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Internet Trademark Infringement AIPLA Pre-meeting IP Practice in Japan Committee

October 22, 2008

JPAA/JTA

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Presenter

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Manner of Use

- Use of mark in contents of website
- Use of mark as meta tag
- Use of mark in Internet auction sites
- Use of mark in domain names

I. Use of mark in contents

- The 2002 Amendments of Trademark Law
- Effective from September 1, 2002
- As to the definition of use of trademark (service mark)

Background

- Rapid development and expansion of network business in recent years
- As a result, provision of commodities or services on the Internet has been promoted
- However, existing legislation (old law) was drawn up with trademarks attached to tangible items in mind

Needs(1)

- In view of such rapid expansion of net business or provision of commodities or services via Internet sufficient protection for trademarks displayed on the screens of PCs and mobile phones of users is needed

Needs(2)

- Under such circumstances, the amendments is intended to show clearly
 - Such activities as to use of trademarks by displaying them on screens in conjunction with business activities such as commodity distribution, rendering of services, and advertising via networks
 - Falls under the category of trademark infringement

Particulars of Amendments(1)

- Art. 2, Para. 3, Item 2(amended)
 - Acts of assigning, delivering, displaying for the purpose of assignment or delivery, (or)importing, or providing via telecommunication circuit, the goods on which or on the packaging of which a mark has been applied
 - e.g. Amazon.com

Particulars of Amendments(2)

- *Id.* Item 7(added)
 - In case of rendering services through screen by utilizing electromagnetic methods (including electronic methods, magnetic methods, and other methods unrecognizable by human-being perception), acts of displaying a mark on the screen and rendering services
 - e.g. hotel reservation

Particulars of Amendments(3)

- *Id.* Item 8(amended)
 - Acts of displaying or distributing advertisements relating to the goods or services, price list or business papers with respect to the goods or articles on which a mark has been applied, or providing, via the electromagnetic methods, information containing such advertisements, price list or business papers with applying a mark
 - No payment made via Internet

Protection under Unfair Competition for Unregistered mark

- Sec. 2-1-1 (Protection of well-known product/business identifier)
- Elements
 - Using product/business identifier of other party or product/business identifier similar thereto
 - that is distinctive to indicate a certain source of product/business
 - and well-known among consumers
 - such use of product/business identifier of other is likely to cause confusion as to the source of products
 - business interests of π is injured or likely to be injured by the use of the product/business identifier

Protection under Unfair Competition for Unregistered mark

- Sec. 2-1-2(Protection of famous product/business identifier)
- Elements
 - Using product/business identifier of other or product/business identifier similar thereto
 - that is distinctive to indicate a certain source of product/business
 - and famous among consumers
 - business interests of π is injured or likely to be injured by the use of the product/business identifier
 - NO requirement of likelihood of confusion

Case re: use of mark in contents

- HEIWA case (Tokyo Dist. Ct. 6/30/2006)
 - Registered mark: HEIWA in class 41 for “educational and instruction services relating to arts, general knowledge etc.”
 - Accused mark: Project HEIWA used in website to provide information regarding how-to for wining in *pachinko*
 - Likelihood of confusion in light of fame of mark HEIWA←Trademark infringement + Unfair competiton

II. Use of mark as meta tag

- 110 for Automobiles case (Osaka Dist. Ct. 12/18/2005)
 - Registered marks:
 - 110 FOR USED AUTOMOBILES in Japanese
 - 119 FOR USED AUTOMOBILES in Japanese
 - Both covering automobile maintenance and repair services
 - (110 and 119 are emergency telephone numbers in Japan for police and fire departments, respectively)
 - Defendant was using the phrase “110 for automobiles in Japanese” as a meta tag on its website, which advertised automobile maintenance and repair services

II. Use of mark as meta tag

く る ま
中古車 の ヒヤクトーバン **110番**

II. Use of mark as meta tag

- If MSN Search Engine is used by inputting the meta-taged term “110 for automobiles”, then “110 for automobiles” appears as description of the defendant websites in search result (**description meta tag**)
- Court held that such appearance constitutes advertisements for the automobile maintenance and repair services
- Trademark infringement

II. Use of mark as meta tag

- The leading and first case in which the Court held that the use of a mark as met tag constitutes use of a mark as an advertisement
- It is uncertain whether the present case is applicable to the key word meta tag in which meta-gagged term does not appear as description of retrieved websites in search result.

II. Use of mark as meta tag

- Brookfield Communications Inc. v West Coast Entertainment Corp. (9th Cir. 1999)
- The issue is the use of “MovieBuff” (registered mark) or “moviebuff.com” in the meta tags of West Coast’s website at any other domain address than “moviebuff.com”
- No confusion resulting from domain address; no confusion in view of West Coast’s initial web page→No likelihood of confusion at the time of reaching the website

II. Use of mark as meta tag

- Initial interest confusion
- No requirement of actual or potential confusion at the time of purchase
- Using another's trademark in one's meta tag is much like posting a sign with another's trademark in front of one's store
- Use of descriptive term in met tag constitutes no trademark infringement, but not in the present case

III. Use of mark in Internet auction sites

- SECOM sticker case (Tokyo Dist. Ct. 5/24/2004)
- SECOM is one of the largest security companies in Japan
- Sale of fake sticker in Internet auction site



III. Use of mark in Internet auction sites

Internet Service Provider's Liability

- Provided under specific law

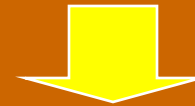
- So-called Provider Liability

Limiting Law effective in May 2002

Needs for Specific Law

**In case
illegal contents or
information appears
in website**

**it is virtually impossible for
aggrieved party to pursue
civil liability against sender
of such contents or
information w/o particulars
of the sender**

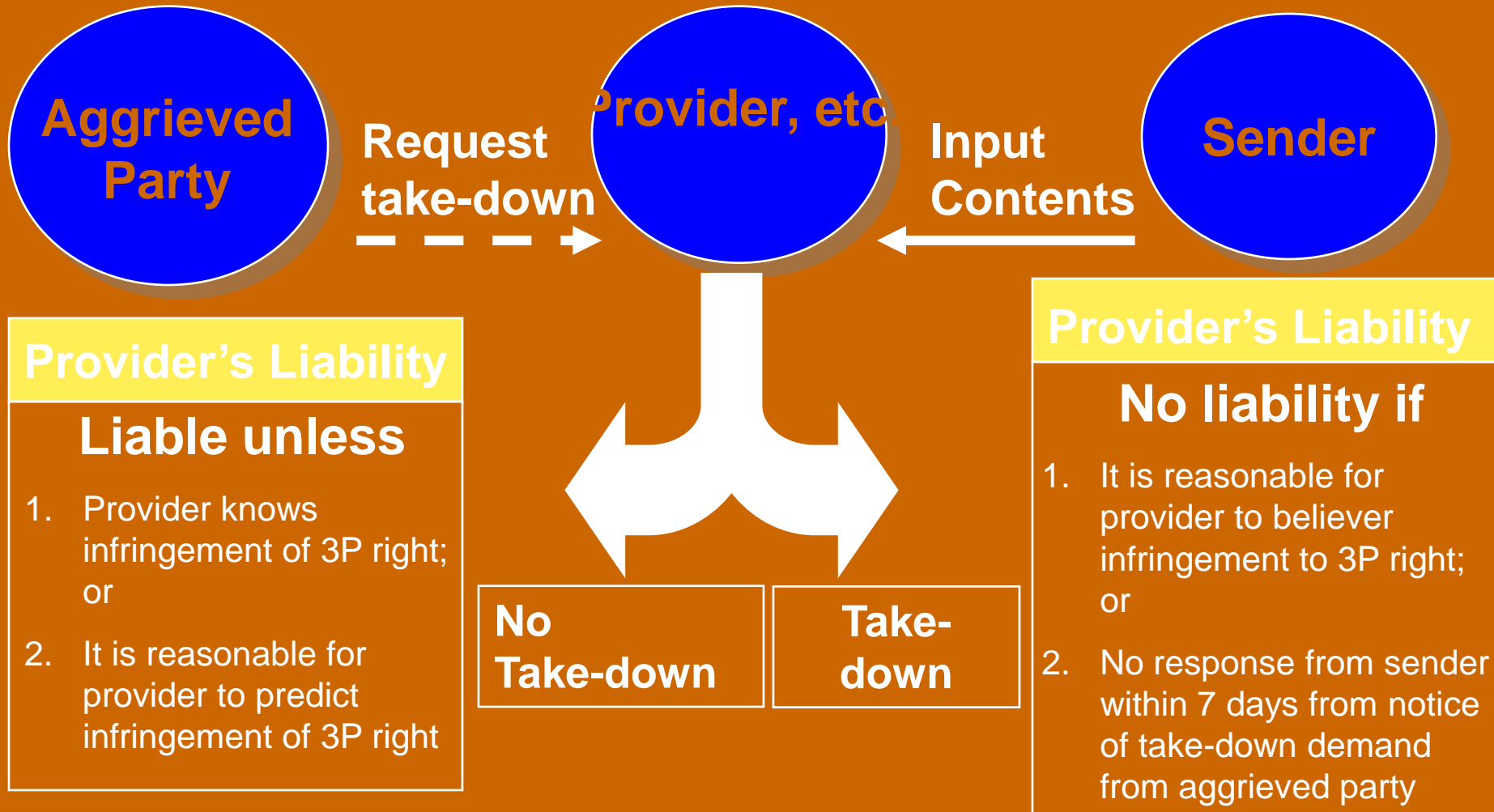


Thus, it is necessary to demand content provider/host provider

- i) take-down and
- ii) disclosure of particulars of sender

derived from http://www.soumu.go.jp/joho_tsusin/top/pdf/zukai.pdf

Take-Down

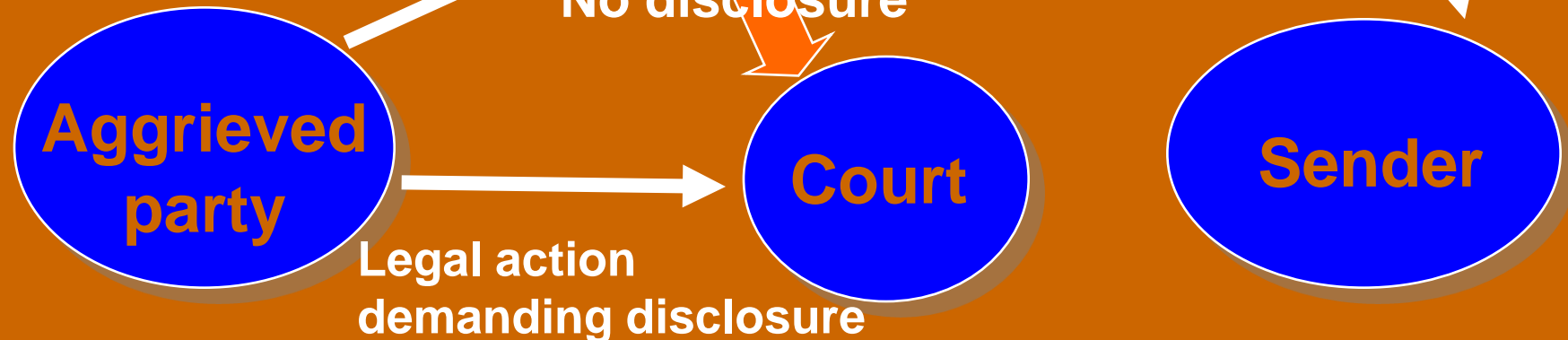


Disclosure of Information about Sender

Conditions for disclosure

1. Apparent infringement to requester's right; and
2. Valid reason, such as necessity for recovery of damages, for disclosure

Request disclosure



III. Use of mark in Internet auction sites

- Yahoo! Auction IP Protection Program
 - Since 2003
 - Similar to The eBay Verified Rights Owner (VeRO) Program
 - providing a take-down mechanism whereby eBay will take down/block access to any auction where it has been notified by the relevant rights owner that the item in question is counterfeit
- **Council for Intellectual Property Protection on Internet (CIPP)**
 - <http://www.cipp.jp/>
 - Established in December 2005 by Trademark holders and ISPs to prevent sales of counterfeits in Internet
- ACTA

III. Use of mark in Internet auction sites

Tiffany v eBay Case, No. 04-cv-04607 (S.D.N.Y., July 14, 2008)

- The facts
 - Tiffany brought a claim against eBay for direct and contributory trademark infringement, unfair competition, false advertising, and direct and contributory trademark dilution, for allowing the sale of counterfeit Tiffany jewellery on the eBay website.
- The Court's findings
 - Direct Trade Mark infringement
 - Elements:
 - Validity of trade mark, and
 - likelihood to cause confusion as to the origin of goods.
 - Clear that the TIFFANY marks are valid and entitled to protection,

III. Use of mark in Internet auction sites

Tiffany v eBay Case, No. 04-cv-04607 (S.D.N.Y., July 14, 2008)

- Likelihood of confusion - whether eBay's use of the marks is likely to cause confusion as to the origin of the goods - the Court found that, because eBay used the mark TIFFANY **descriptively to identify the goods for sale**, eBay's use was protected by the doctrine of nominative **fair use** and thus did not directly infringe Tiffany's marks.
- In support of its ruling the Court found the following:
 - Absent use of the TIFFANY brand, the advertised item would simply be a piece of jewelry and would not be readily identifiable;
 - eBay's use of the TIFFANY marks on its website and in its communications to buyers and sellers is limited to the Tiffany name, i.e., limited to what was reasonably necessary to identify the product or service, in accordance with the New Kids test [*New Kids on the Block*, 971 F.2d at 308].
 - eBay did not use TIFFANY marks in such a way as to suggest that Tiffany endorsed eBay or was an affiliate of eBay. There was insufficient evidence to show that eBay's use of the TIFFANY marks has confused customers as to whether *Tiffany itself* was selling its own merchandise through eBay.

III. Use of mark in Internet auction sites

Tiffany v eBay Case, No. 04-cv-04607 (S.D.N.Y., July 14, 2008)

- Joint tortfeasor :The Court also rejected Tiffany's contention that eBay is jointly and severally liable in the same manner as would be an officer or employee of a store that is selling infringing goods. Since eBay never takes physical possession of items on its website, nor does it directly sell counterfeit TIFFANY merchandise to buyers, the Court held that eBay can not be jointly and severally liable for direct infringement.

III. Use of mark in Internet auction sites

Tiffany v eBay Case, No. 04-cv-04607 (S.D.N.Y., July 14, 2008)

- Contributory trademark infringement
 - Tiffany alleged that eBay was guilty of contributory negligence as it refused to preemptively remove listings of Tiffany jewelry before listings became public based upon some objective criteria (such as a particular seller offering five or more identical items), even though eBay had knowledge that much of the jewelry on its site was counterfeit.
- In determining whether eBay is liable for contributory infringement, the Court
 - determined that eBay exerted sufficient control and monitoring over its website that it could not qualify as an innocent infringer;
 - applied the test for contributory infringement in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.* [546 U.S. 844 (1982)]. That standard is not whether eBay could "reasonably anticipate" possible infringement, but rather whether eBay continued to provide its services to a seller when it "knew or had reason to know" that person is engaging in trademark infringement.

III. Use of mark in Internet auction sites

Tiffany v eBay Case, No. 04-cv-04607 (S.D.N.Y., July 14, 2008)

- The Court held that generalized knowledge that infringement is occurring does not satisfy the *Inwood* test that eBay "knew or had reason to know" that a particular seller is engaging in trademark infringement. On the other hand whenever Tiffany put eBay on notice of specific items that Tiffany believed to be infringing (such as by serving Notices of Claimed Infringement to eBay under eBay's Verified Rights Owner Program), eBay took appropriate steps to remove those listings and suspend service. In sum, the Court determined that eBay was not willfully blind to evidence of infringement on its website and ***the burden of policing the TIFFANY marks rests with Tiffany.*** (emphasis added)
- Unfair competition and false advertising
 - Elements of these claims mirror those for direct and contributory trademark infringement.
 - Tiffany having failed to prove these latter claims, its claims for unfair competition and false advertising also failed.

III. Use of mark in Internet auction sites

Tiffany v eBay Case, No. 04-cv-04607 (S.D.N.Y., July 14, 2008)

- Dilution

- eBay only used the TIFFANY marks in promotional efforts and advertising for products available for sale on eBay, not to refer to its own products or services. Accordingly, **the Court found eBay's use neither impaired the distinctiveness nor harmed the reputation of Tiffany's mark and therefore did not constitute dilution by blurring or tarnishment.**
- Even if the dilution claims had been made out by Tiffany, the Court stated eBay's use of the marks would nevertheless be protected by the **defense of nominative fair use.** Although Tiffany may have grounds for bringing trademark dilution claims against individual sellers who listed counterfeit Tiffany goods on eBay, those could not be extended to eBay, which removed such listings upon notice.

III. Use of mark in Internet auction sites

Tiffany v eBay Case, No. 04-cv-04607 (S.D.N.Y., July 14, 2008)

- **Conclusions**

- In order to be liable in the US, eBay needs to be on notice of a specific listing by a specific seller.
- The Court expressed sympathy for Tiffany and other rights owners who see their brands exploited by others on the Internet. But it has stated the law clearly to be: "it is the trademark owner's burden to police its mark, and companies like eBay cannot be held liable for trademark infringement based solely on their generalized knowledge that trademark infringement might be occurring on their websites."
- Tiffany has appealed against the decision.

III. Use of mark in Internet auction sites LVMH v eBay (Paris Commercial Court) 2008

- The facts
 - The companies of LVMH initiated actions against eBay Inc. and eBay International AG ("eBay") for the sale of counterfeit goods on the eBay website, and for breach of a selective distribution network.
 - eBay ran the defense that it was a mere hosting service provider.

III. Use of mark in Internet auction sites LVMH v eBay (Paris Commercial Court) 2008

- The Court's findings
 - However, the Paris Commercial Court denied this specific status to eBay and considered that its liability should be examined according to the general principle of civil liability. The Commercial Court of Paris found that eBay acts principally as a broker and not as a mere technical intermediary.
 - eBay was said to have "favored and amplified the unlawful large scale marketing" of counterfeit goods and goods belonging to a selective distribution network.

III. Use of mark in Internet auction sites

LVMH v eBay (Paris Commercial Court) 2008

- eBay appealed against the decision, but was dismissed by the Paris Court of Appeal.

IV. Cybersquatting

- Sec. 2-1-12 of Unfair Competition Law (effective on 12/25/2001)
 - acts of acquiring or **holding** a right to use a domain name(s) that is identical or similar to another person's specific indication of goods or services (which means a name, trade name, trademark, mark, or any other indication of a person's goods or services), or the acts of using any such domain name(s), **for the purpose of acquiring an illicit gain or causing injury to another person**

Cybersquatting

mp3.co.jp case (Tokyo Dist. Ct. 7/15/2002)

- Seeking declaratory judgment for no violation of unfair competition
- Plaintiff: System KJ
 - Registrant of mp3.co.jp
- Defendant: mp3.com Inc.
 - Registrant of mp3.com

Cybersquatting

mp3.co.jp case (Tokyo Dist. Ct. 7/15/2002)

- One of issues: Whether the holding and use of the domain name mp3.co.jp by Plaintiff constitutes the violation of Sec. 2-1-12 of Unfair Competition Law
- Holding: Confirmed no violation

Cybersquatting mp3.co.jp case (Tokyo Dist. Ct. 7/15/2002)

- Reasoning:
 - No purpose of acquiring an illicit gain
 - Proposal of Plaintiff, in the process of negotiation, to cooperate Japanese website with Defendant is insufficient to establish the above purpose
 - No purpose of causing injury to another person
 - Refusal of Plaintiff to the offer of assignment in return for compensation in the amount equal to fees and costs for acquiring the domain name registration for mp3.co.jp from Defendant is insufficient to establish the above

IV. Cybersquatting

- ACPA (15 U.S.C. § 1125(d) in the US
- The Anti-cybersquatting Consumer Protection Act enacted in 1999
 - The owner of a mark
 - Defendant registered, trafficked in or used a domain name that in the case of a mark that was distinctive at the time the domain name was registered is identical, confusingly similar to or dilutive of that mark
 - The domain name registrant has a bad faith intent to profit from plaintiff's mark

IV. Cybersquatting

- Trademark infringement
- TABITAMA case (Tokyo Dist. Ct. 3/31/2005)
 - Registered mark: TABITAMA with Katakana
 - Covering “advertisement”
 - Accused mark: www.tabitama.net
 - Providing information re: hotel reservation
 - No infringement b/c no similarity in services

V. Misc.

- Key word advertisement

- **Thank you!**
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