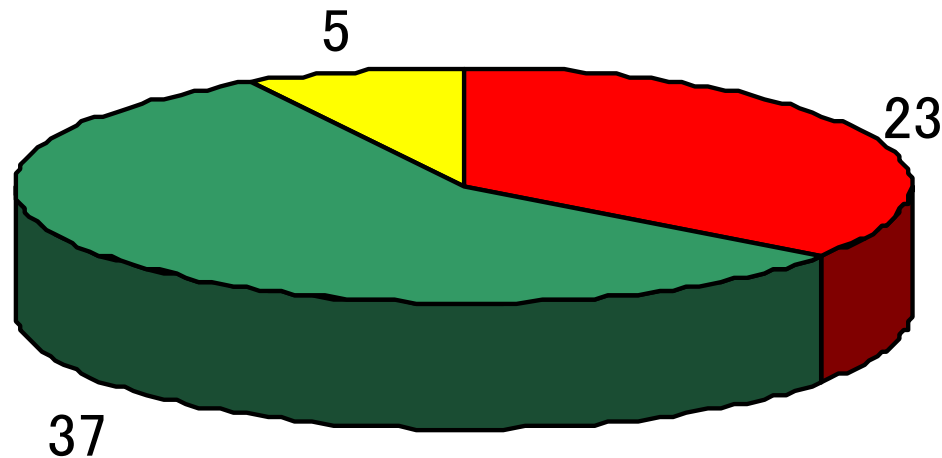
Should We Use Survey Evidence?

- **Yes.**
 - **As long as you conduct survey *properly*,**
 - **and if your client's budget allows.**
- **In at least 60 cases, survey evidence has been submitted in Japanese trademark/unfair competition litigation.**
- **Approximately a half of those 60 cases, court found survey credible and decided in favor of the party who submitted the survey.**

Types of Survey in Japan

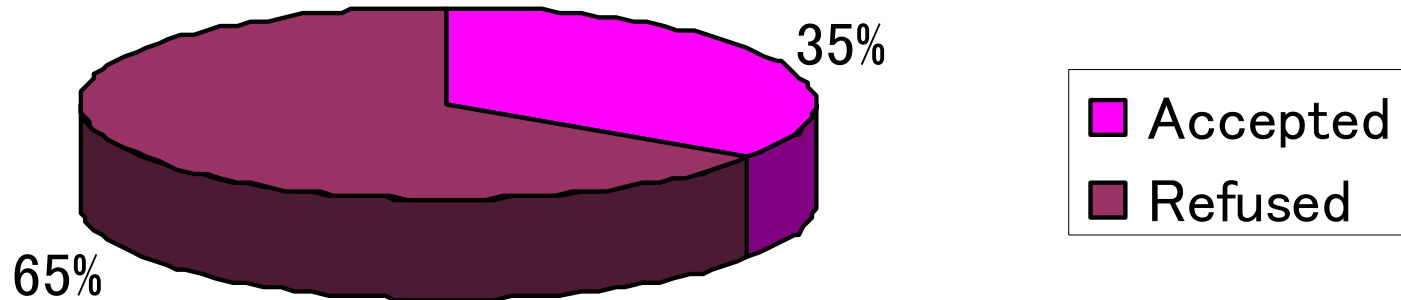
Types of survey	Infringement suits	Registrability/V alidity
Likelihood of confusion, similarity	TML 37, UCPL 2-1-1	TML 4-1-11, 4-1-15, 53
Consumer recognition (well-known, famous), secondary meaning	UCPL 2-1-2, [TML 32, TML 37, UCPL 2-1-1,	TML 3-2, [TML 4-1-11, 4-1-15]
Others	UCPL 2-1-14	

Types of Survey That Appeared in Court Decisions (65 cases in total 1966 to 2004)

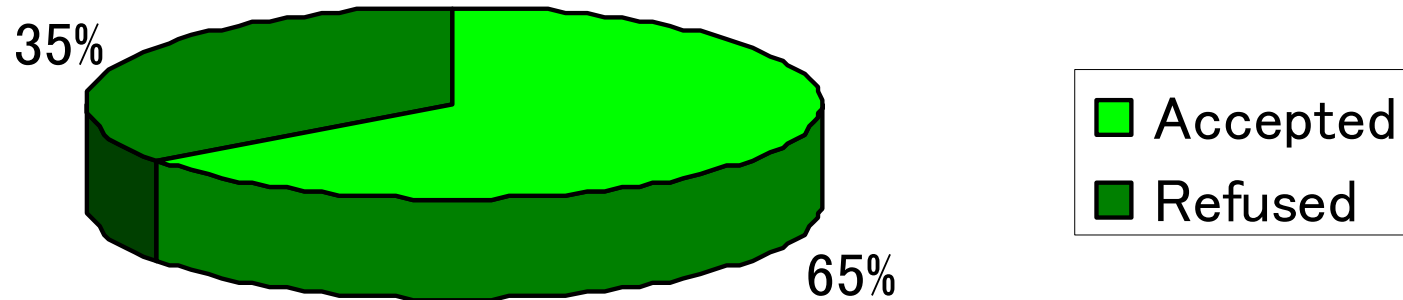


■ Likelihood of confusion/Similarity Survey ■ Factual Survey ■ Others

Likelihood of Confusion/ Similarity Survey (23 cases in subtotal)



Factual Survey (including consumer recognition etc.) (37 cases in subtotal)



General Trends

- **Courts are very skeptical about the credibility of survey directly asking whether defendant's mark/product is “confusing” with or “similar” to plaintiff's mark/product.**
 - **Survey is frequently found incredible because of flaws in survey questions and setting of relevant universe.**
- **Courts are relatively generous about the credibility of survey regarding facts that may support a finding of likelihood of confusion.**
 - **E.g., Consumer recognition, targeted customers, customers' buying motive.**

Likelihood of Confusion Survey in Japan

Why is survey evidence important in determining likelihood of confusion?

- **Likelihood of confusion is a state of mind of the customers.**
 - **Judges are not included in the customers often times.**
- **The Standard of observation:**
 - **Targeted customers exercising ordinary caution.**
 - **Can be affected by facts related to actual use of the marks, such as, type of goods and degree of care likely to be exercised by purchaser, marketing channels, etc.**

“Likelihood of Confusion”

Considered in:

□ 5 situations:

□ Trademark Infringement Suits

Art. 37-1 of TM Law

□ Reason for rejection of TM application

Art. 4-1-11 of TM Law

□ Reason for invalidation of a registered TM

Art. 46 of TM Law

□ Reason for cancellation of a registered TM

Art. 51 of TM Law

□ Suits against unauthorized use of famous trademark/trade dress, including unregistered ones, based on the Unfair Competition Prevention Act

Art. 2-1-1 of the UCPA

Article 37-1 of Japanese TM Law: “Similarity of Mark”

□ Art. 37-1 states:

- “If D’s mark is similar to P’s TM; and
- D’s goods/services are similar to those of P’s TM,
- □Use of D’s mark infringes P’s TM.”
- Similarity of mark must be determined by whether use of D’s mark causes likelihood of confusion as to the source of the product.

S.Ct. June 27, 1961

The Standard of the Supreme Court of Japan

- **Likelihood of confusion is the ultimate standard for infringement.**
- **Similarity of mark in appearance, sound, or meaning is only a factor to determine likelihood of confusion.**
- **Must consider facts related to the actual use.**

S. Ct. March 11, 1997, Kozo Zushi Case

Shoen Ono, Esq.



- **Japanese Trademark Law Outline (English)**
- **<http://www.iip.or.jp/Translation/ono/index.html>**

Shoen Ono's Study

- **Analyzed uses of survey that appeared in the court decisions.**
- **Main problems of use of survey.**
 - **Insufficiency of legal research resources.**
 - **Lack of legal knowledge of surveyors, who are marketing research experts/companies in many cases.**
- Shoen Ono, *Survey in Trademark Cases – Primarily on Likelihood of confusion -*, Shinzan-sha, “Intellectual Law and the Modern Society” (Chitekizaisan-ken to Gendai-shakai), p. 419 (1999)
- Shoen Ono, *Survey in Japanese Trademark Litigation*, Horitsu-bunka-sha “Civil Procedure Law in the reform perioe” (Kaikakuki no Minji Tetsuduki Ho), p.123 (2000)

Shoen Ono's Study, cont'd

- ▣ **Mr. Ono's recommendation:**
 - ▣ **Lawyers' involvement is necessary.**
 - ▣ **McCarthy, "Attorney cooperation with the survey professional is essential..." 32:166**
 - ▣ **Do not let the marketing research companies give a conclusion.**
 - ▣ **One of the best methods is mailing questionnaires to potential customers and submit the result with raw data to the court.**

Court's reasons for *not* taking likelihood of confusion survey

- **Improper questions**
 - Avoid leading questions.
 - Do not directly ask whether there is similarity or likelihood of confusion.
- **Deficiencies in defining relevant universe**
- **Deficiencies in taking sample**
 - Too small, including respondents with care less than average.
- **Other reasons, e.g., P's product is too famous.**

The Tokyo Dist. Ct. June 15, 2001 (Furikake "Sama-Sama")

One Cup Ozeki Case

- The Kobe Dist. Ct. July 16, 1997, affirmed by the
Osaka High Ct. May 22, 1998

- We have to conclude that the sample contained respondents lacking average level of care.
- The answer “similar” is substantially affected by the label with white letters on the blue background, which are common in P and D’s products.
- 7.1% of actual confusion means that more than 90% of the customers will not confuse.

Budweiser Case

- The Tokyo High Ct. July 30, 2003

- The total respondents are 204. Among the 204, 106 respondents drink foreign brand beers more than once a month.
 - □ The number of respondents is not enough for the court to put significance on the survey.
- Problem of questions:
 - “Which brand’s beer do you think is the beer that you have looked at?” and providing
 - □ Gave a pressure on respondents, forcing them to choose some beer in mind that is relatively similar.
- Approx. 30 % of respondents confused D’s product as P’s product (i.e., Budweiser) is not sufficient enough for the courts to find likelihood of confusion.

Enoteca Case

- The Tokyo High Ct. March 18, 2004

- **There is no evidence regarding relevant universe, selection of respondents, the number of the people who refused to answer, how and why they refused, the extent of respondents' understanding of questions, accuracy of the notes, such that there is no way for third parties to reassure the credibility of survey afterwards.**
- **This survey is not appropriate for the court to rely on in fact-finding.**

What percentage of confused respondents is sufficient to support a likelihood of confusion?



- 28 % or 45% was insufficient because P's product is much more popular than D's product.

The Tokyo Dist. Ct. June 15, 2001

What percentage of confused respondents is sufficient to support a likelihood of confusion?, cont'd

- Cf. U.S.
 - An “appreciable number” of confused respondents
 - Results as low as 10% have been found sufficient to support a likelihood of confusion
 - Generally, figures between 25% and 50% are considered solid support for a likelihood of confusion, while over 50% is considered persuasive evidence of a likelihood of confusion
- Cf. Japan
 - 10% may be enough for well-known under UCPL 2-1-1 and 50% or more would be required for famous under UCPL 2-1-2 or secondary meaning under TM3-2.

Other Practical Issues

- **How many samples would be enough?**
 - **More than 200.**
- **Timing?**
 - **In some occasions, proof is required at the time of filing of the TM application.**
- **Costs?**
 - **Mailing method:**
 - **Sending to 1,000 potential customers will cost \$5,000;**
 - **Usually approximately 10% of the addressees respond.**
 - **Interviewing method:**
 - **Interviewing 200 people costs approximately \$20,000 to 30,000.**

Conclusion

- ▣ **Attorney's cooperation with the survey expert is the key.**
 - ▣ Proper input of the legal objectives and legal requirements.
- ▣ **Do not directly ask whether there is similarity or likelihood of confusion.**
 - ▣ “Legal and factual matrix” McCarthy.
 - ▣ Use survey as supporting evidence.
- ▣ **Special care is required to define relevant universe and prepare survey questions.**
 - ▣ Avoid leading questions.

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